



FORM 10-K405

DOLLAR FINANCIAL GROUP INC - N/A

Exhibit:

Filed: September 29, 1997 (period: June 30, 1997)

Annual report. The Regulation S-K Item 405 box on the cover page is checked

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 333-18221

DOLLAR FINANCIAL GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

New York 13-2997911

(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

1436 Lancaster Avenue, Suite 210
Berwyn, Pennsylvania 19312-1288

(Address of Principal Executive (Zip Code)
Offices)

Registrant's telephone number, including area code (610) 296-3400

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant: (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. YES NO .

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K:

There is no market for the common stock of Dollar Financial Group, Inc. and all
of such stock is held by the registrant's parent, DFG Holdings, Inc. See "Item
12 - Security Ownership of Certain Beneficial Owners and Management."

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No
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(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of September 26, 1997, 100 shares of the registrant's common stock, par value \$1.00 per share, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Part IV is incorporated by reference to the Registrants' Registration Statement on Form S-4 (Registration No. 333-18221) declared effective March 11, 1997.

DOLLAR FINANCIAL GROUP, INC.

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Item 1. BUSINESS

General

Dollar Financial Group, Inc., a New York corporation (the "Company" or "DFG"), was organized in 1979 under the name Monetary Management Corporation. The Company is a consumer financial services company operating the second largest check cashing store network in the United States and the largest such network in Canada. The Company provides a diverse range of consumer financial products and services primarily consisting of check cashing, money orders, money transfers, consumer loans, and bill payment. Certain stores also serve as distribution centers for public assistance benefits and food stamps under government contracts. As of June 30, 1997, the Company has a total network of 436 stores in 14 states, the District of Columbia, and Canada, including 366 Company-owned stores with revenues for the fiscal year ended June 30, 1997 of \$83.0 million, and with earnings before interest, taxes, depreciation, amortization, noncash charges to earnings associated with foreign currency translations, and loss on store closings and sales ("Adjusted EBITDA") for the fiscal year ended June 30, 1997 of \$19.7 million.

The Company's primary customers are working, lower-income individuals and families who require basic consumer financial services and are underserved by traditional retail banking networks. The increased expense and decreased availability of traditional retail banking services have left an increasing number of individuals and families (estimated at 20% of the adult population) without banking relationships. Management believes that growth in the lower-income segment of the population combined with the decline of traditional retail banking services provides the Company with significant growth opportunities.

The Company's stores currently operate under the following locally established brand names: ABC Check Cashing, Almost-A-Banc, Any Kind Check Cashing Centers, C&C Check Cashing, Cash-N-Dash Check Cashing, Check Mart(R), Chex\$Cashed, Financial Exchange Company(R), Money Mart, Quikcash, QwiCash(R), and The Service Centers.

Industry Overview

United States

The check cashing industry in the United States is highly fragmented, consisting of approximately 5,700 stores as of July 1997, an increase from the approximately 1,350 national listings in 1986 according to American Business Information, Inc. The Company believes it is one of only four U.S. check cashing store networks that have more than 100 locations, the remaining being local store networks and single-unit operators. The Company believes that industry growth has been fueled by several demographic and socioeconomic trends, including a decline in the number of households with bank deposit accounts, an increase in the number of low-paying service sector jobs, and an overall increase in the lower-income population.

The number of families and individuals that hold bank, thrift, or savings and loan deposit accounts has declined dramatically over the past fifteen years. In a recent study, a leading consumer magazine estimated that approximately 20% of the adult population does not maintain a banking relationship. The study attributes this decline to a number of factors, including the inability of many families and individuals to maintain the minimum account balance required by many banks and thrifts, an increase in fees on deposit accounts with small balances, and an increase in bank branch closings in lower-income population areas.

The increase in the fees charged by banks on deposit accounts over time has contributed to the decline in the number of families and individuals holding such accounts. The U.S. Public Interest Research Group has conducted a national study which shows that, from 1993 to 1995, the annual cost to maintain a regular checking account grew by 10% to \$202, monthly maintenance fees increased 22% to \$7.11, average monthly balance requirements to avoid regular checking fees rose 30% to \$1,242, and the minimum opening balance required for accounts rose 37% to \$69. The report states that these increased costs keep accounts out of reach of many fixed- and lower-income consumers. In general, the findings indicate that banks have increased their fees significantly on a real and inflation-adjusted basis.

Many banks have elected over time to close their less profitable or lower-traffic locations. These closings have tended to occur in lower-income, urban, and minority neighborhoods. As banks continue this trend, wage earners in these lower-income areas will have fewer, if any, convenient alternatives other than local check cashing stores to perform basic financial transactions.

Lower-income individuals represent a large and rapidly growing segment of the U.S. population. The 1993 Bureau of Labor Statistics' Consumer Expenditure Survey revealed that 30% of U.S. four-person households reported to have earned annual before-tax income of less than \$15,000. This low-wage population, from which the Company draws most of its customers, is the fastest-growing segment of the workforce. As the low-wage population continues to grow, the Company believes that this population will increasingly rely on the check cashing industry as the primary source for their consumer financial products and services.

Canada

In contrast to the domestic market, the Canadian check cashing market is significantly less fragmented, with Money Mart's 143 owned and franchised stores accounting for 53% of the total number of check cashing stores in Canada. A survey conducted for Money Mart shows that a significant number of Money Mart customers choose to patronize Money Mart's locations because of the convenient operating hours, fast and courteous service, and broad product offerings.

Growth and Consolidation

Management believes that significant opportunities for growth exist in the check cashing industry as a result of (i) the growth of the lower-income population sector, (ii) the failure of commercial banks and other traditional financial service providers to address the needs of lower-income individuals, and (iii) the trend toward consolidation in the check cashing industry. Management believes that as the lower-income population segment increases, and as trends within the retail banking industry create a less accessible environment for these members of society, the check cashing industry will realize a significant increase in demand for its products and services. However, despite these growth dynamics, the Company believes that the industry is entering a period of consolidation. The Company believes that this consolidation trend has resulted from a number of factors, including (i) the economies of scale available to larger operators, (ii) the use of technology as a means to better serve customers and control large store networks, (iii) the inability of smaller operators to form the alliances necessary to deliver new products, and (iv) increased licensing and regulatory burdens. This trend toward consolidation should provide the Company, as one of the largest store networks, with opportunities for continued growth through selective acquisitions.

Competitive Strengths

The Company believes that it has the following competitive strengths:

Store locations in favorable demographic areas. The Company has carefully chosen states and metropolitan areas within those states with growing low-income populations. Within the markets served by the Company, the Company's stores are located in desirable locations near its targeted customer base. Management adheres to a strict set of market survey and location guidelines when selecting acquisition targets and new store sites. The Company's store base is a mix of urban sites, which are located in high-traffic shopping areas, and suburban sites, which are located in strip malls near multi-family housing complexes. In the future, the Company plans to emphasize suburban strip mall locations, particularly in the southeastern and western parts of the United States.

High-quality customer service. As part of its retail and customer-driven strategy, the Company focuses on providing friendly customer service in a clean and attractive environment. Operating hours vary by location, but are typically extended and designed to cater to those customers who, due to work schedules, cannot make use of "normal" banking hours. As part of its employee training program, the Company's employees are encouraged and instructed to treat customers in a friendly and courteous manner, which management believes results in repeat business.

Broad offering of products and services. All Company stores offer a wide range of products and services to meet the demands of their locale, including check cashing, money orders, money transfers, consumer loans, and bill payment. The Company also offers a variety of ancillary products, including Cash 'Til Payday loans, photo ID, lottery tickets, electronic tax filing, photocopy service, long-distance cards, and fax services.

Economies of scale. As the second largest check cashing store network in the United States and the largest such network in Canada, the Company has reached a size that enables it to benefit from economies of scale and to negotiate more favorable contracts with its suppliers. In addition, the Company's market position enables it to enter into favorable relationships with strategic partners like Western Union and The Southland Corporation. Management believes that the Company's size also allows it to gain greater access to capital.

Management expertise. In addition to the Company's senior management, the regional managers of the Company have extensive experience and expertise in the check cashing industry, which provides the Company with a competitive advantage. Furthermore, the Company has been largely successful in retaining the operational managers employed by the companies acquired in acquisitions.

Well-diversified credit risk. For the fiscal year ended June 30, 1997, the Company cashed 6.5 million checks, with an average face value of \$289. As a result, management believes that the risk that the Company will sustain a material credit loss related to a single transaction or series of transactions is minimal.

Although the Company believes that these competitive strengths will enable it to achieve its strategic objectives, the Company may not be able to capitalize on them. Changing demographics in areas surrounding the Company's stores could negatively impact the quality of the store base. Regulatory and technological changes could affect the products offered or the prices charged for such products. The Company provides an extensive training program for all of its employees, however, as the Company continues to grow, an inability to attract, train, and recruit talented field personnel and corporate management could negatively impact Company performance.

Strategy

The Company's business strategy is to capitalize on its competitive strengths by increasing the revenues and profitability of its existing operations and by growing through the acquisition of check cashing store networks and the development of alternative store formats. Key elements of the Company's business strategy include the following:

Maintain and instill a customer-driven retail philosophy. The Company has focused on increasing its customer base through a service-oriented approach designed to meet the needs of working, lower-income individuals and families in need of basic consumer financial services. The Company believes it has differentiated itself from its competitors by focusing on customer service. The Company offers extended operating hours in clean, well-lit, and convenient store locations to enhance appeal and stimulate store traffic. The Company's research indicates that, although approximately 30% of its customers have bank accounts, its customers prefer immediate access to cash without waiting for check clearance. In addition, the Company believes that many of its customers find great value in their ability to cash a payroll or government check immediately, for a fee, at a location within close proximity to their home or workplace at nearly any time of day. The Company's surveys have indicated that over 90% of its customers are repeat users of its services. The surveys also indicated that the widespread availability of ATM machines does not alter a customer's decision to "bank" at Company locations. The Company uses locally targeted advertising, including television and radio, to promote awareness of its products and its customer service. The Company will continue to develop ways to improve service to its customers.

Introduce new products and services. The Company has developed a "one-stop" shop concept to offer many consumer financial products and services not otherwise available to its targeted customer base. The Company believes that its customers enjoy the convenience of those services offered by the Company other than check cashing. The Company is currently in the process of a nationwide roll-out of its Cash 'Til Payday loan program and will continue to expand the product and service offerings of its newly acquired check cashing store networks. In addition, the Company intends to seek alliances with other financial institutions and nonfinancial organizations, like Western Union, to offer additional products to its customers.

Grow through targeted acquisitions. The Company has grown significantly since September 1994, primarily through acquisitions of an aggregate of 350 stores. Management will continue to seek acquisitions of well-managed check cashing store networks located in areas with favorable demographics, including the southeastern and western parts of the United States, as well as profitable check cashing stores in areas that complement the Company's existing geographic markets.

Development of alternative retailing platforms. The Company currently operates four stores in Seattle which offer only the Cash 'Til Payday unsecured short-term loan. The Company also operates twenty-five check cashing kiosks within The Southland Corporation's 7-Eleven(R) convenience stores. Management believes that these platforms each offer unique strategic, operating and investment characteristics which complement the existing check cashing stores. The Company will continue to develop and evaluate expansion opportunities through these alternative retail platforms.

Capitalize on economies of scale. The Company is well-positioned to take advantage of the current trend toward consolidation in the check cashing industry. The Company expects to continue to reduce its per-store cost for bad debt collection, security, armored car services, employee training, management information systems, and other operating expenses. The Company will continue to seek cost reductions from its current service suppliers as its check cashing market share increases through store network acquisitions and kiosk openings. Furthermore, the Company expects to be able to capitalize on its market position by developing strategic alliances with other financial institutions and nonfinancial organizations.

Manage credit risk. The Company's check cashing service consists of high volumes of small individual transactions requiring credit risk decisions on individual checks. For the fiscal year ended June 30, 1997, the Company cashed 6.5 million checks with an average face amount of \$289. The Company actively manages its customer risk profile in order to maximize check cashing revenues while maintaining net write-offs within a targeted range. As a result, management believes that the risk that the Company will sustain a material credit loss related to a single transaction or a series of transactions is minimal. For the fiscal year ended June 30, 1997, net write-offs as a percentage of face amount of checks cashed were 0.17%.

Maintain existing base of government contracts. The Company intends to continue to distribute public assistance benefits pursuant to its existing contracts with various state and local governments. In this type of contract, the Company provides continuous, uninterrupted operation of a benefits transfer system during normal business hours in various locations, including its check cashing stores, so as to distribute public assistance benefits. The Company expects government revenue as a percentage of total revenue to continue to decline in the future. Subsequent to June 30, 1997, the Company decided to sell or close 17 store locations in the Michigan and Southern California markets whose primary business was to provide services for the distribution of public assistance benefits under existing contracts with state and local municipalities. As a result of declining caseloads and increasing costs, DFG management determined that these locations could not provide acceptable levels of profitability.

Customers

Based upon a consumer survey conducted in select markets for the Company in 1995 and the Company's operating experience, the Company believes that its core customer group is comprised of individuals who are between the ages of 18 and 49, rent their home, are employed and have annual household incomes of under \$35,000. The consumer survey indicated that over 90% of the Company's customers in the surveyed markets were repeat customers and that over 50% had used the Company's services more than ten times. Of those customers surveyed, 85% were employed. The Company believes that consumers value attention to customer service, and their choice of check cashing stores is influenced by the Company's convenient locations and extended operating hours.

Based on a customer survey performed for the Company's Canadian subsidiary, Money Mart, in 1995, the Company believes that the demographics of Money Mart customers are similar to those of the Company's existing U.S. customers. The survey found that approximately 80% of Money Mart's customers have annual incomes below \$30,000 and 75% are under the age of 35. Although 65% of the surveyed customers have a bank account, these consumers continue to use Money Mart due to the fast and courteous service and the stores' extended operating hours.

The Company believes that many of its customers are unskilled workers or independent contractors who receive payment on an irregular basis and generally in the form of a check. The Company's core customer group lacks sufficient income to accumulate assets or to build savings. These customers rely on their current income to cover immediate living expenses and cannot afford the delays inherent in waiting for checks to clear through the commercial banking system. Furthermore, the Company believes that many of its customers use its check cashing services in order to gain immediate access to cash without having to maintain a minimum balance in a checking account and incur the cost of maintaining a checking account. In addition, although research conducted for the Company indicates that approximately 30% of its customers do have bank accounts, these customers use check cashing stores because they find the locations

and extended business hours of the Company's stores more convenient than those of banks and value the ability to receive cash immediately, without waiting for a check to clear.

Products and Services

The Company's Retail Stores Division is responsible for DFG's check cashing store networks; the Merchant Services Division manages electronic benefits distribution networks in New York State and Pennsylvania.

Retail Stores Division

DFG's check cashing stores provide a broad range of consumer financial products and services to its customers at convenient locations with extended operating hours. Customers typically use DFG's stores to cash checks (payroll, government, and personal), receive government benefits, and utilize one or more of the additional financial services available at most locations. In addition, customers use a variety of ancillary products, including Cash 'Til Payday loans, lottery tickets, electronic tax filing, photocopy service, long-distance cards, and fax services.

Check Cashing

Customers may cash all types of checks at any DFG location, including payroll checks, government checks, and personal checks. In exchange for a verified check, DFG customers receive cash immediately, for a fee, and are not required to wait several days for the check to clear. Both the customer's identification and the validity of the check are verified by multiple sources pursuant to the Company's standard verification procedures before any cash is distributed. Customers are charged a fee for this service (typically a small percentage of the face value of the check) which varies depending upon the type of check cashed and whether or not the customer has a previous record of cashing checks at that location. For the twelve months ended June 30, 1997, check cashing fees averaged approximately 2.8% of check face value.

The following chart presents a summary of check cashing data for the periods indicated below:

CHECK CASHING FEE SUMMARY

	Year ended December 31,		Six months
	1992	1993	ended June 30, 1994
Face amount of checks cashed.....	\$267,009,000	\$307,523,000	\$160,681,000
Number of checks cashed.....	1,202,454	1,307,768	662,855
Average face amount per check.....	\$222.05	\$235.15	\$242.41
Average fee per check.....	\$6.59	\$6.53	\$6.78
Average fees as a % of face amount...	2.97%	2.78%	2.80%

	Year ended June 30,		
	1995	1996	1997
Face amount of checks cashed.....	\$510,771,000	\$728,123,000	\$1,878,587,000
Number of checks cashed.....	2,132,006	3,051,037	6,492,495
Average face amount per check.....	\$239.57	\$238.65	\$289.35
Average fee per check.....	\$6.45	\$6.65	\$8.00
Average fees as a % of face amount....	2.69%	2.79%	2.76%

If a check cashed by the Company is not paid for any reason, the full face value of the check is recorded as a loss in the period during which the check was returned. The check is then sent to the store for collection and, if after 30 days it still remains uncollected, then it is sent to the Company's internal collections department, which contacts the maker and/or payee of each returned check and, if necessary, commences legal action. The collections department currently employs eleven people who work full-time collecting returned items. During fiscal 1997, approximately 66.7% of the face value of checks returned during that year was ultimately collected by the Company.

The following chart presents a summary of the Company's returned check experience for the periods indicated below:

RETURNED CHECK EXPERIENCE

	Six months ended		
	Year ended December 31,	June 30,	
	1992	1993	1994
Face amount of returned checks.....	\$540,000	\$1,085,000	\$621,000
Collections on returned checks.....	195,000	723,000	365,000
Net write-offs of returned checks.....	345,000	362,000	256,000
Collections as a percentage of returned checks..	36.1%	66.6%	58.8%
Net write-offs as a percentage of check cashing revenues.....	4.4%	4.2%	5.7%
Net write-offs as a percentage of face amount of checks cashed.....	0.13%	0.12%	0.16%

	Year ended June 30,		
	1995	1996	1997
Face amount of returned checks.....	\$2,006,000	\$3,763,000	\$9,618,000
Collections on returned checks.....	1,203,000	2,598,000	6,411,000
Net write-offs of returned checks.....	803,000	1,165,000	3,207,000
Collections as a percentage of returned checks..	60.0%	69.0%	66.7%
Net write-offs as a percentage of check cashing revenues.....	5.8%	5.7%	6.2%
Net write-offs as a percentage of face amount of checks cashed.....	0.16%	0.16%	0.17%

Other Services and Product Extensions

In addition to check cashing, DFG customers are able to choose from a variety of products and services when conducting business at the Company's check cashing locations. These services include lottery ticket sales, electronic tax filing (primarily used by customers to secure a "refund anticipation loan" from the Company), phone cards, transportation passes, and utility bill payment services. A survey of the Company's customers by an independent third party revealed that over 50% of customers use other services in addition to check cashing. Management believes that providing these services helps to implement the Company's customer-driven strategy by creating a "one-stop shop" atmosphere for its customers.

Among the products and services other than check cashing offered by the Company are the following:

- o Money Orders--DFG's check cashing stores exchange money orders for cash and/or checks for a minimal fee, with an average fee and face amount of \$0.46 and \$106, respectively, for the fiscal year ended June 30, 1997. Money orders are typically used as a means of payment of rent and utility bills for customers who do not have checking accounts. For the twelve months ended June 30, 1997, DFG's check cashing stores sold a total of 4.7 million money orders, generating total money order revenues of \$2.2 million.
- o Money Transfers--At DFG's check cashing stores, customers can transfer funds to any location providing Western Union money transfer services. Western Union currently has 23,000 agents in more than 130 countries throughout the world. DFG receives a percentage of the fee charged by Western Union for the transfer as its commission. For the twelve months ended June 30, 1997, the Company's check cashing stores generated total wire transfer fees of \$3.8 million.
- o Cash 'Til Payday Loan Program--DFG acts as an agent to offer unsecured short-term loans to customers with established bank accounts and verifiable employment. Loans are made for amounts up to \$500, with terms of no longer than 14 days.

Kiosks

The Company operates twenty-five 80 to 100 square-foot kiosks within the Southland Corporation's 7-Eleven(R) convenience stores. DFG's management considers the key advantages of the kiosk format to include: shared overhead costs, pooled advertising and signage costs, and access to high-traffic areas and a potentially expanded market. Under certain circumstances, the Company will be able to open an additional 100 kiosks within existing 7-Eleven(R) stores on the same or similar terms as those that govern its existing kiosks.

Loan Stores

The Company currently operates four stores in the Seattle, Washington area which offer only Cash `Til Payday unsecured short-term loans. The stores, which opened in late September 1997, operate under the "Loan Mart" name. DFG's management believes the stores can appeal to a larger market segment than the one which currently utilizes the Company's check cashing stores. Additional stores are planned in the Seattle market during fiscal year 1998.

Government Benefits Distribution

In addition to the other consumer financial products and services offered by the Company, DFG stores in Philadelphia, Pittsburgh, Detroit, California, Washington, and Ohio provide for the distribution of public assistance benefits and food coupons. The Company believes that many state and local governments have elected to employ this method of distribution as a means of reducing administrative overhead and fraud which is often prevalent when benefits are issued through the mail. DFG's government contracts require the Company to provide continuous, uninterrupted operation of a benefits transfer system during normal business hours in its check cashing locations. The Company is paid on a per-transaction basis by the contracting governmental agency. The initial terms of these contracts range from one to five years and, in some cases, provide the government agencies the opportunity to extend the contract for additional periods.

The following chart outlines the terms and performance of DFG's existing government contracts:

DFG'S EXISTING GOVERNMENT CONTRACT BUSINESS
For the twelve months ended June 30, 1997
(dollars in thousands)

Market	Number of Stores Under Contract	1997 Govt. Contract Revenue	1997 Total Market Revenues	Government Percentage of Total	Contract Since	Contract Expires (1)
Philadelphia, PA (6).....	21	\$6,654	\$10,055	66.2%	1984	1998
Pittsburgh, PA (6).....	10	611	2,791	21.9%	1990	1998
Michigan (5).....	12	1,373	1,883	72.9%	1985	1999
Ohio (3).....	16	782	7,696	10.2%	1983	1997
California (2)(5).....	43	2,199	28,038	7.8%	1979	1997
Washington (4).....	9	360	3,153	11.4%	1989	-

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<FN>

- (1) As indicated above, although the current contracts expire on the date indicated, it has been the Company's experience that such contracts are typically renewed prior to their expiration. Certain of the contracts, however, have no remaining option periods.
- (2) In California, the Company has contracts with eleven counties. The expiration date in the chart indicates the earliest expiration date of all California contracts.
- (3) In Ohio, the Company has contracts with four individual counties. The expiration date in the chart indicates the earliest expiration date of all Ohio contracts.
- (4) The Washington contract continues until terminated by either party as provided in the contract.
- (5) In August 1997, the Company sold all of its stores in Michigan, and in September 1997, the Company decided to sell or close five stores which provided government services in southern California.
- (6) These contracts are with the Commonwealth of Pennsylvania.

</FN>

Although the Company believes that government contracts will comprise a lower percentage of the Company's future revenues, it still plans to devote resources to bidding for the renewal of its existing government contracts. The Company has a very successful track record with respect to retaining government contracts. Since past rebid proposals are publicly available, the Company analyzes prior biddings and uses the information to competitively rebid the current proposal. However, there can be no assurance that the Company will in fact be able to retain its existing government contracts.

A number of state and local government agencies have initiated processes to install electronic benefits transfer systems designed to disburse public assistance benefits directly to individuals (sometimes referred to as "EBT" systems). DFG already provides support and operating services for the distribution of public assistance benefits pursuant to contracts with state agencies in both New York State (through a subcontract) and Pennsylvania. See "--Products and Services--Merchant Services Division." Given its experience in providing such services, the Company may seek to provide similar services for newly installed EBT systems. The Company has received correspondence from the Commonwealth of Pennsylvania outlining their proposed implementation of an electronic benefit transfer system. Based on this correspondence and other communication with the Commonwealth, implementation could start as soon as January 1998 and take a year to fully implement. If implemented, this plan would result in the termination of all of the Company's contracts for the distribution of public assistance benefits in the Commonwealth of Pennsylvania. There can be no assurance when or if this will happen. In the event that the contracts are terminated, the Company intends to continue to operate many of these locations as stand alone check cashing sites. However, there can be no assurance that the installation of such systems will not have a material adverse effect on the Company's results of operations or financial condition.

Merchant Services Division

The Company's Merchant Services Division provides support and operating services for the distribution of public assistance benefits through contracts with state agencies in both New York State and Pennsylvania. EBT systems equip participating merchants with point-of-sale ("POS") devices that are on-line with the contracting agency's recipient database. In New York, DFG acts as a subcontractor to Citibank, N.A. ("Citibank") to maintain and service Citibank's network of electronic government benefits distribution to several hundred merchants throughout the state. In Pennsylvania, DFG owns, operates, and maintains the system which electronically distributes public assistance benefits through fourteen of the Company's check cashing stores in the city of Philadelphia.

New York

In 1988, the State of New York began issuing food stamp benefits through its Electronic Benefits Issuance and Control System to 330,000 recipients on a monthly basis through grocery stores and other merchants in 57 counties outside of New York City. This package of benefits is currently distributed electronically through POS devices located in over 1,200 grocery, convenience, and check cashing stores. These devices are directly connected to the state's welfare recipient database and operate in a manner similar to ATM machines by providing immediate verification when a recipient's magnetically encoded card is scanned through the system.

Although Citibank provides the POS devices to the merchants, it has little direct follow-up contact with either the distribution points or the benefits recipients. DFG operates as a subcontractor to Citibank and is responsible for monitoring and maintaining the network. The Company employs field agents and administrative personnel headquartered in Albany, New York to train merchants in the use of Citibank's POS terminals, monitor merchants for security compliance and quality control, and maintain accounting procedures to reconcile benefit transactions at each site. The Company is paid on a fee-per-transaction basis for its services. The Company's revenues under this contract were approximately \$4.2 million and \$4.7 million for the years ended June 30, 1997 and 1996, respectively.

Pennsylvania

In Pennsylvania, the Company owns the PenNet System, an EBT system that was acquired from the Planning Resource Corporation in January 1993. The PenNet system is operated in conjunction with some of the Company's Philadelphia-based check cashing stores and certain grocery stores in other parts of the state in order to assist in the distribution of food coupons and other public benefits in Pennsylvania.

Within the PenNet system, recipient eligibility is determined at the state welfare office where magnetic cards are generated and issued to recipients. Recipient data is initially entered into the PenNet system at the county assistance offices and is then updated daily at the PenNet data center in Philadelphia. Recipients visit DFG's check cashing stores and other benefits issuance sites throughout Philadelphia to receive their benefits, and must present their magnetic cards to a teller who passes the card through a scanning device. DFG is paid a monthly fee to operate and support this system.

The Company has been notified by the Commonwealth of Pennsylvania that it is planning to replace the PenNet System with a different EBT system and a different provider of EBT services. Once this EBT system is implemented, the Company's contract to provide EBT services under the PenNet System will be terminated. There can be no assurance when or if the Commonwealth of Pennsylvania will replace the PenNet System or terminate the Company's contract. The Company's revenues under this contract were approximately \$1.0 million for the years ended June 30, 1997 and 1996.

Store Operations

Locations

The following chart sets forth the number of stores in operation as of the dates indicated:

Markets	December 31,		June 30,			
	1992	1993	1994	1995	1996	1997
CA						
Southern (3)	20	20	20	19	27	49
Northern	0	0	0	13	13	73
PA						
Philadelphia	22	22	22	41	20	26
Pittsburgh	13	13	12	14	11	11
OH						
Cleveland	13	13	13	11	11	26
Other Ohio Cities (1)	5	6	8	8	9	8
Phoenix, AZ	0	0	0	0	8	17
TX						
Dallas	0	0	0	0	6	23
Austin	0	0	0	0	5	5
Detroit, MI (2) (3)	15	15	15	14	13	12
Norfolk, VA	19	19	19	14	14	14
Seattle, WA	0	0	0	9	9	9
Salt Lake City, UT	0	0	0	4	4	3
MD/DC	0	0	0	0	0	4
Albuquerque, NM	0	0	0	3	3	3
New Orleans, LA	0	0	0	0	0	3
HI	0	0	0	0	0	3
WI	0	0	0	0	1	1
Franchised locations	0	0	0	0	0	3
CANADA	0	0	0	0	0	76
Franchised locations	0	0	0	0	0	67
Total Stores	107	108	109	150	154	436

<FN>

- (1) These other cities include Akron, Canton, Youngstown, and Cincinnati, Ohio.
- (2) Includes a single store located in Kalamazoo, Michigan.
- (3) In August 1997, the Company sold all of its stores in Michigan, and in September 1997, the Company decided to sell or close five stores which provided government services in southern California.

</FN>

Management adheres to a strict set of market survey and location guidelines when selecting acquisition targets and new store sites. The Company's store base is a mix of urban sites, which are located in high-traffic shopping areas, and suburban locations, which are in strip malls near multi-family housing complexes. In the future, the Company plans to emphasize suburban strip mall locations, particularly in the southeastern and western parts of the United States.

Layout and Facilities

As part of its retail and customer-driven strategy, the Company presents a clean and attractive environment and an appealing format for its check cashing stores. DFG's check cashing stores are generally freestanding with visible signage on the storefront. Size varies by location, but the stores are generally 1,000 to 1,400 square feet with approximately half of that space allocated to the teller and back office areas. There are typically three to five teller lanes available for customer transactions.

Operating hours vary by location, but are typically extended and designed to cater to those customers who, due to work schedules, cannot make use of "normal" banking hours. A typical store operates from 8:00 A.M. to 8:00 P.M. during weekdays and Saturdays, and 10:00 A.M. to 5:00 P.M. on Sundays. In certain locations, the Company operates stores on a 24-hour, seven-days-per-week basis.

Except for three owned stores, all of the Company's individual stores are leased, generally under leases providing for an initial multi-year term and renewal terms from one to five years. The Company generally assumes the responsibility for required leasehold improvements, including signage, teller partitions, alarm systems, computers, time-delayed safes, and other office equipment. The leases relating to stores that provide government benefits distribution typically allow for the termination of a store's lease in the event of the loss of a material government contract.

Technology

The Company currently has an enterprise-wide transaction processing computer network. The Company believes that this system has improved customer service by reducing transaction time and enabling the Company to better manage returned check losses and comply with regulatory recordkeeping and reporting requirements.

The Company is currently implementing a POS transaction processing system comprised of a networked hardware and software package with integrated database and reporting capabilities. Management believes that the POS system will provide its stores with instantaneous customer information, thereby reducing transaction time and improving the efficiency of the Company's credit verification process. The POS system is expected to enhance the Company's ability to offer new products and services and to improve its customer service. The Company intends to spend up to \$2.0 million over the next two years to purchase the necessary equipment and implement the POS system.

Security

All check cashing operations are exposed to two major classes of theft: robbery and internal theft. DFG management has implemented extensive security systems, dedicated security personnel, and management information systems which address both areas of potential loss. Management believes that its systems are among the most effective in the industry. Total net security losses represented less than 0.8% of both total revenues and total check volume for the twelve months ended June 30, 1997.

All store employees operate behind bullet-resistant glass and steel partitions and the back office, safe, and computer areas are locked and closed to customers. Each store's security measures include safes, electronic alarm systems monitored by third parties, control over entry to teller areas, detection of entry through perimeter openings, walls, and ceilings, and the tracking of all employee movement in and out of secured areas. In addition, as security contracts expire and as new stores are opened, the Company is centralizing its security measures to strengthen and improve its control over the secured areas. This centralized system includes the following security measures in addition to those mentioned above: identical alarm systems in all stores, remote control over alarm systems, arming/disarming and changing user codes, and mechanically and electronically controlled time-delay safes.

Due to the high volumes of cash, food stamps, and negotiable instruments handled at the Company's locations, daily monitoring, unannounced audits, and immediate response to irregularities are critical in combating theft and fraud.

Advertising and Marketing

The Company is continually surveying and researching its customer trends and purchasing patterns in order to place the most effective advertising for each market. The Company's corporate marketing department's promotions typically include point-of-sale materials, advertising support, and store personnel instructions on the use of the materials. The Company also arranges cooperative advertising for its products and services. For example, the Company does significant cooperative advertising with Western Union. Store managers are also provided with local store marketing training that sets standards for promotions and marketing their store on a local level. A national yellow page company is utilized to place all yellow page advertising as effectively and prominently as possible. The Company does research into directory selection to assure effective communication to its target customers.

Competition

The check cashing industry in the United States is highly competitive and will become even more so as the industry consolidates. American Business Information, Inc. has reported that as of July 1997, a total of approximately 5,700 check cashing stores were operating in the United States.

DFG, with 436 stores, is the second largest check cashing store network in the United States and the largest such network in Canada. ACE Cash Express, Inc. operates the largest check cashing store network in the United States, operating more than 690 stores in 29 states and the District of Columbia as of August 20, 1997. The ten largest chains control less than 30% of the total stores which reflects the fragmented nature of the check cashing industry.

In addition to other check cashing stores in the U.S. and Canada, DFG competes with banks and other financial services entities, and retail businesses, such as grocery and liquor stores, which will cash checks for their customers. Some competitors, primarily grocery stores, do not charge a fee to cash a check. However, these merchants provide this service to a limited number of customers with superior credit ratings, and will typically only cash "first party" checks, or those written on the customer's account and made payable to the store.

Regulation

The Company is subject to regulation in several of the jurisdictions in which it operates, including jurisdictions that regulate check cashing fees, require prompt remittance of money order proceeds to money order suppliers, or require the registration of check cashing companies. In addition, the Company is subject to federal and state regulation which requires the reporting and recording of certain currency transactions and certain of the Company's operations are also subject to federal and state regulations governing consumer protection and lending practices.

State Regulation

To date, the regulation of check cashing fees has been restricted to the state level. The Company is currently subject to fee regulation in two states, Ohio and California, where regulations set maximum fees for various types of checks in an attempt to prevent usurious pricing practices. However, the Company's fees are well below the ceilings currently established in such states.

The following chart presents a summary of current state fee regulations for check cashing operations in those states where the Company's check cashing stores are currently located:

CURRENT CHECK CASHING FEE REGULATIONS

California: Maximum of 3.0% fee for government and payroll checks (3.5% without specified identification) or \$3.00, whichever is greater. Permits one-time \$10.00 fee to issue identification. Fee set in 1992.

Ohio: Maximum of 3.0% fee for government checks. Fee set in 1993.

The Company operates a total of 123 stores in California and Maryland. These states are among those that have so-called "prompt remittance" statutes. Such statutes specify a maximum time for the payment of proceeds from the sale of money orders to the issuer of such money orders thereby limiting the number of days or "float" which the Company has use of the money from the sale of such money orders. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

In addition, certain states, including California, Ohio, Arizona, and Louisiana, have enacted licensing requirements for check cashing stores. Other states, including Ohio, require the conspicuous posting of the fees charged by each store. A number of states, including Ohio, also have imposed recordkeeping requirements while others require check cashing stores to file fee schedules with the state.

The adoption of check cashing fee regulations and prompt remittance statutes in additional jurisdictions or the reduction of maximum allowable fees in the jurisdictions currently regulating check cashing could have an adverse effect on the Company's business and could restrict the ability of the Company to expand its operations into certain states. As the Company develops new products and services in the consumer finance areas, it may become subject to additional federal and state regulations governing those areas.

In addition to fee regulations and prompt remittance statutes, certain jurisdictions have also (i) placed limitations on the commingling of money order proceeds and (ii) established minimum bonding or capital requirements. The Company's consumer lending activities are subject to certain state and federal regulations, including, but not limited to, regulations governing lending practices and terms, such as truth in lending and usury laws.

There can be no assurance that the Company will not be materially adversely affected by legislation or regulations enacted in the future or that existing regulations will not restrict the ability of the Company to continue its current methods of operations or to expand its operations.

Federal Regulation

Pursuant to regulations promulgated under the Bank Secrecy Act by the U.S. Treasury Department, transactions involving currency in an amount greater than \$10,000 or the purchase of monetary instruments for cash in amounts from \$3,000 to \$10,000 must be recorded. In general, every financial institution, including the Company, must report each deposit, withdrawal, exchange of currency or other payment or transfer, whether by, through, or to the financial institution that involves currency in an amount greater than \$10,000. In addition, multiple currency transactions must be treated as single transactions if the financial institution has knowledge that the transactions are by, or on behalf of, any one person and result in either cash-in or cash-out totaling more than \$10,000 during any one business day. Management believes that the Company's POS system and employee training programs are essential to the Company's compliance with these regulatory requirements.

From time to time, legislation is introduced at the state or federal level which could have a broad impact on the Company's business. During 1995, a bill was introduced in the U.S. House of Representatives which would, in part, require states to license check cashers. In the opinion of management, the passage of this bill in its current form would not materially impact the Company's operations.

In 1994, Congress passed a bill which suggests, but does not require, that check cashers disclose their fees to both customers and state regulators and suggests that the states establish uniform laws for licensing and regulating check cashers. In addition, the bill requires check cashers to register with the U.S. Treasury Department. Specific regulations governing these registration requirements have not yet been issued. The provisions of the bill have not materially impacted the Company's operations.

In Canada, the federal government does not directly regulate the check cashing industry nor do provincial governments impose any regulations specific to the industry. The exception is in the Province of Quebec where check cashing stores are not permitted to charge a fee to cash government checks.

Proprietary Rights

The Company has the rights to a variety of service marks relating to products or services it provides in its stores. In addition, the Company has trademarks relating to the various names under which the Company's stores operate. The Company does not believe that any of its service marks or trademarks are material to its business.

Insurance Coverage

The Company is required to maintain insurance coverage against loss, including theft, pursuant to its contracts with several state agencies. In addition, the Company maintains insurance coverage against criminal acts, which coverage has a \$25,000 deductible.

Employees

As of June 30, 1997, the Company employed 2,128 persons, comprised of: (i) 73 persons employed in the Company's accounting, MIS, legal, and administrative departments, (ii) 2,015 persons employed by the Retail Stores Division, including tellers, store managers, regional supervisors, operations directors, and administrative personnel, and (iii) 40 persons employed by the Merchant Services Division who oversee operations, coordinate the activities of field personnel, and manage the benefits distribution systems in New York State and Pennsylvania.

None of the Company's employees is represented by labor unions, and management believes that its relations with its employees are good.

Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995

This report may contain certain forward-looking statements regarding the Company's expected performance for future periods, and actual results for such periods may materially differ. Such forward-looking statements involve risks and uncertainties, including risks of changing market conditions in the overall economy and the industry, consumer demand, the success of the Company's acquisition strategy and other factors detailed from time to time in the Company's annual and other reports filed with the Securities and Exchange Commission.

Item 2. PROPERTIES

The Company leases all store premises, with the exception of 3 stores, which the Company owns. Typically, store leases have initial terms of 5 to 20 years and contain provisions for renewal options, additional rental charges based on revenue, and payment of real estate taxes and common area charges. With respect to leased stores open as of June 30, 1997, the following table shows the number of store leases expiring during the periods indicated, assuming the exercise of the Company's renewal options:

Period -----	Number of Leases Expiring -----
1998	57
1999 - 2002	150
2003 - 2007	124
2008 - 2012	28
2013 - 2017	1
2018 - 2041	1

Item 3. LEGAL PROCEEDINGS

In May 1996, a complaint was filed against the Company and one of its subsidiaries (in the case styled Adrian Rubin v. Monetary Management Corp., Monetary Management Corporation, Monetary Management Holdings, Inc., Jeffrey A. Weiss, and Donald F. Gayhardt, Phila. Co. CCP, May Term, 1996, Civil Action No. 888) relating to the acquisition in February 1995 of the assets of 19 check cashing stores from ARI, Inc. for consideration consisting, in part, of a \$2.7 million note issued by such subsidiary (which note is not guaranteed by the Company). The seller has sued for breach of contract, breach of oral guaranty, fraudulent inducement, negligent misrepresentation and fraudulent misrepresentation, for which he contends he is entitled to in excess of \$2.7 million, plus punitive damages and attorney's fees. The Company intends to actively contest each of the causes of action asserted in the complaint.

The Company is not a party to any other material litigation and is not aware of any pending or threatened litigation, other than routine litigation and administrative proceedings arising in the ordinary course of business, that would have a material adverse effect on the Company.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no established public trading market for the Company's common stock.

DFG Holdings, Inc. is the sole owner of record as well as the beneficial owner of all of the Company's outstanding common stock.

The Company has not declared or paid dividends since 1994. The Indenture dated November 15, 1996 between the Company and State Street Bank and Trust Company, as trustee (the "Indenture"), relating to the Senior Notes as well as the Company's credit agreement contain restrictions as to the declaration and payment of dividends. See "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" and the notes to consolidated financial statements included elsewhere in this report.

Item 6. SELECTED FINANCIAL DATA

The selected consolidated historical financial information below should be read in conjunction with the consolidated financial statements and notes thereto and the information contained in "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report. The balance sheet and statement of operations data of the Company as of and for the years ended December 31, 1992, 1993 and as of and for the six months ended June 30, 1993 and 1994 (the "Predecessor") and as of and for the years ended June 30, 1995, 1996, and 1997 (the "Successor") have been derived from historical consolidated financial statements of the Company.

Predecessor Company (1)

	Year ended December 31,		Six months ended June 30,	
	1992 (2)	1993	1993	1994
(dollars in thousands, except check cashing data)				
Statement of Operations Data:				
Revenues:				
Revenues from check cashing.....	\$ 7,922	\$ 8,538	\$ 4,338	\$ 4,496
Revenues from government services..	13,662	16,689	8,265	8,537
Other revenues.....	3,821	3,507	1,770	1,643
Total revenues.....	25,405	28,734	14,373	14,676
Store and regional expenses:				
Salaries and benefits.....	7,811	8,354	4,242	4,266
Occupancy.....	2,504	2,578	1,317	1,313
Depreciation.....	1,140	1,102	579	483
Other.....	7,347	8,139	4,000	4,132
Total store and regional expenses....	18,802	20,173	10,138	10,194
Corporate expenses.....	3,133	4,414	2,358	2,321
Loss on store closings and sales.....	283	110	-	36
Other depreciation and amortization..	2,231	1,183	752	319
Interest expense.....	1,744	1,597	847	721
Income (loss) before taxes and extraordinary item.....	(788)	1,257	278	1,085
Income tax provision.....	172	205	78	174
Net income (loss).....	\$ (960)	\$ 1,052	\$ 200	\$ 911
Operating and Other Data:				
Adjusted EBITDA (6).....	\$ 4,610	\$ 5,249	\$ 2,456	\$ 2,644
Adjusted EBITDA margin (6).....	18.1%	18.3%	17.1%	18.0%
Net cash provided (used) by:				
Operating activities.....	2,061	2,617	(429)	1,612
Investing activities.....	(3,655)	(622)	(382)	(756)
Financing activities.....	2,892	(1,401)	(653)	(807)
Stores in operation at end of period..	107	108	108	109
Check Cashing Data:				
Face amount of checks cashed.....	\$ 267,009,000	\$ 307,523,000	\$ 157,219,000	\$ 160,681,000
Number of checks cashed.....	1,202,454	1,307,768	648,549	662,855
Average face amount per check cashed..	\$222.05	\$235.15	\$242.42	\$242.41
Average fee per check.....	\$6.59	\$6.53	\$6.69	\$6.78
Average fee as a % of face amount.....	2.97%	2.78%	2.76%	2.80%
Balance Sheet Data (at end of period):				
Cash.....	\$ 10,380	\$ 10,974	\$ 8,916	\$ 11,023
Total assets.....	29,379	29,681	28,013	28,607
Total indebtedness.....	16,969	16,639	16,634	15,832
Shareholder's equity.....	5,974	5,708	6,238	6,309

Successor Company (1)

Year ended June 30,

1995 (3) 1996 (4) 1997 (5)

(dollars in thousands, except check cashing data)

Statement of Operations Data:

Revenues:

Revenues from check cashing.....	\$ 13,747	\$ 20,290	\$ 51,928
Revenues from government services..	16,966	15,936	16,141
Other revenues.....	4,121	6,204	14,943

Total revenues.....	34,834	42,430	83,012
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Store and regional expenses:

Salaries and benefits.....	11,042	13,975	26,817
Occupancy.....	3,122	4,031	7,951
Depreciation.....	894	893	1,446
Other.....	9,577	11,709	20,452

Total store and regional expenses.....	24,635	30,608	56,666
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Corporate expenses.....	4,414	5,360	8,175
Loss on store closings and sales.....	93	4,501	381
Other depreciation and amortization...	1,630	1,858	3,905
Interest expense.....	2,480	3,385	10,007

Income (loss) before taxes and extraordinary item.....	1,582	(3,282)	3,878
Income tax provision (benefit).....	1,022	(1,214)	2,425

Income (loss) before extraordinary item	560	(2,068)	1,453
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Extraordinary loss on debt extinguishment (net of income tax benefit of \$1,042)	-	-	(2,023)
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Net income (loss).....	\$ 560	\$ (2,068)	\$ (570)
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Operating and Other Data:

Adjusted EBITDA (6).....	\$ 6,679	\$ 7,355	\$ 19,724
Adjusted EBITDA margin (6).....	19.2%	17.3%	23.8%

Net cash provided (used) by:

Operating activities.....	4,350	3,669	9,319
Investing activities.....	(9,615)	(8,146)	(75,674)
Financing activities.....	11,081	7,244	99,120
Stores in operation at end of period..	150	154	436

Check Cashing Data:

Face amount of checks cashed.....	\$ 510,771,000	\$ 728,123,000	\$1,878,587,000
Number of checks cashed.....	2,132,006	3,051,037	6,492,495
Average face amount per check cashed..	\$239.57	\$238.65	\$289.35
Average fee per check.....	\$6.45	\$6.65	\$8.00
Average fee as a % of face amount.....	2.69%	2.79%	2.76%

Balance Sheet Data (at end of period):

Cash.....	\$ 19,778	\$ 22,545	\$ 55,205
Total assets.....	60,687	67,444	185,988
Total indebtedness.....	35,496	42,530	124,991
Shareholder's equity.....	15,775	13,707	38,560

- (1) On June 30, 1994, MMH Transit Co. ("MMHT"), a Delaware corporation, was formed principally by two private equity funds sponsored by Weiss, Peck and Greer, through the issuance of 15,000 shares of common stock at \$1,010.67 per share. Total consideration was \$15.2 million. Pursuant to an Agreement and Plan of Merger dated as of June 30, 1994 among MMHT, Bear Stearns Acquisition XII, Inc. (the predecessor majority shareholder of Holdings) and Holdings, Holdings and MMHT consummated a merger whereby MMHT acquired all of the outstanding common stock and warrants of Holdings for \$10.5 million. MMHT was merged with and into Holdings and the separate corporate existence of MMHT ceased and Holdings was the surviving corporation in the merger. The acquisition of Holdings on June 30, 1994 was accounted for under the purchase method of accounting and, accordingly, the acquisition cost was allocated to the fair value of net assets acquired. The cost of acquiring Holdings has, in turn, been allocated to the Company and used to establish a new accounting basis in the Company's financial statements. Approximately \$20.9 million, the acquisition cost in excess of the fair market value of net assets acquired, was recorded as goodwill. References to the Successor refer to the Company for the periods subsequent to the acquisition on June 30, 1994 and references to the Predecessor refer to the Company for the periods prior to the acquisition on June 30, 1994. Prior to the acquisition, the Company maintained a December 31 fiscal year. Effective with the acquisition, the Company changed its fiscal year to June 30.
- (2) In February 1992, the Company acquired certain assets of Almost-A-Banc, Inc. for \$1.8 million. The acquisition was accounted for under the purchase method of accounting and, accordingly, the operating results of Almost-A-Banc, Inc. are included from the date of acquisition.
- (3) On September 29, 1994, the Company purchased substantially all of the assets of the check cashing operations of a company operating under the name "Check Mart, Inc." with 24 locations in Washington, Utah, California, and New Mexico. Total consideration for the purchase was \$7.8 million, which was funded by borrowings under the Company's existing credit facility and a \$720,000 subordinated note payable. Results of operations and cash flows for the period from September 30, 1994 to June 30, 1995 and for the years ended June 30, 1996 and 1997 are included in the Company's consolidated financial statements. Approximately \$6.7 million, the acquisition cost in excess of the fair market value of the net assets acquired, was recorded as goodwill.
- (4) On September 18, 1995, the Company purchased all of the outstanding stock or certain assets of several entities which operated 19 check cashing stores in California, Arizona, Ohio, and Wisconsin and operated under the name "Chex\$Cashed." Total consideration for the purchase was \$7.4 million, which was funded through borrowings under the Company's existing credit facility. Approximately \$6.7 million, the excess of the purchase price over the fair market value of identifiable net assets, was recorded as goodwill.
- (5) On August 8, 1996, the Company purchased all of the outstanding common stock of Any Kind Check Cashing Centers, Inc. and all the partnership interests in U.S. Check Exchange Limited Partnership which together operated 63 check cashing stores in seven states and the District of Columbia. Total consideration for the purchase was \$31.0 million, of which \$2.0 million was in the form of Holdings' common stock, plus initial working capital of approximately \$6.0 million. On August 28, 1996, the Company acquired the assets associated with the operations of "ABC Check Cashing" for \$6.0 million in cash. ABC operated 15 check cashing centers within the Cleveland, Ohio area. On November 15, 1996, the Company purchased all of the outstanding common stock of National Money Mart, Inc. which owned and operated 36 check cashing stores and franchised 107 check cashing stores, all of which operate in Canada under the name "Money Mart." Total consideration for the purchase was \$17.7 million, of which approximately \$500,000 was in the form of Holdings' common stock, plus initial working capital of approximately \$900,000. On November 15, 1996, the Company acquired the assets associated with the operations of Cash-N-Dash Check Cashing, Inc. which operated 32 check cashing stores in northern California under the name "Cash-N-Dash." Total consideration for the purchase was \$7.3 million. On November 21, 1996, the Company purchased all the outstanding stock of C&C Check Cashing, Inc. which operated 22 check cashing stores in northern California under the name "C&C Check Cashing." Total consideration for the purchase was \$3.8 million plus initial working capital of approximately \$500,000. On April 18, 1997, the Company purchased all of the outstanding common stock of Canadian Capital Corporation which operated 43 check cashing stores in Canada under a franchise agreement with Money Mart. Total consideration for the purchase was \$13.3 million plus initial working capital of approximately \$1.8 million. Each of the acquisitions described above was accounted for under the purchase method of accounting. Approximately \$74.3 million, the acquisition costs in excess of the fair market values of the net assets acquired, was recorded as goodwill. The acquisitions were funded through borrowings, issuance of Holdings Common Stock and revenue-based earn-outs totaling \$1.1 million which are payable over a period of up to four years.

- (6) Adjusted EBITDA is earnings before interest, taxes, depreciation, amortization, noncash charges to earnings associated with foreign currency translations, and loss on store closings and sales. Adjusted EBITDA does not represent cash flows as defined by generally accepted accounting principles and does not necessarily indicate that cash flows are sufficient to fund all of the Company's cash needs. Adjusted EBITDA should not be considered in isolation or as a substitute for net income (loss), cash flows from operating activities, or other measures of liquidity determined in accordance with generally accepted accounting principles. The Adjusted EBITDA margin represents Adjusted EBITDA as a percentage of revenues. Management believes that these ratios should be reviewed by prospective investors because the Company uses them as one means of analyzing its ability to service its debt, the Company's lenders use them for the purpose of analyzing the Company's performance with respect to the Company's new revolving credit facility and the Indenture, and the Company understands that they are used by certain investors as one measure of a company's historical ability to service its debt. Not all companies calculate EBITDA in the same fashion and therefore these ratios as presented may not be comparable to other similarly titled measures of other companies.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

The Company has historically derived its revenues primarily from providing check cashing services and distributing public assistance benefits and food coupons. In addition, the Company provides other consumer financial products and services including money orders, money transfers, loans, and bill payment. For the years ended June 30, 1995, 1996, and 1997, check cashing revenues as a percentage of total revenues approximated 39.5%, 47.8%, and 62.6%, respectively.

The check cashing industry in the United States is highly fragmented, and has experienced considerable growth as store locations have increased from approximately 1,350 in 1986 to approximately 5,700 as of July 1997. The Company believes it is one of only four domestic check cashing store networks with more than 100 locations. The industry is comprised of mostly local chains and single-unit operators. The Company believes that industry growth has been fueled by several demographic and socioeconomic trends, including a decline in the number of households with bank deposit accounts, an increase in low-paying service sector jobs, and an overall increase in the lower-income population.

All of the Company's acquisitions have been accounted for under the purchase method of accounting. Therefore, the historical consolidated results of operations include the revenues and expenses of all of the acquired companies since their respective dates of acquisition. The comparability of the historical financial data is significantly impacted by the timing of the Company's acquisitions. The following table sets forth information with respect to recent acquisitions completed by the Company during the periods discussed below:

Company	Number of Stores	Month Acquired	Purchase Price
Check Mart, Inc.....	24	September 1994	\$ 7.8 million
ARI, Inc.....	19	February 1995	4.3 million
Pacific Check Exchange, Inc...	2	June 1995	0.4 million
Chex\$Cashed.....	19	September 1995	7.4 million
Southland kiosks--Texas.....	11	May 1996	0.5 million
Any Kind.....	63	August 1996	31.0 million
ABC.....	15	August 1996	6.0 million
Money Mart.....	143 (1)	November 1996	17.7 million
Cash-N-Dash.....	32	November 1996	7.3 million
C&C.....	22	November 1996	3.8 million
Canadian Capital Corporation..	43	April 1997	13.3 million

(1) Includes 107 franchised stores, of which 43 were owned by Canadian Capital Corporation.

This Management's Discussion and Analysis of Financial Condition and Results of Operations solely reflects the historical results of the Company. The aforementioned purchase price amounts do not reflect borrowings to provide for the working capital needs of the acquired entities. The purchase prices including working capital were as follows: \$9.7 million for Check Mart, Inc., \$5.1 million for ARI, Inc., \$448,000 for Pacific Check Exchange, Inc., \$9.1 million for Chex\$Cashed; \$37.0 million for Any Kind, \$7.5 million for ABC, \$18.6 million for Money Mart, \$7.3 million for Cash-N-Dash, \$4.3 million for C&C and \$15.1 million for Canadian Capital Corporation. The aforementioned purchase prices for Cash-N-Dash and C&C include estimated contingent payments to the sellers of \$750,000 for Cash-N-Dash (payable over four years) and \$300,000 for C&C (payable over three years) based on future revenues. Any amounts paid under the revenue-based earn-out contingencies for Cash-N-Dash and C&C will be recorded as additional consideration of the acquisition when the contingency is resolved.

In November 1996, the Company issued 10-7/8% senior notes due 2006 in a private placement (collectively referred to as the "Offering"). The Company has exchanged substantially all of the senior notes for \$110.0 million 10-7/8% Series A notes due 2006 (collectively referred to as the "Notes"), which were registered under the Securities Act of 1933, as amended.

The Offering generated gross proceeds of \$110.0 million which were used to repay all of the Company's existing indebtedness under its existing credit facility, to fund the Money Mart, Cash-N-Dash, C&C, and Canadian Capital Corporation acquisitions, and to pay related fees and expenses. The repayment of substantially all of the Company's existing indebtedness resulted in an extraordinary loss, net of taxes, in the second quarter of fiscal year 1997 of approximately \$2.0 million. This loss resulted from the write-off of the deferred financing costs associated with the Company's existing credit facility. Due to the rapid growth of the Company, period-to-period comparisons of financial data are not necessarily indicative of the results for subsequent periods and should not be relied upon as an indicator of the future performance of the Company.

The Company's revenues from government services decreased for the year ended June 30, 1997 as a percentage of total revenues due in large part to the acquisitions made by the Company during that period. The Company expects that its revenues from the distribution of public assistance benefits will continue to decline due to a number of factors. A number of state and local governmental agencies have initiated processes to install electronic benefits transfer systems designed to disburse public assistance benefits directly to individuals (sometimes referred to as "EBT" systems). The Company has received correspondence from the Commonwealth of Pennsylvania outlining their proposed implementation of an electronic benefit transfer system. Based on this correspondence and other communication with the Commonwealth, implementation could start as soon as January 1998 and take a year to fully implement. If implemented, this plan would result in the termination of all of the Company's contracts in the Commonwealth of Pennsylvania. There can be no assurance when or if this will happen. In the event that the contracts are terminated, the Company intends to continue to operate many of these locations as stand alone check cashing sites. See "DFG's Existing Government Contract Business" on pages 13 and 14.

Results of Operations

The following table sets forth the Company's results of operations as a percentage of revenues for the indicated periods:

	Year ended June 30,		
	1995	1996	1997
Statement of Operations Data:			
Revenues:			
Revenues from check cashing.....	39.5%	47.8%	62.6%
Revenues from government services.....	48.7	37.6	19.4
Other revenues.....	11.8	14.6	18.0
Total revenues.....	100.0	100.0	100.0
Store and regional expenses:			
Salaries and benefits.....	31.7	32.9	32.3
Occupancy.....	9.0	9.5	9.6
Depreciation.....	2.6	2.1	1.7
Other.....	27.5	27.6	24.7
Total store and regional expenses.....	70.8	72.1	68.3
Corporate expenses.....	12.6	12.6	9.8
Loss on store closings and sales.....	0.3	10.6	.5
Other depreciation and amortization.....	4.7	4.4	4.7
Interest expense.....	7.1	8.0	12.1
Income (loss) before taxes and extraordinary item...	4.5	(7.7)	4.6
Income tax provision (benefit).....	2.9	(2.9)	2.9
Income (loss) before extraordinary item.....	1.6	(4.8)	1.7
Extraordinary loss on debt extinguishment (net of income tax benefit)	-	-	(2.4)
Net income (loss).....	1.6%	(4.8)%	(.7)%

Year Ended June 30, 1997 Compared to the Year Ended June 30, 1996

Total revenues were \$83.0 million for the year ended June 30, 1997 as compared to \$42.4 million for the year ended June 30, 1996, an increase of \$40.6 million, or 95.8%. Of this increase, \$42.0 million resulted from the inclusion of the results of operations of the entities acquired during fiscal 1996 and 1997, (collectively referred to hereafter as the "Acquisitions"). The increase was offset in part by revenues related to the 19 stores acquired from ARI, Inc., which were closed in December 1995 and which generated \$1.5 million in revenue for the year ended June 30, 1996. See "Year Ended June 30, 1996 Compared to Year Ended June 30, 1995." For stores that were opened and owned by the Company during the entire period from July 1, 1995 through June 30, 1997, revenues increased by 4.1%. This increase resulted from an increase in other revenues of 19.7% and an increase in revenues from check cashing of 6.8%, offset in part by a decrease in revenues from government services of 6.7%. Government services revenues accounted for 19.4% of total revenues for the year ended June 30, 1997, a decrease from 37.6% of total revenues for the year ended June 30, 1996. The decrease in revenues from government services resulted from the reduction in the number of individuals receiving benefits under government programs. The Company receives revenue on its government contracts based primarily on the number of transactions it executes. The Company expects that the number of benefits recipients will continue to decrease, which would result in a continuing decline in the Company's government services revenue.

Store and regional expenses were \$56.7 million for the year ended June 30, 1997 as compared to \$30.6 million for the year ended June 30, 1996, an increase of \$26.1 million, or 85.3%. The Acquisitions resulted in an increase in store and regional expenses of \$28.7 million, while the 19 stores closed in December 1995 resulted in a decrease in store expenses of approximately \$2.4 million. Store and regional expenses as a percentage of revenues decreased from 72.2% in the year ended June 30, 1996 to 68.3% in the year ended June 30, 1997. This decrease was due primarily to operating losses of the stores acquired from ARI, Inc. in February 1995. During December 1995, the Company decided to close or sell all of the stores acquired from ARI, Inc. and recognized a pretax charge of approximately \$4.4 million relating thereto. Excluding the results of operations of the ARI, Inc. stores, store and regional expenses as a percentage of revenues were 69.1% for the year ended June 30, 1996.

Salaries and benefits were \$26.8 million for the year ended June 30, 1997 as compared to \$14.0 million for the year ended June 30, 1996, an increase of \$12.8 million, or 91.4%. The Acquisitions accounted for an increase in salaries and benefits of \$13.9 million while the 19 stores closed in December 1995 resulted in a decrease in salaries and benefits of \$700,000. The Company does not expect the recently enacted increase in the minimum wage to have any significant impact on the Company's future results of operations.

Occupancy expense was \$8.0 million for the year ended June 30, 1997 as compared to \$4.0 million for the year ended June 30, 1996, an increase of \$4.0 million, or 100.0%. The Acquisitions accounted for an increase of \$4.2 million, while the 19 stores closed in December 1995 resulted in a decrease of \$300,000. Occupancy expense as a percentage of revenues increased from 9.5% for the year ended June 30, 1996 to 9.6% for the year ended June 30, 1997.

Depreciation expense was \$1.4 million for the year ended June 30, 1997 as compared to \$900,000 for the year ended June 30, 1996 an increase of \$500,000, or 55.6%. The Acquisitions accounted for an increase of \$700,000. Depreciation expense as a percentage of revenues decreased from 2.1% for the year ended June 30, 1996 to 1.7% for the year ended June 30, 1997.

Other store and regional expenses were \$20.5 million for the year ended June 30, 1997 as compared to \$11.7 million for the year ended June 30, 1996, an increase of \$8.8 million, or 75.2%. The Acquisitions accounted for an increase in other store and regional expenses of \$9.9 million, while the 19 stores closed in December 1995 resulted in a decrease in other store and regional expenses of \$1.1 million. Other store and regional expenses consist of bank charges, armored security costs, net returned checks, cash and food stamp shortages, insurance, and other costs incurred by the stores.

Corporate expenses were \$8.2 million for the year ended June 30, 1997 as compared to \$5.4 million for the year ended June 30, 1996, an increase of \$2.8 million, or 51.9%. This increase resulted from the additional corporate costs, primarily salaries and benefits, associated with the acquisitions completed during fiscal 1996 and fiscal 1997. Corporate expenses as a percentage of revenues decreased from 12.6% for the year ended June 30, 1996 to 9.8% for the year ended June 30, 1997.

Loss on store closings and sales was \$381,000 for the year ended June 30, 1997 as compared to \$4.5 million for the year ended June 30, 1996, a decrease of \$4.1 million, or 91.5%, due primarily to the 19 stores acquired from ARI, Inc., which were closed or sold in fiscal year 1996.

Other depreciation and amortization expenses were \$3.9 million for the year ended June 30, 1997 as compared to \$1.9 million for the year ended June 30, 1996, an increase of \$2.0 million, or 105.3%. This increase resulted primarily from the amortization expense associated with the goodwill and other intangibles recognized as part of the Acquisitions.

Interest expense was \$10.0 million for the year ended June 30, 1997 as compared to \$3.4 million for the year ended June 30, 1996, an increase of \$6.6 million, or 194.1%. This increase was primarily attributable to increased average outstanding indebtedness to finance the Acquisitions.

Year Ended June 30, 1996 Compared to the Year Ended June 30, 1995

Total revenues were \$42.4 million for the year ended June 30, 1996 as compared to \$34.8 million for the year ended June 30, 1995, an increase of \$7.6 million, or 21.8%. Of this increase, \$4.6 million resulted from the inclusion of the results of operations of the entities conducting business as Chex\$Cashed, which were acquired in September 1995, and \$2.5 million from a full year of operations of Check Mart, Inc., acquired in September 1994. The remaining increase resulted from the other acquisitions completed during fiscal 1995 and 1996. For stores that were opened and owned by the Company in all twelve months of each fiscal year, revenues decreased by 0.9%. This decrease resulted from a decrease in revenues from government services of 6.1%, offset by an increase in revenues from check cashing of 3.5%. The decrease in revenues from government services resulted from the reduction in the number of individuals receiving benefits under government programs during fiscal year 1996.

Store expenses were \$30.6 million for the year ended June 30, 1996 as compared to \$24.6 million for the year ended June 30, 1995, an increase of \$6.0 million, or 24.4%. Of this increase, \$2.9 million was due to the acquisition of Chex\$Cashed and \$1.6 million was due to the acquisition of Check Mart, Inc. The remaining increase resulted from the other acquisitions completed during fiscal 1995 and 1996. Store expenses as a percentage of revenues increased from 70.8% in fiscal 1995 to 72.1% in fiscal 1996 due to operating losses of stores acquired from ARI, Inc. in February 1995. During fiscal year 1996, the Company decided to close or sell all of the stores acquired from ARI, Inc. and recognized a pretax charge of approximately \$4.4 million relating thereto. Excluding the results of operations of the ARI, Inc. stores, store expenses as a percentage of revenues were 69.2% and 69.1% for the years ended June 30, 1995 and 1996, respectively.

Salaries and benefits were \$14.0 million for the year ended June 30, 1996 as compared to \$11.0 million for the year ended June 30, 1995, an increase of \$3.0 million, or 27.3%. Of this increase, \$1.5 million resulted from the acquisition of Chex\$Cashed and \$800,000 resulted from the acquisition of Check Mart, Inc. The remaining increase resulted from other acquisitions completed during fiscal 1995 and 1996.

Occupancy expense was \$4.0 million for the year ended June 30, 1996 as compared to \$3.1 million for the year ended June 30, 1995, an increase of \$900,000, or 29.0%. Of this increase, \$500,000 resulted from the acquisition of Chex\$Cashed and \$200,000 resulted from the acquisition of Check Mart, Inc. Occupancy expense as a percentage of revenues increased from 9.0% for the year ended June 30, 1995 to 9.5% for the year ended June 30, 1996 due to the impact of the performance of the ARI, Inc. stores acquired in February 1995, which were subsequently sold or closed.

Depreciation expense remained relatively unchanged for the fiscal year ended June 30, 1996 as compared to the year ended June 30, 1995. Any increases in depreciation expense resulting from the Chex\$Cashed and Check Mart acquisitions were offset by decreases from much of the store equipment in the Company's existing store base becoming fully depreciated during fiscal 1995 and fiscal 1996.

Other store and regional expenses were \$11.7 million for the year ended June 30, 1996 as compared to \$9.6 million for the year ended June 30, 1995, an increase of \$2.1 million, or 21.9%. Of this increase, \$900,000 resulted from the acquisition of Chex\$Cashed and \$600,000 resulted from the acquisition of Check Mart, Inc. The remaining increase resulted primarily from the other acquisitions completed during fiscal 1995 and fiscal 1996.

Corporate expenses were \$5.4 million for the year ended June 30, 1996 as compared to \$4.4 million for the year ended June 30, 1995, an increase of \$1.0 million, or 22.7%. This increase resulted from the additional corporate costs, primarily salaries and benefits, associated with the acquisitions completed during fiscal 1995 and fiscal 1996. Corporate expenses as a percentage of revenues decreased slightly from 12.7% during fiscal 1995 to 12.6% during fiscal 1996.

During fiscal year 1996, the Company decided to sell or close the 19 stores purchased from ARI, Inc. in February 1995. The stores were generating operating losses at the time of the acquisition. As the Company began operating the stores, management concluded that significant time and operating losses would be required before the stores would become profitable. The Company believed that alternative investments were available which would provide higher long-term returns and more immediate paybacks. The decision resulted in a pretax charge of approximately \$4.4 million, which included \$3.3 million for the write-off of the goodwill associated with the original acquisition of these stores, \$600,000 for the write-off of store fixtures and equipment, \$350,000 for the early termination of store leases, and \$150,000 for the accrual of other costs related to closing these stores. As of June 30, 1996 and 1997, accrued expenses included approximately \$450,000 and \$107,000, respectively, related to future costs associated with these stores. Included in the statements of operations for fiscal 1996 and fiscal 1995 are revenues of \$1.5 million and \$564,000, respectively, store expenses of \$2.4 million and \$931,000, respectively, and amortization expense of \$56,000 and \$30,000, respectively, related to these 19 stores. The Company is seeking to restructure its obligations under the original subordinated note issued to the seller as part of the acquisition, and has ceased making principal and interest payments thereon. As a result, the seller has filed a complaint against the Company alleging, among other things, breach of contract, and is seeking payment of the balance of the note of \$2.6 million, plus accrued interest, punitive damages, and legal fees. As the outcome of this matter cannot be determined at present, no reduction in the note payable to the seller or any additional costs to the Company have been recorded. See "Item 3--Legal Proceedings."

The Company also incurs losses on unprofitable stores which it closes in the normal course of business. During fiscal 1996 and fiscal 1995, the Company recorded expenses of \$101,000 and \$93,000, respectively, which consisted primarily of the write-off of leasehold improvements associated with closed locations. In addition, the Company closed seven stores in each of fiscal 1996 and fiscal 1995, in addition to the 19 stores purchased from ARI, Inc. discussed in the preceding paragraph.

Other depreciation and amortization expenses were \$1.9 million for the year ended June 30, 1996 as compared to \$1.6 million for the year ended June 30, 1995, an increase of \$300,000, or 18.8%. This increase resulted primarily from the amortization expense associated with the goodwill recognized as part of the acquisition of Chex\$Cashed, and a full year's amortization of goodwill associated with the acquisition of Check Mart, Inc.

Interest expense was \$3.4 million for the year ended June 30, 1996 as compared to \$2.5 million for the year ended June 30, 1995, an increase of \$900,000, or 36.0%. This increase was primarily attributable to increased average outstanding indebtedness to finance acquisitions, from \$29.6 million for fiscal 1995 to \$38.5 million for fiscal 1996, and partially offset by a decrease in the weighted average interest rate from 8.7% for fiscal 1995 to 8.5% for fiscal 1996.

Liquidity and Capital Resources

The Company's principal sources of cash are from operations, borrowings under its credit facilities, and sales of Holdings' common stock. The Company anticipates its principal uses of cash will be to provide working capital, finance capital expenditures, meet debt service requirements, finance acquisitions, and finance loan store and kiosk expansion. For the years ended June 30, 1997 and 1996, the Company had net cash provided by operating activities of \$9.3 million and \$3.7 million, respectively, for purchases of property and equipment related to existing stores, recently acquired stores, investments in technology, and acquisitions. The Company's budgeted capital expenditures, excluding acquisitions, are currently anticipated to aggregate approximately \$2.7 million during its fiscal year ending June 30, 1998, for remodeling and relocation of certain existing stores and for opening loan stores and kiosks. The actual amount of capital expenditures will depend in part on the number of new stores acquired and the number of stores remodeled. In addition, the Company intends to spend up to \$2.0 million over the next two years to purchase the equipment necessary to implement a point-of-sale system.

The Company has historically financed its acquisitions and other capital requirements through bank debt, seller subordinated debt, and proceeds from the sale of Holdings' common stock.

In November 1996, the Company issued 10-7/8% senior notes due 2006 in a private placement (collectively referred to as the "Offering"). The Company has exchanged substantially all of the senior notes for \$110.0 million 10-7/8% Series A notes due 2006 (collectively referred to as the "Notes"), which were registered under the Securities Act of 1933, as amended.

The Offering generated gross proceeds of \$110.0 million which were used to repay all of the Company's existing indebtedness under its existing credit facility, to fund the Money Mart, Cash-N-Dash, C&C, and Canadian Capital Corporation acquisitions, and to pay related fees and expenses. The repayment of substantially all of the Company's existing indebtedness resulted in an extraordinary loss, net of taxes, of approximately \$2.0 million. This loss results from the write-off of the deferred financing costs associated with the Company's existing credit facility.

On June 30, 1997, the Notes, seller subordinated notes, and other indebtedness aggregating \$113.0 million were outstanding. The Company's indebtedness includes a seller subordinated note of \$2.6 million from the acquisition of ARI, Inc. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year Ended June 30, 1996 Compared to the Year Ended June 30, 1995" and "Dollar Financial Group, Inc.--Notes to Consolidated Financial Statements--Loss on Store Closings and Sales." The Company is seeking to restructure its obligations under the original subordinated note issued to

the seller as part of the acquisition, and has ceased making principal and interest payments. As a result, the seller has filed a complaint against the Company alleging, among other things, breach of contract, and is seeking payment of the balance of the note. Depending on the outcome of the complaint filed by the seller, the Company could be required to pay the balance of the note. See "Item 3--Legal Proceedings." The Company does not believe this would have a material impact on its liquidity.

Simultaneously with the consummation of the Offering, the Company entered into a new revolving credit facility, which the Company uses primarily for working capital needs. The new revolving credit facility allows borrowings in an amount not to exceed the lesser of \$25.0 million or a borrowing base as set forth in the new revolving credit facility agreement. Amounts outstanding under the New Revolving Credit Facility bear interest at either (i) 0.50% plus the higher of (a) the federal funds rate plus 0.50% per annum and (b) the rate publicly announced by Bank of America NT&SA, as its "reference rate" or (ii) the Eurodollar Rate (as defined therein) plus 1.75%, determined at the Company's option. Amounts outstanding under the New Revolving Credit Facility are secured by a first priority lien on substantially all properties and assets of the Company and its current and future subsidiaries. The Company's obligations under the New Revolving Credit Facility are guaranteed by Holdings and each of the Company's direct and indirect subsidiaries. The Company had \$13.3 million of unborrowed availability under the new revolving credit facility at June 30, 1997.

In connection with the Money Mart acquisition in November 1996, the Company established an overdraft credit facility to fund peak working capital needs for its Canadian operations. The overdraft credit facility provides for a commitment of up to \$5.0 million. Amounts outstanding under the facility bear interest at Canadian prime plus 0.50% and are secured by the pledge of a cash collateral account of an equivalent balance.

The Company is highly leveraged, and borrowings under the new revolving credit facility and the overdraft facility will increase the Company's debt service requirements. Management believes that, based on current levels of operations and anticipated improvements in operating results, cash flows from operations and borrowings available under the new revolving credit facility will enable the Company to fund its liquidity and capital expenditure requirements for the foreseeable future, including scheduled payments of interest on the Notes and payment of interest and principal on the Company's other indebtedness. See "Risk Factors--Substantial Leverage; Ability to Service Outstanding Indebtedness." The Company's belief that it will be able to fund its liquidity and capital expenditure requirements for the foreseeable future, including with respect to the operations acquired in the Acquisitions, is based upon the historical growth rate of the Company and the anticipated benefits resulting from operating efficiencies due to the Acquisitions. Additional revenue growth is expected to be generated by increased check cashing revenues (consistent with historical growth), and an expansion of the Cash 'Til Payday Loan Program. The Company also expects operating expenses to increase, although the rate of increase is expected to be less than the rate of revenue growth. Furthermore, the Company does not believe that additional acquisitions or expansion are necessary in order for it to be able to cover its fixed expenses, including debt service. As discussed earlier within this Management's Discussion and Analysis, the Company has received correspondence from the Commonwealth of Pennsylvania outlining their proposed implementation of an electronic benefit system. In the event that implementation is completed and the Company's contracts with the Commonwealth of Pennsylvania are terminated, the Company believes this outcome will not have a material impact on the Company's liquidity or capital resources. As a result of the foregoing assumptions, which the Company believes to be reasonable, the Company expects to be able to fund its liquidity and capital expenditure requirements for the foreseeable future, including scheduled payments on the Notes and payments of interest and principal on other indebtedness. There can be no assurance, however, that the Company's business will generate sufficient cash flow from operations or that future borrowings will be available under the new revolving credit facility in an amount sufficient to enable the Company to service its indebtedness, including the Notes, or to make anticipated capital expenditures. It may be necessary for the Company to refinance all or a portion of the principal of the Notes on or prior to maturity, under certain circumstances, but there can be no assurance that the Company will be able to effect such refinancing on commercially reasonable terms or at all.

Income Taxes

The Company's effective tax rates for fiscal 1995, 1996, and 1997 were 64.6%, (37.0)%, and 62.5%, respectively. The effective rate differs from the federal statutory rate of 34% due to state taxes and nondeductible goodwill amortization which resulted from the June 30, 1994 acquisition of the Company and several subsequent acquisitions. The fiscal 1996 effective tax benefit rate is less than the fiscal 1995 tax rate due to the reversal of the valuation allowance on the Company's gross deferred tax asset during fiscal 1996. The Company had no valuation allowance recorded against deferred tax assets at June 30, 1996 or 1997. Realization of the gross deferred tax asset is dependent on generating sufficient taxable income prior to the expiration of the loss carryforwards. Although realization is not assured, management has determined, based on the Company's history of earnings and its expectations for the future, that taxable income of the Company will more likely than not be sufficient to fully utilize its deferred income tax assets. 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.

Seasonality and Quarterly Fluctuations

The Company's business is seasonal due to the impact of several tax-related services including cashing tax refund checks. Historically, the Company has generally experienced its highest revenues and earnings during its third fiscal quarter ending March 31 when revenues from these tax-related services peak. Due to the seasonality of the Company's business, results of operations for any fiscal quarter are not necessarily indicative of the results of operations that may be achieved for the full fiscal year. In addition, quarterly results of operations depend significantly upon the timing and amount of revenues and expenses associated with the addition of new stores.

Impact of Inflation

The Company believes that the results of its operations are not dependent upon the levels of inflation.

Recent Accounting Pronouncements

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") 121, "Accounting for the Impairment of Long-Lived Assets and For Long-Lived Assets to be Disposed Of" for the fiscal year ended June 30, 1997. The adoption of this standard has not had a material impact on the Company's financial statements.

The Financial Accounting Standards Board (FASB) has issued Statement No. 129, "Disclosure of Information about Capital Structure," which is applicable to all companies. Statement No. 129 consolidates the existing guidance in authoritative literature relating to a company's capital structure. The Statement is effective for financial statements for periods ending after December 15, 1997. The Company does not believe the adoption of this standard will have any impact on the Company's financial statements.

In June 1997, the FASB issued Statement No. 130, "Reporting Comprehensive Income," and Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." Both Statements become effective for fiscal periods beginning after December 15, 1997 with early adoption permitted. The Company is evaluating the effects these Statements will have on its financial statements and disclosures. The Statements are expected to have no effect on the Company's results of operations, financial position, capital resources, or liquidity.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
DFG Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Dollar Financial Group, Inc. as of June 30, 1997 and 1996, and the related consolidated statements of operations, shareholder's equity, and cash flows for each of the three years in the period ended June 30, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Dollar Financial Group, Inc. at June 30, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 1997, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
September 24, 1997

DOLLAR FINANCIAL GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(In Thousands except share amounts)

	June 30,	
	1996	1997
Assets		
Cash and cash equivalents.....	\$ 22,545	\$ 55,205
Accounts receivable.....	4,441	8,101
Prepaid expenses.....	1,790	1,647
Deferred income taxes.....	1,861	805
Note receivable--officer.....	200	200
Property and equipment, net of accumulated depreciation of \$1,926 and \$3,686.....	3,345	7,934
Cost assigned to contracts acquired, net of accumulated amortization of \$660 and \$235.....	140	457
Cost in excess of net assets acquired, net of accumulated amortization of \$1,964 and \$4,754.....	31,900	103,313
Covenants not to compete, net of accumulated amortization of \$21 and \$418.....	89	1,558
Debt issuance costs, less accumulated amortization of \$394 and \$306.....	717	5,370
Other.....	416	1,398
	\$ 67,444	\$ 185,988
Liabilities and shareholder's equity		
Accounts payable.....	\$ 6,844	\$ 14,130
Advance from money transfer agent.....	-	3,000
Accrued expenses.....	4,160	3,365
Accrued interest payable.....	203	1,942
Revolving credit facilities.....	7,738	12,187
Long-term debt and subordinated notes payable.....	34,792	2,804
10-7/8% Senior Notes due 2006.....	-	110,000
Shareholder's equity:		
Common stock, \$1 par value: 20,000 shares authorized; 100 shares issued and outstanding at June 30, 1996 and 1997.....	-	-
Additional paid-in capital.....	15,215	40,941
Accumulated deficit.....	(1,508)	(2,078)
Foreign currency translation.....	-	(303)
Total shareholder's equity.....	13,707	38,560
	\$ 67,444	\$ 185,988

See accompanying notes.

DOLLAR FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands)

	Year ended June 30,		
	1995	1996	1997
Revenues.....	\$ 34,834	\$ 42,430	\$ 83,012
Store and regional expenses:			
Salaries and benefits.....	11,042	13,975	26,817
Occupancy.....	3,122	4,031	7,951
Depreciation.....	894	893	1,446
Other.....	9,577	11,709	20,452
Total store and regional expenses.....	24,635	30,608	56,666
Corporate expenses.....	4,414	5,360	8,175
Loss on store closings and sales.....	93	4,501	381
Other depreciation and amortization.....	1,630	1,858	3,905
Interest expense, net of interest income in 1997 of \$403.....	2,480	3,385	10,007
Income (loss) before taxes and extraordinary item..	1,582	(3,282)	3,878
Income tax provision (benefit).....	1,022	(1,214)	2,425
Income (loss) before extraordinary item.....	560	(2,068)	1,453
Extraordinary loss on debt extinguishment (net of income tax benefit of \$1,042).....	-	-	(2,023)
Net income (loss).....	\$ 560	\$ (2,068)	\$ (570)

See accompanying notes.

DOLLAR FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(In Thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated) Deficit)	Foreign Currency Translation Adjustment	Total Shareholder's Equity
	Shares	Amount				
Balance, June 30, 1994...	100	\$ -	\$15,160	\$ -	\$ -	\$ 15,160
Capital contribution from parent.....			55			55
Net income for the year ended June 30, 1995.				560		560
Balance, June 30, 1995...	100	-	15,215	560	-	15,775
Net loss for the year ended June 30, 1996.				(2,068)		(2,068)
Balance, June 30, 1996...	100	-	15,215	(1,508)	-	13,707
Capital contribution from parent.....			25,726			25,726
Translation adjustment for the year ended June 30, 1997.....					(303)	(303)
Net loss for the year ended June 30, 1997.				(570)		(570)
Balance, June 30, 1997...	100	\$ -	\$40,941	\$ (2,078)	\$ (303)	\$ 38,560

See accompanying notes.

DOLLAR FINANCIAL GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year ended June 30,		
	1995	1996	1997
Cash flows from operating activities:			
Net income (loss).....	\$ 560	\$ (2,068)	\$ (570)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization.....	2,524	2,751	5,626
Losses on store closings and sales.....	93	4,501	381
Extraordinary loss on debt extinguishment, net of income tax benefit.....	-	-	2,023
Deferred tax provision (benefit).....	406	(1,282)	735
Change in assets and liabilities (net of effect of acquisitions):			
Decrease (increase) in accounts receivable.....	960	(696)	(1,717)
(Increase) decrease in prepaid expenses and other assets.....	(753)	(661)	612
Increase in accounts payable and accrued expenses.....	560	1,124	2,229
Net cash provided by operating activities	4,350	3,669	9,319
Cash flows from investing activities:			
Acquisitions, net of cash acquired.....	(8,147)	(7,269)	(73,048)
Additions to properties and equipment.....	(1,468)	(877)	(2,626)
Net cash used in investing activities.....	(9,615)	(8,146)	(75,674)
Cash flows from financing activities:			
Payments on long-term debt.....	(919)	(3,336)	(66,788)
Proceeds from advance from money transfer agent.....	-	-	3,000
Payments on subordinated notes payable.....	(153)	(342)	(200)
Net decrease in revolving credit facility.....	2,208	1,530	4,449
Proceeds from long-term debt.....	9,940	9,182	145,000
Payments of debt issuance costs.....	-	-	(7,993)
Proceeds from equity contribution from parent.....	5	210	21,652
Net cash provided by financing activities.....	11,081	7,244	99,120
Effect of exchange rate changes on cash.....	-	-	(105)
Net increase in cash and cash equivalents.....	5,816	2,767	32,660
Cash and cash equivalents at beginning of year.....	13,962	19,778	22,545
Cash and cash equivalents at end of year.....	\$ 19,778	\$ 22,545	\$ 55,205
Supplemental disclosures of cash flow information:			
Interest paid.....	\$ 2,413	\$ 3,226	\$ 8,383
Income taxes paid.....	\$ 730	\$ 21	\$ 936
Supplemental schedule of noncash investing and financing activities:			
Subordinated notes payable issued in connection with acquisitions.....	\$ 3,420	\$ -	\$ -
Capital contribution from parent in connection with acquisition of Any Kind Check Cashing Centers, Inc.....	\$ -	\$ -	\$ 2,000
Capital contribution from parent in connection with acquisition of Cash-N-Dash Check Cashing, Inc.....	\$ -	\$ -	\$ 500
Capital contribution from parent in connection with acquisition of National Money Mart, Inc.....	\$ -	\$ -	\$ 520
Receivable for exercise of stock options.....	\$ -	\$ -	\$ 875
Tax benefit from exercise of stock options.....	\$ -	\$ -	\$ 179

See accompanying notes.

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1997

1. Organization and Business

The accompanying consolidated financial statements are those of Dollar Financial Group, Inc. (the "Company") and its wholly-owned subsidiaries. The Company is a wholly-owned subsidiary of DFG Holdings, Inc. ("Holdings"). The activities of Holdings consist solely of its investment in the Company. Holdings has no employees or operating activities.

The Company, through its subsidiaries, provides retail financial and government contractual services to the general public through a network of 436 locations (of which 366 are Company-owned) operating as Money Mart, Any Kind Check Cashing Centers, ABC Check Cashing, Cash-N-Dash Check Cashing, C&C Check Cashing, Check Mart(R), The Service Centers, Chex\$Cashed, QwiCash(R), Quikcash, Almost-A-Banc, and Financial Exchange Company(R) in fourteen states, the District of Columbia, and Canada. The services provided at the Company's retail locations include check cashing, sale of money orders, money transfer services, issuance of food stamps and other welfare benefits, and various other related services. Additionally, the Company, through its merchant services division, maintains and services the network of electronic government benefits distribution in over 1,200 merchant locations throughout the State of New York.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

The accompanying financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassification

Certain prior-year amounts have been reclassified to conform to the current presentation.

Property and Equipment

Office properties and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from five to fifteen years.

2. Significant Accounting Policies (continued)

Intangible Assets

The cost in excess of net assets acquired or goodwill is amortized using the straight-line method over a useful life of thirty years. The carrying value of goodwill is reviewed annually to determine whether the facts and circumstances suggest that the value may be impaired. If this review indicates that the value will not be recoverable, as determined based on undiscounted cash flows from operations before interest, the carrying value will be reduced to an amount determined on the basis of such undiscounted cash flows. The cost assigned to acquired individual contracts with various governmental agencies is being amortized over the remaining contractual lives of the individual contracts which expire on various dates through June 30, 2001.

Debt Issuance Costs

Debt issuance costs are amortized using the straight-line method over the remaining term of the related debt (see Note 6).

Store and Regional Expenses

The direct costs incurred in operating the Company's stores and providing services under the Company's merchant services contracts have been classified as store expenses. Store expenses include salaries and benefits of store and regional employees, rent and other occupancy costs, depreciation of properties and equipment, bank charges, armored security costs, net returned checks, cash and food stamp shortages, and other costs incurred by the stores. Excluded from store operations are the corporate expenses of the Company which include salaries and benefits of corporate employees, professional fees, and travel costs.

Returned Checks

The Company charges operations for losses on returned checks in the period such checks are returned, since ultimate collection of these items is uncertain. Recoveries on returned checks are credited in the period when the recovery is received. The net expense for bad checks included in Other Store Expenses in the accompanying consolidated statements of operations was \$803,000, \$1,165,000, and \$3,207,000 for the years ended June 30, 1995, 1996, and 1997, respectively.

Income Taxes

The Company uses the liability method to account for income taxes. Accordingly, deferred income taxes have been determined by applying current tax rates to temporary differences between the amount of assets and liabilities determined for income tax and financial reporting purposes.

The Company and its subsidiaries file a consolidated federal income tax return with Holdings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Significant Accounting Policies (continued)

Employees' Retirement Plan

Retirement benefits are provided to substantially all full-time employees who have completed 1,000 hours of service through a defined contribution retirement plan. The Company will match 50% of each employee's contribution, up to 4% of the employee's annual salary. In addition, a discretionary contribution may be made if the Company meets its financial objectives. The amount of contributions charged to expense was \$96,000, \$129,000, and \$246,000 for the years ended June 30, 1995, 1996, and 1997, respectively.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs charged to expense were \$589,000, \$705,000, and \$1,278,000 for the years ended June 30, 1995, 1996, and 1997, respectively.

Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of

In March 1995, the Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of," which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The adoption of this standard in 1997 did not have a material impact on the Company's financial statements.

Fair Value of Financial Instruments

The carrying values of subordinated notes payable and the revolving credit facility approximate fair values, as these obligations carry a variable interest rate. The fair value of the Company's Senior Notes is based on quoted market prices (see Note 6).

Foreign Currency Translation and Transactions

National Money Mart Company ("Money Mart"), the Company's Canadian subsidiary, operates check cashing and financial services outlets in Canada. The financial statements of this foreign subsidiary have been translated into U.S. dollars in accordance with generally accepted accounting principles. All balance sheet accounts are translated at the current exchange rate and income statement items are translated at the average exchange rate for the period; resulting translation adjustments are made directly to a separate component of shareholder's equity. Gains or losses resulting from foreign currency transactions are included in results of operations and have been insignificant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Significant Accounting Policies (continued)

Franchise Fees and Royalties

The Company recognizes initial franchise fees upon fulfillment of all significant obligations to the franchisee. Royalties from franchisees are accrued as earned. At June 30, 1997, 67 Money Mart stores were operated by a total of 16 different franchisees. The standard franchise agreements grant to the franchisee the right to develop and operate a store and use the associated trade names, trademarks, and service marks within the standards and guidelines established by the Company. Initial franchise fees included in revenues were approximately \$42,000 for the year ended June 30, 1997.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued Statement No. 129, "Disclosure of Information about Capital Structure," which is applicable to all companies. Statement No. 129 consolidates the existing guidance in authoritative literature relating to a company's capital structure. The Statement is effective for financial statements for periods ending after December 15, 1997. The Company does not believe the adoption of this standard will have any impact on the Company's financial statements.

In June 1997, the FASB issued Statement No. 130, "Reporting Comprehensive Income," and Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information." Both Statements become effective for fiscal periods beginning after December 15, 1997 with early adoption permitted. The Company is evaluating the effects these Statements will have on its financial statements and disclosures. The Statements are expected to have no effect on the Company's results of operations, financial position, capital resources, or liquidity.

3. DFG Holdings, Inc.

As discussed in Note 1, the Company is a wholly-owned subsidiary of DFG Holdings, Inc. ("Holdings"). The activities of Holdings consist solely of its investment in the Company, and there are no significant differences between the consolidated results of operations of Holdings and those of the Company.

The components of Holdings' shareholders' equity are as follows:

Common Stock

Holdings issued 15,000 shares for \$1,010.67 per share on June 30, 1994. Of the 20,000 shares authorized, 15,054 shares were issued and outstanding at June 30, 1996. In connection with the August 1996 acquisitions of Any Kind Check Cashing Centers, Inc. and ABC Check Cashing (discussed in Note 4), Holdings increased the number of authorized shares to 50,000 and issued 13,750 additional shares of common stock, resulting in gross proceeds of \$22.0 million which were contributed to the Company.

Dividends

Under the terms of the Company's New Revolving Credit Facility discussed in Note 6, the Company is not permitted to declare, pay, or make any cash dividends to Holdings.

3. DFG Holdings, Inc. (continued)

Stock Options

Holdings has granted nonqualified common stock options (the "options") to certain executives to acquire up to 3,500 shares of common stock at a price of \$1,000 per share, the estimated fair market value of the common stock at date of grant, of which 2,625 shares under option were outstanding at June 30, 1997. The options have a term of ten years from the date of issuance (June 30, 1994), and vest in equal monthly increments over three years. The options will terminate if the employee terminates employment unless the vested options are exercised within 60 days following the date on which termination occurs. All shares issuable upon the exercise of the options are subject to the shareholders agreement discussed below. On June 30, 1997, upon resignation, an executive exercised options to purchase 875 shares of Holdings' common stock. The exercise of the options, along with the related tax benefit to Holdings, resulted in a capital contribution of \$1,053,500 from Holdings to the Company of which \$875,000 is included in accounts receivable in the accompanying consolidated balance sheet.

In addition to the options noted above, these executives were granted additional options on June 30, 1994 (the "additional options") to acquire up to 1,500 shares of the common stock of Holdings of which 1,125 shares under option were outstanding at June 30, 1997. The initial exercise price of these additional options was \$1,000 per share, with the exercise price increasing by 40% over the exercise price for the prior year applicable on each anniversary date. From and after the fifth anniversary date (June 30, 1999), the exercise price will be \$5,000 per share. These additional options have a term of ten years provided that Holdings does not have a change of control or an initial public offering of its common stock. The additional options are fully vested but are exercisable only in the event of a change in control or an initial public offering of its shares of common stock. The shares subject to the additional options are not subject to the shareholders agreement described below. A shareholders agreement exists which provides for the mandatory repurchase at fair value of all shares owned by certain members of executive management in the event of death or termination of the executive. Upon resignation of an executive and pursuant to a Termination Agreement (the "Termination Agreement") with an executive dated June 30, 1997, additional options to acquire 375 shares of the common stock of Holdings were canceled.

In connection with the issuance of 13,750 shares of Holdings' common stock in August 1996, the number of shares under option was increased by 2,100 shares under option of which 1,725 shares under option were outstanding at June 30, 1997, with an exercise price of \$1,600 per share, the estimated fair market value of the common stock at date of grant (the "Supplemental Options"). The shareholders agreement was revised to give effect to the transactions discussed herein. Upon resignation of an executive and pursuant to the Termination Agreement, 375 of the Supplemental Options were canceled. The supplemental options are exercisable only in the event that, at the time of exercise, the majority shareholder has realized an internal rate of return of 35% or more on its equity investment in Holdings made in August 1996.

On April 2, 1997, Holdings adopted the DFG Holdings, Inc. Stock Incentive Plan (the "Plan") whereby 500 shares of Holdings' common stock may be awarded to employees or consultants of the Company. The awards, at the discretion of Holdings' Board of Directors, may be issued as nonqualified stock options or incentive stock options. Stock appreciation rights ("SAR") may also be granted in tandem with the nonqualified stock options or the incentive stock options. Exercise of the SARs cancels the option for an equal number of shares and exercise of the nonqualified stock options or incentive stock options cancels the SARs for an equal number of shares. The number of shares issued under the Plan shall be subject to

3. DFG Holdings, Inc. (continued)

Stock Options (continued)

adjustment as specified in the Plan provisions. No options may be granted after April 1, 2007. During the year ended June 30, 1997, 300 nonqualified stock options were granted under the Plan at an exercise price of \$1,600 per share, the estimated fair market value of the common stock at date of grant. The options are exercisable in 33% increments annually on the first, second, and third anniversary of the grant date and have a term of ten years from the date of issuance. No options under the Plan were exercised during fiscal 1997.

In July 1997, Holdings granted nonqualified options to an executive to purchase 200 shares of Holdings' common stock at an exercise price of \$1,600 per share, the estimated fair market value of the common stock at date of grant. The options have a term of ten years and vest in equal monthly increments over four years beginning in August 1997. All options become immediately vested upon termination of the executives employment without cause, change of control of Holdings, sale by Holdings of substantially all of the assets or stock of Holdings or death or disability of the executive.

Holdings has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under FASB Statement No. 123, "Accounting for Stock-Based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the estimated market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required by Statement 123, however, the effect of applying Statement 123 to Holdings' stock-based awards results in net income that is not materially different from amounts reported.

4. Acquisitions

During 1995, 1996, and 1997, the Company acquired the entities described below (collectively referred to as the "Acquisitions"), which were accounted for by the purchase method of accounting. The results of operations of the acquired companies are included in the Company's statements of operations for the periods in which they were owned by the Company. The total purchase price for each acquisition has been allocated to assets acquired and liabilities assumed based on estimated fair values.

In September 1994, the Company purchased substantially all of the assets of the check cashing operations conducted under the name "Check Mart, Inc." at 24 locations in Washington, Utah, California, and New Mexico. Total consideration for the purchase was \$7.8 million. The acquisition was funded by a \$720,000 subordinated note payable to the seller and proceeds from the Company's acquisition loan facility. The excess of the purchase price over the fair value of identifiable net assets acquired was \$6.7 million.

In February 1995, the Company purchased substantially all of the assets associated with the check cashing and related business operations of 19 locations within Philadelphia, Pennsylvania from ARI, Inc. Total consideration for this purchase was \$4.3 million and was funded by a \$2.7 million subordinated note payable to the seller and proceeds from the Company's acquisition loan facility. The excess of the purchase

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

price over the fair value of identifiable net assets was \$3.4 million. (See Note 12 related to the subsequent closing of these stores.)

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DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Acquisitions (continued)

In June 1995, the Company acquired the assets of two stores in California operating as Pacific Check Exchange, Inc. for total consideration of \$398,000, funded from the Company's acquisition loan facility. The excess of the purchase price over the fair value of identifiable net assets acquired was \$200,000.

In September 1995, the Company purchased all of the outstanding stock and certain assets of several entities which operate 19 check cashing retail sites located in California, Arizona, Ohio, and Wisconsin and operate under the name "Chex\$Cashed." Total consideration for this purchase was \$7.4 million and was funded from the Company's acquisition loan facility. The excess of the purchase price over the fair value of identifiable net assets acquired was \$6.7 million.

In May 1996, the Company acquired the assets of eleven check cashing kiosk operations in Texas. The purchase price of approximately \$456,000 was allocated to the fair value of identifiable net assets acquired.

In August 1996, the Company purchased all of the outstanding capital stock of Any Kind Check Cashing Centers, Inc. ("Any Kind") for an aggregate purchase price of \$31.0 million consisting of \$29.0 million in cash and \$2.0 million in Holdings' common stock. A value of \$2.0 million was assigned to 1,250 shares of Holdings' common stock which were issued, based on the price per share of Holdings' common stock which was sold to other investors in connection with the acquisition of Any Kind, plus initial working capital of approximately \$6.0 million. Any Kind operates 63 check cashing stores in seven states and the District of Columbia. The excess of the purchase price over the fair value of identifiable net assets acquired was \$30.7 million.

In August 1996, the Company purchased certain assets and liabilities of ABC Check Cashing Inc. ("ABC") for a purchase price of \$6.0 million in cash plus initial working capital of approximately \$1.5 million. ABC operates 15 check cashing stores in Cleveland, Ohio. The excess of the purchase price over the fair value of identifiable net assets acquired was \$5.4 million.

In November 1996, the Company acquired all of the outstanding capital stock of Money Mart for approximately \$17.7 million (of which approximately \$500,000 was in the form of Holdings' common stock) plus initial working capital of approximately \$900,000. Money Mart owns 36 check cashing stores and franchises 107 check cashing stores, all of which operate in Canada under the "Money Mart" name. The excess of the purchase price over the fair value of identifiable net assets acquired was \$16.7 million.

In November 1996, the Company acquired substantially all of the assets of Cash-N-Dash Check Cashing, Inc. ("Cash-N-Dash") for approximately \$7.3 million, consisting of \$6.0 million in cash, the issuance to the seller of \$500,000 of Holdings' common stock, and a revenue-based earn-out of up to \$750,000 payable over four years. Cash-N-Dash operates 32 check cashing stores in northern California under the "Cash-N-Dash" name. Any amounts paid under the revenue-based earn-out contingency will be recorded as additional consideration of the acquisition when the contingency is solved. The excess of the purchase price over the fair value of identifiable net assets acquired was \$5.5 million.

In November 1996, the Company acquired C&C Check Cashing, Inc. ("C&C") pursuant to a stock purchase agreement for approximately \$3.8 million, consisting of \$3.5 million in cash and a revenue-based earn-out of up to \$300,000 payable over three years, plus initial working capital of approximately \$500,000. C&C operates 22 check cashing stores in northern California under the "C&C Check Cashing" name. Any amounts paid under the revenue-based earn-out contingency will be recorded as additional consideration of

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DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Acquisitions (continued)

the acquisition when the contingency is solved. The excess of the purchase price over the fair value of identifiable net assets acquired was \$2.7 million.

In April 1997, the Company acquired all of the outstanding stock of a company which owned all of the operating assets of Canadian Capital Corporation ("Canadian Capital"). Canadian Capital was the largest Money Mart franchisee and operated 43 check cashing retail stores in Ontario, Canada under the name "Money Mart." Total consideration for the purchase was \$13.3 million, plus initial working capital of approximately \$1.8 million. The excess of the purchase price over the fair value of identifiable net assets acquired was \$13.3 million.

The acquisitions of Any Kind and ABC were financed through bank borrowings of \$35.0 million under a credit facility then existing, the issuance by Holdings of \$2.0 million of common stock to the seller of Any Kind, and the sale of \$22.0 million of Holdings' common stock to affiliates of Weiss, Peck & Greer, L.L.C., Pegasus Partners, L.P. and a Pegasus affiliate, and General Electric Capital Corporation ("GECC"). Concurrently, with the acquisitions of Any Kind and ABC, the Company increased and amended its Existing Credit Facility. The cash portion of the purchase price of the Money Mart, Cash-N-Dash, C&C, and Canadian Capital acquisitions was financed from the net proceeds of the offering of 10-7/8% Senior Notes due 2006 (the "Offering," see Note 6). The bank borrowings entered into in connection with the Any Kind and ABC acquisitions were repaid with the net proceeds of the Offering.

The following unaudited pro forma information presents the results of operations as if the acquisitions of "Check Mart, Inc." and "Chex\$Cashed" had occurred on July 1, 1994 and the acquisitions of "Any Kind," "ABC," "Money Mart," "Cash-N-Dash," "C&C," and "Canadian Capital" had occurred on July 1, 1995. The pro forma operating results include the results of operations for these acquisitions for the indicated periods and reflect the amortization of intangible assets arising from the acquisitions and increased interest expense on acquisition debt. Pro forma results of operations are not necessarily indicative of the results of operations that would have occurred had the purchase been made on the date above or the results which may occur in the future.

	Year ended June 30, (Unaudited)		
	1995	1996	1997
	(dollars in thousands)		
Total revenue.....	\$ 42,264	\$ 101,936	\$ 103,005
Net income (loss).....	\$ 906	\$ (1,142)	\$ 1,326

The pro forma results of operations do not give effect to the 19 stores in Philadelphia acquired in February 1995, since these stores have since been sold or closed. Additionally, the pro forma results of operations do not give effect to the Pacific Check Exchange acquisition or the acquisition of the check cashing kiosks in Texas since the pro forma results would not be materially different.

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Property and Equipment

Property and equipment at June 30, 1996 and 1997 consist of (in thousands):

	June 30,	
	1996	1997
Land.....	\$ 55	\$ 55
Buildings.....	111	111
Leasehold improvements.....	2,136	4,792
Equipment and furniture.....	2,969	6,662
	5,271	11,620
Less accumulated depreciation.....	1,926	3,686
Total property and equipment.....	\$ 3,345	\$ 7,934

6. Senior Notes, Revolving Credit, Long-Term Debt, and Subordinated Notes Payable

The Company has debt obligations at June 30, 1996 and 1997 as follows (in thousands):

	June 30,	
	1996	1997
Revolving credit facility; interest at prime, as defined, plus 1.25% at June 30, 1996, amended to prime, as defined, plus 0.50% at June 30, 1997 (9.50% and 9.00% at June 30, 1996 and 1997) of the outstanding daily balances payable quarterly; principal due in full on December 31, 2000; weighted average interest rate of 9.83% and 9.26% for the years ended June 30, 1996 and 1997, respectively.....	\$ 7,738	\$ 11,733
Overdraft credit facility; interest at Canadian prime, as defined, plus 0.50% (5.25% at June 30, 1997) of the outstanding daily balances payable monthly; weighted average interest rate of 5.25% for the year ended June 30, 1997.....	-	454
Term loan payable to bank; interest based on Eurodollar rate, as defined, plus 2.50% (7.97% at June 30, 1996); interest payable at conversion date, but at least quarterly; weighted average interest rate of 8.35% for the year ended June 30, 1996.....	14,226	-
Acquisition loan facility payable to bank; interest payable at conversion date, but at least quarterly based on the Eurodollar Rate, as defined, plus 2.50% (7.97% at June 30, 1996); weighted average interest rate of 8.09% for the year ended June 30, 1996.....	17,561	-
10-7/8% Senior notes due November 15, 2006; interest payable semiannually on May 15 and November 15, commencing May 15, 1997.....	-	110,000

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Revolving Credit, Long-Term Debt, and Subordinated Notes Payable (continued)

	June 30,	
	1996	1997
Subordinated promissory note payable; interest at bank's Reference Rate, as defined, plus 1% (9.25% and 9.50% at June 30, 1996 and 1997, respectively) payable quarterly; principal repayments of \$60,000 made quarterly until September 30, 1997; weighted average interest rate of 9.76% and 9.28% for the years ended June 30, 1996 and 1997, respectively.....	\$ 300	\$ 120
Subordinated promissory note payable; interest at bank's Reference Rate, as defined, plus 1% (9.25% and 9.50% at June 30, 1996 and 1997, respectively) subject to a ceiling of 10.50% and a floor of 8.50% payable monthly; principal repayments of \$8,333 per month through February 1996; \$83,333 per month through February 1997, and \$66,667 per month from March 1997 through February 1999; weighted average interest rate of 9.78% and 9.25% for the years ended June 30, 1996 and 1997, respectively.....	2,642	2,642
Other.....	63	42
	\$ 42,530	\$ 124,991
	\$ 42,530	\$ 124,991

The revolving credit facility, the term loan, and the acquisition loan facility were provided pursuant to a \$47 million credit agreement ("Credit Agreement") dated June 30, 1994. The revolving credit facility, term loan, and acquisition loan facilities carried interest at a rate of either the bank's reference rate (defined as the higher of the bank's prime rate or the Federal Funds rate plus 1/4 of 1%) plus 1.25% or the Eurodollar rate plus 2.50%. The interest rates and payments were revised pursuant to the Amended and Restated Credit Agreement discussed below.

In order to finance the acquisitions of Any Kind and ABC in August 1996, the Company amended and restated its Credit Agreement, (the "First Amended and Restated Credit Agreement") which provided the Company with \$35 million of additional borrowings (known as the "Tranche B Term Note") and consolidated the borrowing under the term loan and acquisition loan (known as the "Tranche A Term Note").

In November 1996, the Company implemented a financing plan which included the issuance of \$110.0 million of 10-7/8% senior notes due 2006 in a private placement. The Company has exchanged substantially all of the senior notes for \$110.0 million 10-7/8% Series A senior notes due 2006 (collectively referred to as the "Senior Notes"), which were registered under the Securities Act of 1933, as amended. The payment obligations under the Senior Notes are jointly and severally guaranteed, on a full and unconditional basis, by each of the Company's existing subsidiaries (the "Guarantors"). The Company is a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Revolving Credit, Long-Term Debt, and Subordinated Notes Payable (continued)

holding company with no assets, independent operations, or cash flows other than its investments in subsidiaries. There are no restrictions on the Company's and the guarantor subsidiaries' ability to obtain funds from their subsidiaries by dividend or by loan. Separate financial statements of each guarantor subsidiary have not been presented because management has determined that they would not be material to investors.

Subject to restrictions under the Second Amended and Restated Credit Agreement discussed below, the Senior Notes are redeemable at the option of the Company, in whole or in part, at any time on or after November 15, 2001, at the following redemption prices (plus accrued and unpaid interest thereon, if any, to the date of redemption): during the twelve-month period beginning November 2001 - 105.438%; 2002 - 103.625%; 2003 - 101.813%; and 2004 - 100.000%. In addition, prior to November 15, 1999, the Company may on any one or more occasions redeem up to 30% of the originally issued principal amount of Senior Notes at a redemption price equal to 110-7/8% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of redemption, with the net proceeds of any initial public offering of common stock of the Company or of Holdings (to the extent that the proceeds thereof are contributed to the Company as common equity), provided that at least 70% of the originally issued principal amount of Senior Notes remains outstanding immediately after the occurrence of such redemption. Upon the occurrence of a change of control, as defined, each holder of Notes will have the right to require the Company to repurchase all or any part of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to the date of purchase.

In connection with the offering of the Senior Notes, the Company also amended and restated its Credit Agreement (the "Second Amended and Restated Credit Agreement") which, among other things, established a new revolving credit facility of \$25.0 million (the "New Revolving Credit Facility"). The proceeds of the Senior Notes were used to repay all of the Company's existing Indebtedness under its First Amended and Restated Credit Agreement and to fund the November 1996 acquisitions of Money Mart, Cash-N-Dash, and C&C, and the April 1997 acquisition of Canadian Capital. The repayment of substantially all of the Company's existing indebtedness resulted in an extraordinary loss, net of taxes, of approximately \$2.0 million. The loss resulted from the write-off of the deferred financing costs associated with the Company's former credit agreement.

The New Revolving Credit Facility will mature on December 31, 2000 and provides for an aggregate commitment of up to \$25.0 million, subject to a borrowing base limitation based on the aggregate of certain percentages of the cash and checks held by the Company's stores, or for their account, and eligible government receivables. The facility has a commitment fee of 3/8 of 1% on the unused portion of the commitment.

Amounts outstanding under the New Revolving Credit Facility bear interest at either (i) 0.50% plus the higher of (a) the federal funds rate plus 0.50% per annum and (b) the rate publicly announced by Bank of America NT&SA, as its "reference rate" or (ii) the Eurodollar Rate (as defined therein) plus 1.75%, determined at the Company's option. Amounts outstanding under the New Revolving Credit Facility are secured by a first priority lien on substantially all properties and assets of the Company and its current and future subsidiaries. The Company's obligations under the New Revolving Credit Facility are guaranteed by Holdings and each of the Company's direct and indirect subsidiaries.

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Revolving Credit, Long-Term Debt, and Subordinated Notes Payable (continued)

The Senior Notes and the New Revolving Credit Facility contain certain financial and other restrictive covenants, which, among other things, require the Company to maintain minimum amounts of net worth, achieve certain financial ratios, limit capital expenditures, restrict payment of dividends, and require certain approvals in the event the Company wants to increase the borrowings.

In connection with the Money Mart acquisition in November 1996, the Company established an overdraft credit facility to fund peak working capital needs for its Canadian operations. The overdraft credit facility provides for a commitment of up to \$5.0 million. Amounts outstanding under the facility bear interest at Canadian prime plus 0.50% and are secured by the pledge of a cash collateral account of an equivalent balance.

The fair market value of the Senior Notes at June 30, 1997 was approximately \$117,700,000 based on quoted market prices.

Interest of \$2,413,000, \$3,226,000, and \$8,383,000 was paid for the years ended June 30, 1995, 1996, and 1997, respectively.

7. Income Taxes

The provision for income taxes for the years ended June 30, 1995, 1996, and 1997 consists of the following (in thousands):

	Year ended June 30,		
	1995	1996	1997
Federal:			
Current.....	\$ 215	\$ -	\$ 801
Deferred.....	606	(1,181)	757
	821	(1,181)	1,558
Foreign taxes:			
Current.....	-	-	808
Deferred.....	-	-	9
	-	-	817
State:			
Current.....	120	68	81
Deferred.....	81	(101)	(31)
	201	(33)	50
	\$ 1,022	\$ (1,214)	\$ 2,425

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Income Taxes (continued)

The significant components of the Company's deferred tax assets and liabilities at June 30, 1996 and 1997 are as follows (in thousands):

	June 30,	
	1996	1997
Deferred tax assets:		
Net operating loss carryforward.....	\$ 1,006	\$ -
Depreciation.....	315	390
Accrued compensation.....	157	120
Reserve for store closings.....	237	70
Other.....	146	225
	1,861	805
Deferred tax liabilities:		
Amortization and other temporary differences.....	228	368
Net deferred tax asset.....	\$ 1,633	\$ 437

The Company did not record any valuation allowances against deferred tax assets at June 30, 1996 or 1997. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management has determined, based on the Company's history of earnings and its expectation for the future, that taxable income of the Company will more likely than not be sufficient to fully utilize its deferred income tax assets. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income are reduced.

A reconciliation of the (benefit) provision for income taxes with amounts determined by applying the federal statutory tax rate to income (loss) before income taxes is as follows (in thousands):

	Year ended June 30,		
	1995	1996	1997
Tax (benefit) provision at federal statutory rate.....	\$ 538	\$ (1,116)	\$ 1,319
Add (deduct):			
State tax (benefit) provision, net of federal tax (provision) benefit.....	133	(22)	33
Foreign taxes.....	-	-	159
Amortization of nondeductible intangible assets...	353	350	737
Change in valuation allowance.....	-	(456)	-
Other permanent differences.....	(2)	30	177
Tax (benefit) provision at effective tax rate.....	\$ 1,022	\$ (1,214)	\$ 2,425

Foreign, federal, and state income taxes of approximately \$730,000, \$21,000, and \$936,000 were paid during the years ended June 30, 1995, 1996, and 1997, respectively.

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Commitments

The Company occupies office and retail space and uses certain equipment under operating lease agreements. Rent expense amounted to \$2,335,000, \$2,935,000, and \$6,239,000 for the years ended June 30, 1995, 1996, and 1997, respectively. Most leases contain standard renewal clauses.

Minimum obligations under noncancelable operating leases for the year ended June 30 are as follows (in thousands):

Year ----	Amount -----
1998.....	\$ 6,799
1999.....	5,132
2000.....	3,646
2001.....	2,067
2002.....	1,002
Thereafter.....	345
	=====
	\$ 18,991
	=====

The Company has entered into employment agreements with certain key employees which have terms of three years and call for aggregate minimum annual base salaries. The agreements also provide for annual incentive cash bonuses which are primarily based on revenues and earnings from operations.

The Company, through its agency agreement with its money transfer vendor, has received an advance of \$3.0 million against future commissions. This advance is included in Advance from Money Transfer Agent in the accompanying consolidated balance sheet as of June 30, 1997. Repayment of the advance is to begin on January 1, 1999 with the full advance to be paid on or before January 31, 2001.

9. Contingent Liabilities

In the ordinary course of business, the Company is involved in certain litigation. In the opinion of management, the ultimate resolution of such litigation will not have a material effect on the financial condition of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Contractual Agreements

The Company has contracts with various governmental agencies for benefits distribution and retail merchant services which contributed 49%, 38%, and 19% of consolidated gross revenues for the years ended June 30, 1995, 1996, and 1997, respectively. The Company's contracts with the Commonwealth of Pennsylvania, which are included in this amount, contributed 24%, 18%, and 9% of the revenues for the years ended June 30, 1995, 1996, and 1997, respectively. The Company has received correspondence from the Commonwealth of Pennsylvania outlining their proposed implementation of an electronic benefit transfer system. Based on this correspondence and other communication with the Commonwealth, implementation could start as soon as January 1998 and take a year to fully implement. If implemented, this plan would result in the termination of all of the Company's contracts with the Commonwealth of Pennsylvania. There can be no assurance when or if this will happen. In the event that the contracts are terminated, the Company intends to continue to operate many of these locations as stand alone check cashing sites. The Company's contract with the State of New York contributed 15%, 11%, and 5% of revenues for the years ended June 30, 1995, 1996, and 1997, respectively. Accounts receivable at June 30, 1996 and 1997 include \$3,464,000 and \$3,732,000, respectively, of amounts due from various governmental agencies. The Company does not require any collateral on these receivables nor are these agencies considered a credit risk. The Company's contracts for governmental benefits distribution and merchant services distribution with state and local governments generally have initial terms of five years and currently expire on various dates through June 30, 2001. The contracts provide the governmental agencies the opportunity to extend the contract for additional periods and contain clauses which allow the governmental agencies to cancel the contract at any time, subject to 30 to 60 days' written advance notice.

11. Credit Risk

At June 30, 1996 and 1997, the Company had eighteen and twenty bank accounts, respectively, in major financial institutions in the aggregate amount of \$9,821,000 and \$15,011,000 which exceeded Federal Deposit Insurance Corporation limits. These financial institutions have strong credit ratings and management believes credit risk relating to these deposits is minimal.

The Company acts as agent for a national bank in administering a consumer loan program through certain of the Company's store locations. The loans offered under this program generally have a two-week maturity and are referred to as "payday loans." Under this program, the Company earns origination and servicing fees. In addition, the Company indemnifies the bank for losses in excess of 3.0% of loan originations. During fiscal year 1997, the national bank originated or extended approximately \$13.4 million of loans through the Company's locations and the Company's losses, net of the bank's 3.0% guarantee, approximated \$250,000 or 1.9% of originations and extensions. The Company's total recourse obligation, which is not included in the accompanying consolidated balance sheet, was approximately \$125,000 and \$1.2 million at June 30, 1996 and 1997, respectively.

12. Loss on Store Closings and Sales

In December 1995, the Company decided to sell or close 19 store locations purchased in February 1995. The decision resulted in a pretax charge of approximately \$4,400,000, which includes \$3,300,000 for the write-off of the goodwill associated with the original acquisition of these stores, \$600,000 for the write-off of store fixtures and equipment, \$350,000 for the early termination of store leases, and \$150,000 for the accrual for other costs related to closing these locations. As of June 30, 1996 and 1997, accrued expenses

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Loss on Store Closings and Sales (continued)

include approximately \$450,000 and \$107,000, respectively, related to future costs associated with these store locations. Included in the accompanying consolidated statements of income for the years ended June 30, 1995 and 1996, are revenues of \$564,000 and \$1,470,000, respectively, store expenses of \$931,000 and \$2,352,000, respectively, and amortization expense of \$30,000 and \$56,000, respectively, related to these stores. The Company is seeking to restructure its obligations under the original subordinated note issued to the seller as part of the acquisition, and has ceased making principal and interest payments. As a result, the seller has filed a complaint against the Company alleging, among other things, breach of contract, and is seeking payment of the balance of the note of \$2,642,000, plus accrued interest, punitive damages, and legal fees. As the outcome of this matter cannot be determined at present, no reduction in the note payable to the seller or any additional costs to the Company have been recorded.

13. Geographic Segment Information

All operations for which geographic data is presented below are in one principal industry (check cashing and ancillary services) (in thousands).

	1995	1996	1997
Sales to unaffiliated customers from:			
United States.....	\$ 34,834	\$ 42,430	\$ 74,114
Canadian operations.....	-	-	8,898
	\$ 34,834	\$ 42,430	\$ 83,012
Income (loss) before taxes and extraordinary item:			
United States.....	\$ 1,582	\$ (3,282)	\$ 3,001
Canadian operations.....	-	-	877
	\$ 1,582	\$ (3,282)	\$ 3,878
Identifiable assets:			
United States.....	\$ 60,687	\$ 67,444	\$ 142,318
Canadian operations.....	-	-	43,670
	\$ 60,687	\$ 67,444	\$ 185,988

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Related Party Transactions

Under the terms of an employment contract, an officer received a loan in the amount of \$200,000. Interest accrues on the unpaid balance at a fixed rate of 9.25%. The advance was payable on the first occurrence of (i) June 30, 1997, (ii) 90 days following the voluntary resignation of the officer or the termination of the officer's employment for cause, or (iii) one year following the termination of the employment relationship between the officer and the Company for any other reason. On June 30, 1997, the note was extended and the extension provides for repayment upon the occurrence of the earlier of a change in control of Holdings or the termination of the officer's employment for any reason.

The Company leases administrative and retail office space at seven locations from shareholders of Holdings. The amount paid under these lease agreements was \$159,000 for the year ended June 30, 1997. No amounts were paid on these leases in 1995 and 1996.

Included in other assets in the accompanying consolidated balance sheet at June 30, 1997 are capitalized expenditures of approximately \$550,000 incurred on behalf of certain existing shareholders of Holdings related to the initial activities of a company expected to be formed ("NEWCO") by these certain Holdings' shareholders. Pursuant to a Memorandum of Understanding between the Company and these certain Holdings' shareholders, these expenditures will be converted into shares of common stock of NEWCO on a basis pari passu with the investment by NEWCO's equity investors, which include these certain shareholders.

15. Subsidiary Guarantor Condensed Financial Information

As discussed in Note 6, the Company's payment obligations under the notes are jointly and severally guaranteed on a full and unconditional basis by all of the Company's existing and future subsidiaries (the "Guarantors"). The subsidiaries' guarantees rank pari passu in right of payment with all existing and future senior indebtedness of the Guarantors, including the obligations of the Guarantors under the New Revolving Credit Facility and any successor credit facility. Pursuant to the indenture or the Senior Notes, every direct and indirect subsidiary of the Company, each of which is wholly owned, serves as a guarantor of the notes, including the Company's Canadian subsidiary formed in fiscal year 1997.

The Company is a holding company with no assets, independent operations, or cash flows other than its investment in subsidiaries. There are no restrictions on the Company's and the Guarantors' ability to obtain funds from their subsidiaries by dividend or by loan. Separate financial statements of each Guarantor have not been presented because management has determined that they would not be material to investors. The accompanying tables set forth the condensed consolidating balance sheet at June 30, 1997, and the consolidating statements of operations and cash flows for the fiscal year ended June 30, 1997 of the Company (on a parent-company basis), combined domestic Guarantors, Canadian subsidiary, and the consolidated Company.

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Subsidiary Guarantor Condensed Financial Information (continued)

Consolidating Balance Sheet

June 30, 1997

(In Thousands)

	Dollar Financial Group, Inc.	Domestic Subsidiary Guarantors	Canadian Subsidiary Guarantor	Eliminations	Consolidated
Assets					
Cash and cash equivalents.....	\$ 3	\$ 44,060	\$ 11,142	\$ -	\$ 55,205
Accounts receivable.....	2,514	6,182	675	(1,270)	8,101
Prepaid expenses.....	778	642	227	-	1,647
Deferred income taxes.....	743	62	-	-	805
Note receivable--Officer.....	200	-	-	-	200
Due from affiliates.....	92,892	-	-	(92,892)	-
Property and equipment, net.....	900	5,066	1,968	-	7,934
Intangible assets, net.....	-	75,811	29,517	-	105,328
Debt issuance costs, net.....	5,370	-	-	-	5,370
Investment in subsidiary.....	64,516	-	-	(64,516)	-
Other.....	227	1,030	141	-	1,398
	<u>\$ 168,143</u>	<u>\$ 132,853</u>	<u>\$ 43,670</u>	<u>\$ (158,678)</u>	<u>\$ 185,988</u>
Liabilities and shareholder's equity					
Accounts payable, accrued expenses, and advances.....	\$ 7,640	\$ 13,047	\$ 3,020	\$ (1,270)	\$ 22,437
Due to affiliates.....	-	63,885	29,007	(92,892)	-
Revolving credit facilities.....	11,733	-	454	-	12,187
Long-term debt and subordinated notes payable.....	110,120	2,684	-	-	112,804
	<u>129,493</u>	<u>79,616</u>	<u>32,481</u>	<u>(94,162)</u>	<u>147,428</u>
Shareholder's equity:					
Common stock.....	-	-	-	-	-
Additional paid-in capital...	40,941	46,613	10,797	(57,410)	40,941
Retained earnings (accumulated deficit).....	(2,078)	6,624	482	(7,106)	(2,078)
Foreign currency translation.	(213)	-	(90)	-	(303)
	<u>38,650</u>	<u>53,237</u>	<u>11,189</u>	<u>(64,516)</u>	<u>38,560</u>
Total shareholder's equity.....	<u>\$ 168,143</u>	<u>\$ 132,853</u>	<u>\$ 43,670</u>	<u>\$ (158,678)</u>	<u>\$ 185,988</u>

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Subsidiary Guarantor Condensed Financial Information (continued)

Consolidating Statement of Operations

Year ended June 30, 1997

(In Thousands)

	Dollar Financial Group, Inc.	Domestic Subsidiary Guarantors	Canadian Subsidiary Guarantor	Eliminations	Consolidated
Revenues	\$ 9	\$ 74,105	\$ 8,898	\$ -	\$ 83,012
Store and regional expenses:					
Salaries and benefits.....	-	24,443	2,374		26,817
Occupancy.....	-	7,180	771		7,951
Depreciation.....	-	1,243	203		1,446
Other.....	-	19,120	1,332		20,452
Total store and regional expenses...	-	51,986	4,680	-	56,666
Corporate expenses.....	6,996	-	1,179		8,175
Management fee.....	(4,561)	4,311	250		-
Loss on store closings and sales....	416	(59)	24		381
Other depreciation and amortization.....	312	3,080	513		3,905
Interest expense.....	4,130	4,502	1,375		10,007
Income before taxes and extraordinary item.....	(7,284)	10,285	877		3,878
Income taxes provision (benefit)....	(972)	3,002	395		2,425
Income (loss) before extraordinary item.....	(6,312)	7,283	482		1,453
Extraordinary loss on debt extinguishment (net of income tax benefit of \$1,042).....	(2,023)	-	-	-	(2,023)
Income (loss) before equity in net income (loss) of subsidiaries....	(8,335)	7,283	482		(570)
Equity in net income (loss) of subsidiaries:					
Domestic subsidiary guarantors	7,283	-	-	(7,283)	-
Canadian subsidiary.....	482	-	-	(482)	-
Net income (loss).....	\$ (570)	\$ 7,283	\$ 482	\$ (7,765)	\$ (570)

DOLLAR FINANCIAL GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Subsidiary Guarantor Condensed Financial Information (continued)

Consolidating Statement of Cash Flows

Year ended June 30, 1997

(In Thousands)

	Dollar Financial Group, Inc.	Domestic Subsidiary Guarantors	Canadian Subsidiary Guarantor	Eliminations	Consolidated
Cash flows from operating activities					
Net income (loss)	\$ (570)	\$ 7,283	\$ 482	\$ (7,765)	\$ (570)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Undistributed income of subsidiaries...	(7,765)	-	-	7,765	-
Depreciation and amortization.....	420	4,491	715	-	5,626
Extraordinary loss on debt extinguishment	2,023	-	-	-	2,023
Losses on store closings and sales.....	416	(59)	24	-	381
Deferred tax provision (benefit).....	1,056	(321)	-	-	735
Changes in assets and liabilities (net of effect of acquisitions):					
Increase (decrease) in accounts receivable.....	(1,123)	(1,936)	72	1,270	(1,717)
Increase (decrease) in prepaid expenses and other assets.....	318	255	39	-	612
Increase (decrease) in accounts payable and accrued expenses.....	2,257	3,796	(2,554)	(1,270)	2,229
Net cash provided by operating activities...	(2,968)	13,509	(1,222)	-	9,319
Cash flows from investing activities					
Acquisitions, net of cash acquired.....	-	(46,228)	(26,820)	-	(73,048)
Capital contribution to subsidiaries.....	(18,886)	-	-	18,886	-
Additions to properties and equipment.....	(313)	(1,864)	(449)	-	(2,626)
Increase in due from affiliates.....	(76,510)	-	-	76,510	-
Net cash used in investing activities.....	(95,709)	(48,092)	(27,269)	95,396	(75,674)
Cash flows from financing activities					
Payments on long-term debt.....	(66,788)	-	-	-	(66,788)
Proceeds from advance from money transfer agent.....	3,000	-	-	-	3,000
Payments on subordinated notes payable.....	(200)	-	-	-	(200)
Net increase in revolving credit facility...	3,995	-	454	-	4,449
Payment of debt issuance costs.....	(7,993)	-	-	-	(7,993)
Proceeds from long-term debt.....	145,000	-	-	-	145,000
Net increase (decrease) in due to affiliate.	-	47,503	29,007	(76,510)	-
Contribution of capital.....	21,652	8,609	10,277	(18,886)	21,652
Net cash provided by financing activities...	98,666	56,112	39,738	(95,396)	99,120
Effect of exchange rate on cash.....	-	-	(105)	-	(105)
Net increase (decrease) in cash.....	(11)	21,529	11,142	-	32,660
Cash at beginning of year.....	14	22,531	-	-	22,545
Cash at end of year.....	\$ 3	\$ 44,060	\$ 11,142	\$ -	\$ 55,205

16. Subsequent Events

Subsequent to June 30, 1997, the Company decided to sell all of its stores in Michigan and sell or close five locations in southern California whose primary business was to provide services for the distribution of public assistance benefits under existing contracts with state and local municipalities. As a result of declining caseloads and increasing costs, the Company determined that these locations could not provide acceptable levels of profitability. Included in the accompanying consolidated statements of operations for the years ended June 30, 1995, 1996, and 1997, are revenues of \$3,141,000, \$2,870,000, and \$2,608,000, respectively, and store expenses of \$2,642,000, \$2,697,000, and \$2,569,000, respectively, related to these stores. Any gain or loss related to the sale and closure of these stores is not expected to be material.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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Directors and Officers

The directors and officers of Holdings and their respective ages and positions with Holdings are set forth below:

Name ----	Age ---	Position -----
Jeffrey Weiss.....	54	Chairman of the Board of Directors, President, and Chief Executive Officer
Nora Kerppola.....	32	Director
Wesley Lang, Jr.....	40	Director
Paul Gelburd.....	40	Director
Joshua Brain.....	42	Director

The directors and officers of DFG and their respective ages and positions with DFG are set forth below:

Name ----	Age ---	Position -----
Jeffrey Weiss.....	54	Chairman of the Board of Directors, President, and Chief Executive Officer
Peter Sokolowski.....	36	Vice President--Finance
Bernard Flaherty.....	47	Vice President--Store Operations
Michael Marcus.....	35	Vice President--Information Systems

Jeffrey Weiss has served as the Chairman, President, and Chief Executive Officer of DFG and Holdings since the Company's acquisition by an affiliate of Bear Stearns in May 1990. Until June 1992, Mr. Weiss was also a Managing Director at Bear Stearns & Co. Inc. ("Bear Stearns") with primary responsibility for the firm's investments in small to mid-sized companies, in addition to serving as Chairman and Chief Executive Officer for several of these companies. Mr. Weiss is the author of several popular financial guides.

Peter Sokolowski has been Vice President--Finance of DFG since June 1991 and has overall responsibility for the Company's accounting systems and controls, as well as financial management. Prior to joining the Company, Mr. Sokolowski worked in various financial positions in the commercial banking industry.

Bernard Flaherty joined DFG in May 1995 as Vice President--Store Operations. Mr. Flaherty's 24 years of multi-unit retail experience includes both operations and marketing responsibilities. Prior to joining the Company, Mr. Flaherty served as Vice President of Sales/Marketing for Coastal Mart, Inc. for two years. Prior to that, Mr. Flaherty had an extensive 20-year career with The Southland Corporation.

Michael Marcus has been Vice President--Information Systems of DFG since 1992. Mr. Marcus is responsible for the data processing and information technology functions and has developed an enterprise-wide store management system which includes financial reporting and inventory control. Prior to joining DFG, Mr. Marcus was employed in artificial intelligence programming with E.I. du Pont de Nemours and Company.

Nora Kerppola has been a director of Holdings since January 1995. She is a General Partner of WPG Private Equity Partners, L.P., the general partner of WPG Corporate Development Associates IV, L.P., a shareholder of Holdings. Prior to

joining WPG in 1994, she worked as a private equity investor for four years with Investor International (U.S.), a subsidiary of Sweden's Wallenberg Group. Ms. Kerppola began her career at CS First Boston Corporation, where she was an Associate in the Investment Banking Department.

Wesley Lang, Jr. has been a director of Holdings since June 1994. He has been a principal of WPG since 1987, and was elected to that firm's Executive Committee in 1994. Mr. Lang is currently a Managing General Partner of WPG Private Equity Partners, L.P., the general partner of WPG Corporate Development Associates IV, L.P. Prior to joining WPG in 1985, he specialized in acquisition financing at Manufacturers Hanover Trust Company. He also serves as a director of Durakon Industries, Inc. and Chyron Corporation.

Paul Gelburd is a Senior Vice President in the Equity Capital Group of GECC specializing in strategic investments. Mr. Gelburd has been a director of Holdings since August 1996. He joined GECC in 1995 from Columbia Financial Partners, a private equity investment firm, where he was a partner since 1992. Prior to Columbia Financial Partners, Mr. Gelburd was a partner at Putnam, Lovell & Co., a boutique investment advisory firm specializing in the money management industry. From 1984 to 1990, Mr. Gelburd was a member of the Mergers and Acquisitions group at Morgan Stanley, where he specialized in financial institutions. Prior to Morgan Stanley, Mr. Gelburd was a member of the energy and technology practice at Booz, Allen & Hamilton.

Joshua Brain has been a director of Holdings since September 1996, the month in which he joined Pegasus Financial LLC as a principal. Prior to joining Pegasus Financial LLC, Mr. Brain was a Managing Director and a member of the management committee at Financial Security Assurance Inc., a New York monoline financial guaranty company which he joined in 1989. From 1983 to 1989, Mr. Brain practiced law with Cleary, Gottlieb, Steen & Hamilton in New York.

Item 11. EXECUTIVE COMPENSATION

The following table sets forth information with respect to the compensation of the Chief Executive Officer and each of the other executive officers of the Company who had annual compensation in fiscal year 1997 in excess of \$100,000 (the "Named Executive Officers"):

		Summary Compensation Table			Long-Term Compensation Awards	
		Annual Compensation			Securities Underlying Options (#) (3)	All Other Compensation
Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation (1)		
Jeffrey Weiss..... Chairman, President, and Chief Executive Officer	1997	\$ 400,000	\$ 200,000	\$ 139,651	1,575	\$ 6,344
	1996	350,000	231,272	-		4,750
	1995	350,000	189,000	67,364		6,246
Donald Gayhardt (4)..... Executive Vice President and Chief Financial Officer	1997	160,000	96,000		150	4,525
	1996	140,000	67,760			4,135
	1995	140,000	75,600			6,008
Bernard Flaherty (2)..... Vice President--Store Operations	1997	109,616	10,000		100	2,990
	1996	105,000	10,000			1,987
	1995	13,125	-			214
Michael Marcus Vice President--Informa- tion Systems	1997	105,000	10,000		100	2,995
	1996	73,161	15,951			2,827
	1995	68,000	5,000			3,163

- (1) For 1995, amounts include \$18,582 paid for a Company-leased vehicle and \$26,453 paid for life insurance premiums on policies where the Company was not the named beneficiary. For 1997, amounts include \$44,706 for life insurance premiums on policies where the Company was not named the beneficiary. Perquisites and other personal benefits provided to each other Named Executive Officer did not exceed the lesser of \$50,000 or 10% of the total salary and bonus for such Named Executive Officer.
- (2) Mr. Flaherty joined the Company in May 1995.
- (3) The amounts shown in this column represent stock options with respect to shares of Holdings' common stock which were issued in each fiscal year.
- (4) Mr. Gayhardt resigned from the Company in June 1997, however, Mr. Gayhardt continues to provide consulting services to the Company and receives compensation of \$5,000 per month.

The following table sets forth information concerning options to purchase Holdings' common stock held by each of the Named Executive Officers as of the fiscal year ended June 30, 1997.

Option/SAR Grants in Last Fiscal Year (1)

Individual Grants	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term						Alternative to 5(\$) and 10(\$)
	Name	Number of Securities Underlying Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	5(\$)	10(\$)
Jeffrey Weiss (2)						1,575	65.625%
Donald Gayhardt (2) (3)	525	21.875%	\$1,600	August 8, 2006	\$1,368,150	\$2,178,750	\$-
Bernard Flaherty	100	4.167%	\$1,600	April 2, 2007	\$260,600	\$415,000	\$-
Michael Marcus	100	4.167%	\$1,600	April 2, 2007	\$260,600	\$415,000	\$-

- (1) No SARs were granted in the last fiscal year.
 (2) These options are exercisable only in the event that, at the time of exercise, WPG has realized an internal rate of return of 35% or more on its equity investment in Holdings made in August 1996.
 (3) Upon Mr. Gayhardt's resignation, the number of shares under option was reduced by 375.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values (1)

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year End		Value of Unexercised In-the-Money Options at Fiscal Year End (2)
			Exercisable/Unexercisable	Exercisable/Unexercisable	
Jeffrey Weiss....	-	\$ -	2,625/2,700		\$1,575,000/\$0
Donald Gayhardt..	875	1,400,000	0/150		\$0/\$0
Bernard Flaherty.	-	-	0/100		\$0/\$0
Michael Marcus...	-	-	0/100		\$0/\$0

- (1) No SARs were granted in the last fiscal year.
 (2) An assumed fair market value of \$1,600 per share was used to calculate the value of the options. As the shares are not traded in an established public market, the value assigned is based on the price received in the most recent equity transaction among shareholders.

Employment Agreements

Jeffrey Weiss

Mr. Weiss, Chairman, President, and Chief Executive Officer of Holdings and DFG, is employed pursuant to an Employment Agreement (the "Weiss Agreement") dated as of August 8, 1996, between Mr. Weiss, DFG, and Holdings (DFG and Holdings being collectively referred to herein as the "Employer"). The Weiss Agreement provides for an annual base salary of \$400,000, to be adjusted upward annually at the discretion of the Board of Directors of Holdings. In addition, Mr. Weiss is eligible to receive an annual bonus in an amount equal to 60% of his base salary, contingent upon the Employer achieving 100% of its targeted results (with certain adjustments to the extent the Employer achieves results short of or in excess of its targeted results). Under certain circumstances, Mr. Weiss is entitled to the payment of a severance benefit equal to the sum of two years' base salary and the cash bonus received for the most recently completed two fiscal years.

The Weiss Agreement also provides for a three-year term, terminating on the later of August 8, 1999 and the first anniversary of the date on which the Employer gives Mr. Weiss written notice of termination, unless the Weiss Agreement is otherwise terminated pursuant to its terms. Pursuant to the Weiss Agreement, Mr. Weiss was granted nonqualified options to acquire up to 2,625 shares of Holdings' common stock. See "Principal Shareholders." Mr. Weiss is eligible to participate in all fringe benefit programs of the Employer offered from time to time to its senior management employees.

Pursuant to the Weiss Agreement, Mr. Weiss has agreed that effective upon termination, and in consideration for the payment of a severance benefit, he will not compete with the Employer within the United States for a period of two years.

Richard Dorfman

Mr. Dorfman, Executive Vice President and Chief Financial Officer of Holdings and DFG, is employed pursuant to an Employment Agreement (the "Dorfman Agreement") dated as of July 21, 1997, between Mr. Dorfman and the Employer. The Dorfman Agreement provides for an annual base salary of \$165,000, to be adjusted upward annually at the discretion of DFG. In addition, Mr. Dorfman is eligible to receive an annual bonus in an amount equal to \$25,000 with respect to the fiscal year ending June 30, 1998, in an amount equal to \$35,000 with respect to the fiscal year ending June 30, 1999, and in an amount equal to \$45,000 with respect to the fiscal year ending June 30, 2000, contingent upon the Employer achieving 100% of its targeted results (with certain adjustments to the extent the Employer achieves results short of or in excess of its targeted results). Under certain circumstances, Mr. Dorfman is entitled to the payment of a severance benefit equal to the sum of one year's base salary if terminated during the first twelve months of the term of the Agreement, and 50.0% of one year's base salary if terminated after the first twelve months of the term of the Agreement.

The Dorfman Agreement also provides for a four-year term, terminating on the fourth anniversary of the date of the Employment Agreement. Pursuant to the Dorfman Agreement, Mr. Dorfman was granted nonqualified options to acquire up to 200 shares of Holdings' common stock. Mr. Dorfman is eligible to participate in all fringe benefit programs of the Employer offered from time to time to its senior management employees.

Pursuant to the Dorfman Agreement, Mr. Dorfman has agreed that effective upon termination, and in consideration for the payment of a severance benefit, he will not compete with the Employer within the United States for a period of two years.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of the issued and outstanding shares of capital stock of the Company are owned by Holdings.

The following table sets forth as of June 30, 1997 the number of shares of Holdings' common stock owned beneficially by (a) each person that is the beneficial owner of more than 5% of Holdings' common stock, (b) all directors and nominees, (c) the Named Executive Officers, and (d) all directors and executive officers as a group. The address of each officer and director is c/o the Company unless otherwise indicated. As of such date, there were a total of 31,566.78 shares of Holdings' common stock outstanding.

Beneficial Owner -----	Number -----	Percent -----
WPG Corporate Development Associates IV, L.P. and WPG Corporate Development Associates IV (Overseas), L.P..... One New York Plaza New York, New York 10004	17,877.74	56.63%
PAG Dollar Investors LLC and Pegasus Partners, L.P..... 591 West Putnam Avenue Greenwich, Connecticut 06831	6,250.00	19.80%
General Electric Capital Corporation..... 260 Long Ridge Road Stamford, Connecticut 06927	5,289.58	16.76%
Jeffrey Weiss (1).....	2,743.73	8.02%
Wesley W. Lang, Jr. (2)..... c/o Weiss, Peck & Greer One New York Plaza New York, New York 10004	24.73	0.08%
Nora Kerppola (3)..... c/o Weiss, Peck & Greer One New York Plaza New York, New York 10004	14.84	0.05%
All directors and officers as a group (8 persons) (4).....	2,783.30	8.1%

(1) Includes options to purchase an aggregate of 2,406.25 shares of Holdings' common stock which are currently exercisable. Jeffrey Weiss holds options to purchase an aggregate of 5,325 shares of Holdings' common stock, consisting of: (i) options to purchase 2,625 shares of Holdings' common stock at a price of \$1,000 per share (such options vest in equal monthly increments over three years, commencing in July 1994 (and all become immediately vested upon the occurrence of certain circumstances), and have a term of ten years from June 30, 1994); (ii) options to purchase 1,125 shares of Holdings' common stock with an initial exercise price of \$1,000 per share on June 30, 1994, with the exercise price increasing by 40% on each of June 30, 1995, 1996, 1997, 1998, and 1999, in each case over the exercise price of the prior year, with an exercise price of \$5,000 per share from and after June 30, 1999 (such options are fully vested but are exercisable only in the event of a change of control of Holdings or an initial public offering of Holdings' common stock); and (iii) options to purchase 1,575 shares of Holdings' common stock at an exercise price of \$1,600 per share (such options are exercisable only in the event that, at the time of exercise, WPG has realized an internal rate of return of 35% or more on its equity investment in Holdings made in August 1996).

- (2) Mr. Lang, Jr. serves as a Managing General Partner of the general partner of WPG Corporate Development Associates IV, L.P. and as a Managing General Partner and director of the domestic and overseas General Partners, respectively, of WPG Corporate Development Associates IV (Overseas), L.P. Mr. Lang, Jr. disclaims beneficial ownership of Holdings' common stock owned by those entities.
- (3) Ms. Kerppola serves as a general partner of the general partner of WPG Corporate Development Associates IV, L.P. and of the domestic general partner of WPG Corporate Development Associates IV (Overseas), L.P. Ms. Kerppola disclaims beneficial ownership of Holdings' common stock owned by those entities.
- (4) Includes 2,625 shares subject to currently exercisable options or options exercisable within 60 days.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Shareholders Agreement

Holdings entered into an Amended and Restated Shareholders Agreement dated August 8, 1996 (the "Shareholders Agreement") with certain shareholders signatory thereto (the "Shareholders"), including GECC, WPG Corporate Development Associates IV, L.P. ("CDA IV Domestic"), WPG Corporate Development Associates IV (Overseas), L.P. (together with CDA IV Domestic, the "CDA Funds"), Pegasus, PAG Dollar Investors LLC (together with CDA Funds, GECC, and Pegasus, the "Investors"), Jeffrey Weiss and Donald Gayhardt (together with Jeffrey Weiss, each a "Management Shareholder"). The Shareholders Agreement will remain in effect until (1) Holdings' common stock has been sold in public offerings registered under the Securities Act with gross proceeds of not less than \$35.0 million, (2) Holdings' common stock is listed on a national securities exchange, and (3) the number of registered or beneficial holders of Holdings' common stock exceeds 500.

Transfer Restrictions

The Shareholders Agreement provides, among other things, for certain restrictions on the disposition of Holdings' common stock. Unless a transfer of Holdings' common stock which is subject to the Shareholders Agreement is made in accordance with the terms of such agreement, such transfer will be void and of no force or effect. Subject to certain exceptions described below, Holdings' common stock may not be transferred prior to June 30, 1999 or otherwise pledged, assigned, or delivered as security for indebtedness.

Holdings' common stock may not be transferred unless the transferring Shareholder first provides notice to Holdings and each of the remaining Shareholders. Upon such notice, each Shareholder will have the right to offer to purchase all, but not less than all, of the shares being offered by the transferring Shareholder. Such offer may then be accepted or rejected by the transferor. Any shares of Holdings' common stock which are subsequently transferred to a non-Shareholder transferee will remain subject to the terms and conditions of the Shareholders Agreement.

Repurchase of Shares

Upon the termination of employment of a Management Shareholder by reason of his death or permanent disability, or upon the death of a Management Shareholder following termination of his employment, Holdings must purchase all of the shares of Holdings' common stock then owned by such Management Shareholder. Upon the termination of employment of a Management Shareholder under any other circumstances, Holdings will have the option to purchase all or any portion of the shares owned by such Management Shareholder. Upon notice from Holdings, the remaining Management Shareholder will have the right to purchase all or any portion of the shares which were not purchased by Holdings. The purchase price of shares purchased pursuant to both mandatory and optional repurchases will be the fair market value of such shares as determined pursuant to the Shareholders Agreement. Holdings will not be obligated to make any repurchase, nor will it have the right to do so, to the extent any such repurchase would result in a violation of applicable law or any contract to which Holdings is a party.

Registration Rights

The Shareholders Agreement also provides for demand and incidental (or "piggyback") registration rights. Each of the CDA Funds, Pegasus, and GECC have demand registration rights pursuant to which, at any time after 90 days after the first registration of shares of Holdings' common stock under the Securities Act (other than pursuant to an employee benefit plan), each may make a written request of Holdings to register all or part of such Shareholder's Holdings' common stock. Each remaining Shareholder may then elect to include its shares of Holdings' common stock in the demand registration. The CDA Funds, Pegasus, and GECC are entitled to two demand registrations until such time that Holdings is eligible to register its securities pursuant to a Registration Statement on Form S-3, after which such Shareholders will be entitled to an unlimited number of demand registrations. All demand registrations are subject to the condition that they not adversely affect a pending underwritten offering or other significant business transaction.

Until August 8, 2006, whenever Holdings proposes to register any equity securities under the Securities Act (other than pursuant to an employee benefit plan or in connection with an acquisition or similar transaction), it must include in such registration all shares of Holdings' common stock which the Shareholders request to have registered, subject to the condition that not all of the shares may be registered if only a reduced number can be sold without having a material adverse effect on the offering.

Pursuant to the Shareholders Agreement, Holdings has agreed not to grant any other demand or piggyback registration rights with respect to Holdings' common stock, other than piggyback registration rights that are not inconsistent with the terms of the Shareholders Agreement.

Co-Sale and Preemptive Rights

Pursuant to the Shareholders Agreement, no Investor may accept one or more third-party offers to transfer in excess of one-third of the aggregate number of shares of Holdings' common stock owned by such Investor as of August 8, 1996 unless each Shareholder has been offered an equal opportunity to participate in such transaction.

In addition, each Shareholder has the preemptive right to subscribe for its proportional share of any class of securities which Holdings proposes to issue or sell, other than shares issued pursuant to the exercise of options or warrants or in connection with the acquisition of any business.

Additional Shareholder Rights

In addition to its other rights and obligations as a Shareholder, GECC has the right to offer to purchase certain equity securities of Holdings in the event Holdings raises capital through the issuance of equity securities not involving a public offering. This right of GECC will apply only to the first \$3.0 million of equity securities which Holdings may issue, and Holdings will have no obligation to accept an offer from GECC if Holdings proposes to issue shares at a price which is less than \$1,600 per share. GECC's offer is subject to certain other limitations and may be rejected by Holdings. Furthermore, GECC has certain preemptive rights with respect to certain transactions involving a change in control of Holdings or the sale of all or substantially all of Holdings' and its subsidiaries' assets.

In the event that the CDA Funds and either Pegasus or GECC desire to transfer all or substantially all of their Holdings common stock in a single or series of related transactions, such Shareholders have the right to require all of the Shareholders to transfer to the purchaser an equal proportion of their shares at the same price and on the same terms and conditions.

Grant of Proxy

Certain shareholders of Holdings have granted to CDA IV Domestic their proxy to vote all of their shares, which proxy is irrevocable and binding on all transferees. In addition, the Shareholders have agreed to vote their shares so that (1) the number of members of the Board of Directors remains at six, (2) the Shareholders elect (a) two nominees selected by the CDA Funds, (b) one nominee designated by Pegasus, (c) one nominee designated by GECC, and (d) two nominees designated by the Management Shareholders (who shall be Weiss (so long as Weiss shall remain as an employee of the Company or any of the Subsidiaries) and Gayhardt (so long as Gayhardt remains an employee of the Company or any of the Subsidiaries). At such time as either Weiss or Gayhardt ceases to be an employee of the Company or any Subsidiary, the director formerly designated by such Management Shareholder shall be appointed by the joint decision of the CDA Funds, GECC, and Pegasus, (3) the nominating Shareholders have the right to remove their nominees from the Board of Directors for or without cause and replace them upon such removal, and (4) the nominating Shareholders have the right to designate replacement directors to fill any vacancies created by their nominees ceasing to serve as directors during such directors' terms of office.

Supermajority

The Shareholders Agreement also provides for certain supermajority requirements. These provisions require the approval by certain Shareholders' nominees of certain actions contemplated by Holdings or any of its subsidiaries. In addition, if after August 8, 1999 any of the directors selected by the Investors desire that Holdings make an initial public offering of its securities, and if the other Investors are unwilling to approve such offering, the Investors will take such actions as are reasonably necessary to effect a sale of Holdings and its subsidiaries as a going concern.

Loan to an Officer/Director

Jeffrey Weiss received a loan on June 30, 1994 from the Company in the amount of \$200,000. Interest accrues on the unpaid principal balance at a fixed rate of 9.25%. The loan is payable on the first to occur of (i) June 30, 1997, (ii) 90 days following his voluntary resignation or the termination of his employment for cause, and (iii) one year following the termination of his employment relationship with the Company for any other reason. On June 30, 1997, the note was extended and the extension provides for repayment upon the occurrence of the earlier of a change in control of Holdings or the termination of employment for any reason.

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) and (2) List of Financial Statements and Schedules

Financial Statements: The following consolidated financial statements are submitted in response to Item 14(a) (1):

	Page

Dollar Financial Group, Inc.	
Report of Independent Auditors.....	35
Consolidated Balance Sheets, June 30, 1996 and 1997.....	36
Consolidated Statements of Operations, years ended June 30, 1995, 1996, and 1997.....	37
Consolidated Statements of Shareholder's Equity, years ended June 30, 1995, 1996, and 1997....	38
Consolidated Statements of Cash Flows, years ended June 30, 1995, 1996, and 1997.....	39
Notes to Consolidated Financial Statements.....	40

All Financial Statement Schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are omitted because such schedules are not required under the related instructions, are inapplicable, or the required information is given in the financial statements.

During the three-month period ended June 30, 1997, the Registrant filed the following reports on Form 8-K and Form 8-K/A.

During the three-month period ended June 30, 1997, the Registrant filed two reports on Form 8-K. A report on Form 8-K dated April 18, 1997 was filed, reporting an Item 2 event (Acquisition or Disposition of Assets) and an Item 7 event (Financial Statements and Exhibits). Financial Statements were filed with such report.

A report on Form 8-K dated May 28, 1997 was filed, reporting an Item 5 event (Other Events) and an Item 7 event (Exhibits).

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(a) (3) Exhibits
Exhibit No.

Description of Document

- 3.1(a) (i) Certificate of Incorporation of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (a) (ii) Certificate of Change of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (a) (iii) Certificate of Change of Certificate of Incorporation of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (a) (iv) Certificate of Amendment of the Certificate of Incorporation of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (b) (i) Articles of Incorporation of Albuquerque Investments, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (c) (i) Articles of Incorporation of Any Kind Check Cashing Centers, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (c) (ii) Articles of Amendment to the Articles of Incorporation of Any Kind Check Cashing Centers, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (d) (i) Articles of Incorporation of Check Mart of Louisiana, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (e) (i) Certificate of Incorporation of Check Mart of New Jersey, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (f) (i) Articles of Incorporation of Check Mart of New Mexico, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (f) (ii) Articles of Amendment to the Articles of Incorporation of Check Mart of New Mexico, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (g) (i) Articles of Incorporation of Check Mart of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (h) (i) Articles of Incorporation of Check Mart of Texas, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (i) (i) Articles of Incorporation of Check Mart of Utah, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (i) (ii) Articles of Amendment to the Articles of Incorporation of Check Mart of Utah, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (j) (i) Articles of Incorporation of Check Mart of Washington, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (j) (ii) Articles of Amendment of Check Mart of Washington, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221)

declared effective March 11, 1997)

(a) (3) Exhibits

Exhibit No. -----	Description of Document -----
(k) (i)	Articles of Incorporation of Check Mart of Washington, D.C., Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(l) (i)	Articles of Incorporation of Check Mart of Wisconsin, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(m) (I)	Certificate of Incorporation of DFG Warehousing Co., Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(n) (i)	Articles of Incorporation of Dollar Financial Insurance Corp. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(o) (i)	Certificate of Incorporation of Dollar Insurance Administration Corp. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(p) (i)	Articles of Incorporation of Financial Exchange Company of Michigan, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(p) (ii)	Certificate of Amendment to the Articles of Incorporation of Financial Exchange Company of Michigan, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(q) (i)	Articles of Incorporation of Financial Exchange Company of Ohio, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(q) (ii)	Certificate of Amendment by Incorporator (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(q) (iii)	Certificate of Amendment (by Shareholders) (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(r) (i)	Certificate of Incorporation of Financial Exchange Company of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(r) (ii)	Amendment "1" to Certificate of Incorporation of Financial Exchange Company of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(r) (iii)	Amendment "2" to Certificate of Incorporation of Financial Exchange Company of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(s) (i)	Certificate of Incorporation of Financial Exchange Company of Pittsburgh, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
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(w) (I)	Certificate of Incorporation of Monetary Management Corporation of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
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(bb) (iii)	Second Amendment Certificate of Limited Partnership (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(cc) (I)	Articles of Incorporation of QTV Holdings, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
3.2 (a) (i)	Bylaws of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
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(p) (i)	Bylaws of Financial Exchange Company of Michigan, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(q) (i)	Code of Regulations of Financial Exchange Company of Ohio, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
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- (bb) (i) Bylaws of QTV Holdings, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- 4.1 Indenture, dated as of November 15, 1996, among the Company, the Guarantors, and Fleet National Bank, as Trustee (Incorporated by reference to Exhibit 4.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- 4.2 Form of Notes (included in Exhibit 4.1) (Incorporated by reference to Exhibit 4.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- 4.3 A/B Exchange Registration Rights Agreement, dated as of November 15, 1996, by and among the Company, the Guarantors, and the Initial Purchasers (Incorporated by reference to Exhibit 4.3 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

(a) (3) Exhibits

Exhibit No. -----	Description of Document -----
10.1(a)	Asset Purchase Agreement, dated January 9, 1995, by and among the Company, Happy's Check Cashing, and Adrian Rubin (Incorporated by reference to Exhibit 10.1(a) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(b)	Amendment No. 1 to the Asset Purchase Agreement, dated February 20, 1995, by and among the Company, Happy's Check Cashing, Chase Money Loan, Inc., and Adrian Rubin (Incorporated by reference to Exhibit 10.1(b) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.2	Purchase Agreement, dated July 28, 1995, by and among Monetary Management Corporation, NCCI Corporation, Larry M. Senderhauf, E. Rick Safford, and Fred T. Kampo, Jr. (Incorporated by reference to Exhibit 10.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.3(a)	Site License and Services Agreement, dated April 30, 1996, by and between the Company and The Southland Corporation (Incorporated by reference to Exhibit 10.3(a) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(b)	Asset Purchase Agreement, dated April 30, 1996, by and between the Company and The Southland Corporation (Incorporated by reference to Exhibit 10.3(b) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.4	Employment Agreement, dated as of August 8, 1996, between the Company, DFG Holdings, Inc., and Jeffrey Weiss (Incorporated by reference to Exhibit 10.4 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.5	Employment Agreement, dated as of August 8, 1996, between the Company, DFG Holdings, Inc., and Donald F. Gayhardt (Incorporated by reference to Exhibit 10.5 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.6	Employment Agreement, dated as of July 21, 1997 between the Company, DFG Holdings, Inc., and Richard S. Dorfman*
10.7	Amended and Restated Shareholders Agreement, dated August 8, 1996, among WPG Corporate Development Associates IV, L.P., WPG Corporate Development Associates IV (Overseas), L.P., the individual fund shareholders signatory thereto, the GHF Charitable Trust #1, Jeffrey Weiss, Donald F. Gayhardt, Pegasus Partners L.P., PAG Dollar Investors, the warrant holders signatory thereto, General Electric Capital Corporation, and DFG Holdings, Inc. (Incorporated by reference to Exhibit 10.7 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.8	Purchase Agreement, dated as of August 8, 1996, by and among the Company, DFG Holdings, Inc., Any Kind Check Cashing Centers, Inc., the shareholders signatory thereto, U.S. Check Exchange Limited Partnership, the limited partners signatory thereto, and George H. Brimhall (Incorporated by reference to Exhibit 10.8 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.9	Asset Purchase Agreement, dated August 28, 1996, by and among Financial Exchange Company of Ohio, Inc., ABC Check Cashing, Inc., and the shareholder signatory thereto (Incorporated by reference to Exhibit 10.9 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.10	Asset Purchase Agreement, dated as of October 22, 1996, by and among the Company, Cash-N-Dash Check Cashing, Inc., and the shareholders signatory thereto (Incorporated by reference to Exhibit 10.10 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.11	Stock Purchase Agreement, dated as of October 22, 1996, by and among the Company, Manor Investment Co. Inc., and the

shareholders signatory thereto (Incorporated by reference to Exhibit 10.11 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

(a) (3) Exhibits

Exhibit No. -----	Description of Document -----
10.12	Amended and Restated Purchase Agreement, dated as of October 23, 1996, by and among Dollar Financial Canada Ltd., DFG Holdings, Inc., National Money Mart, Inc., and the shareholders signatory thereto (Incorporated by reference to Exhibit 10.12 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.13	Second Amended and Restated Credit Agreement, dated as of November 15, 1996, among the Company, certain commercial lending institutions, Lehman Commercial Paper, Inc., and Bank of America National Trust and Savings Association (Incorporated by reference to Exhibit 10.13 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.14	Purchase Agreement, dated as of March 31, 1997, among Dollar Financial Group, Inc., Dollar Financial Canada, LTD., Canadian Capital Corporation, Dollar Ontario LTD. And Gus E. Baril, Leslie A. Baril and the Baril Family Trust. The schedules to the Purchase Agreement and the exhibits thereto have been omitted. The Company will furnish supplementally to the Commission any of the schedules or exhibits upon request***
10.15	DFG Holdings, Inc. Stock Incentive Plan**
10.16	Termination Agreement, dated June 30, 1997 re: Donald F. Gayhardt, Jr.**
21.1	Subsidiaries of the Registrant (Incorporated by reference to Exhibit 21.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
23.1	Consent of Ernst & Young LLP**
23.2	Consent of McGladrey & Pulley, LLP**
23.3	Consent of Ernst & Young Chartered Accountants**
23.4	Consent of William Proper & Company**
27.1	Financial Data Schedule for the fiscal year ended June 30, 1997, which is being submitted electronically to the Securities and Exchange Commission for information purposes only**
99.1	Consolidated balance sheets of Any Kind Check Cashing Centers, Inc. and consolidated partnership as of December 31, 1995 and 1994, and the related consolidated statements of income, retained earnings, and minority interest in consolidated partnership, and cash flows for each of the three years in the period ended December 31, 1995 with accompanying notes and Independent Auditor's Report thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
99.2	Combined balance sheets of L.M.S. Development Corporation, Pacific Ring Enterprises, Inc., and NCCI Corporation, collectively doing business as Chex\$Cashed, as of December 31, 1994 and 1993, and the related combined statements of income, shareholders' equity, and cash flows for the period from January 1, 1995 through September 18, 1995 and for each of the two years in the period ended December 31, 1994 with accompanying notes and Report of Independent Auditors thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
99.3	Consolidated balance sheets of National Money Mart Inc. as of December 31, 1995 and 1994, and the related consolidated statements of income and retained earnings and cash flows for each of the two years in the period ended December 31, 1995 with accompanying notes and the Auditor's Report thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
99.4	Balance sheets of Cash-N-Dash Check Cashing, Inc. as of December 31, 1995 and 1994, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995 with accompanying notes and Report of Independent Auditors thereon (Incorporated by reference to the Registrants'

Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

99.5

Balance sheets of ABC Check Cashing, Inc. as of December 31, 1995 and 1994, and the related statements of earnings and retained earnings and cash flows for each of the three years in the period ended December 31, 1995 with accompanying notes and Report of Independent Certified Public Accountants thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

 * Management contracts or compensatory plans or arrangements required to be
 filed as exhibits to this Form 10-K by Item 601 of Regulation S-K.
 ** Filed herewith.
 *** Filed previously with the Company's Current Report on Form 8-K dated
 April 18, 1997.

(b) Financial Statement Schedules

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant named below has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Berwyn, Commonwealth of Pennsylvania on September 29, 1997.

DOLLAR FINANCIAL GROUP, INC.

By: /s/ RICHARD S. DORFMAN

 Richard S. Dorfman
 Executive Vice President and Chief Financial Officer

DOLLAR FINANCIAL GROUP, INC.

Signature -----	Title -----	Date ----
/s/ JEFFREY A. WEISS ----- Jeffrey A. Weiss	Chairman of the Board of Directors, President, and Chief Executive Officer (principal executive officer)	September 29, 1997
/s/ RICHARD S. DORFMAN ----- Richard S. Dorfman	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	September 29, 1997
/s/ WESLEY LANG, JR. ----- Wesley Lang, Jr.	Director	September 29, 1997
/s/ NORA KERPPOLA ----- Nora Kerppola	Director	September 29, 1997

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EXHIBIT INDEX

Exhibit No. -----	Description of Document -----
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(a) (ii)	Certificate of Change of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(a) (iii)	Certificate of Change of Certificate of Incorporation of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(a) (iv)	Certificate of Amendment of the Certificate of Incorporation of Dollar Financial Group, Inc. (Incorporated by reference to Exhibit 3.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
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(b) (i)	Bylaws of Albuquerque Investments, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(c) (i)	Bylaws of Any Kind Check Cashing Centers, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(d) (i)	Bylaws of Check Mart of Louisiana, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(e) (i)	Bylaws of Check Mart of New Jersey, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(f) (i)	Bylaws of Check Mart of New Mexico, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(g) (i)	Bylaws of Check Mart of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

- (h) (i) Bylaws of Check Mart of Texas, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (i) (i) Bylaws of Check Mart of Utah, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (j) (i) Bylaws of Check Mart of Washington, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- (k) (i) Bylaws of Check Mart of Washington, D.C., Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

Exhibit No. -----	Description of Document -----
(l) (i)	Bylaws of Check Mart of Wisconsin, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(m) (i)	Bylaws of DFG Warehousing Co., Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(n) (i)	Bylaws of Dollar Financial Insurance Corp. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(o) (i)	Bylaws of Dollar Insurance Administration Corp. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(p) (i)	Bylaws of Financial Exchange Company of Michigan, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(q) (i)	Code of Regulations of Financial Exchange Company of Ohio, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(r) (i)	Bylaws of Financial Exchange Company of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(s) (i)	Bylaws of Financial Exchange Company of Pittsburgh, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(t) (i)	Bylaws of Financial Exchange Company of Virginia, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(u) (i)	Bylaws of L.M.S. Development Corporation (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(v) (i)	Bylaws of Monetary Management Corp. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(w) (i)	Bylaws of Monetary Management Corporation of Pennsylvania, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(x) (i)	Bylaws of Monetary Management of California, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(y) (i)	Bylaws of Monetary Management of Maryland, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(y) (ii)	Amended and Restated Bylaws of Monetary Management of Maryland, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(z) (i)	Bylaws of Monetary Management of New York, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(aa) (i)	Bylaws of Pacific Ring Enterprises, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

- (bb) (i) Bylaws of QTV Holdings, Inc. (Incorporated by reference to Exhibit 3.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- 4.1 Indenture, dated as of November 15, 1996, among the Company, the Guarantors, and Fleet National Bank, as Trustee (Incorporated by reference to Exhibit 4.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- 4.2 Form of Notes (included in Exhibit 4.1) (Incorporated by reference to Exhibit 4.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
- 4.3 A/B Exchange Registration Rights Agreement, dated as of November 15, 1996, by and among the Company, the Guarantors, and the Initial Purchasers (Incorporated by reference to Exhibit 4.3 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

Exhibit No. -----	Description of Document -----
10.1(a)	Asset Purchase Agreement, dated January 9, 1995, by and among the Company, Happy's Check Cashing, and Adrian Rubin (Incorporated by reference to Exhibit 10.1(a) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(b)	Amendment No. 1 to the Asset Purchase Agreement, dated February 20, 1995, by and among the Company, Happy's Check Cashing, Chase Money Loan, Inc., and Adrian Rubin (Incorporated by reference to Exhibit 10.1(b) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.2	Purchase Agreement, dated July 28, 1995, by and among Monetary Management Corporation, NCCI Corporation, Larry M. Senderhauf, E. Rick Safford, and Fred T. Kampo, Jr. (Incorporated by reference to Exhibit 10.2 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.3(a)	Site License and Services Agreement, dated April 30, 1996, by and between the Company and The Southland Corporation (Incorporated by reference to Exhibit 10.3(a) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
(b)	Asset Purchase Agreement, dated April 30, 1996, by and between the Company and The Southland Corporation (Incorporated by reference to Exhibit 10.3(b) to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.4	Employment Agreement, dated as of August 8, 1996, between the Company, DFG Holdings, Inc., and Jeffrey Weiss (Incorporated by reference to Exhibit 10.4 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.5	Employment Agreement, dated as of August 8, 1996, between the Company, DFG Holdings, Inc., and Donald F. Gayhardt (Incorporated by reference to Exhibit 10.5 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.6	Employment Agreement, dated as of July 21, 1997 between the Company, DFG Holdings, Inc., and Richard S. Dorfman*
10.7	Amended and Restated Shareholders Agreement, dated August 8, 1996, among WPG Corporate Development Associates IV, L.P., WPG Corporate Development Associates IV (Overseas), L.P., the individual fund shareholders signatory thereto, the GHB Charitable Trust #1, Jeffrey Weiss, Donald F. Gayhardt, Pegasus Partners L.P., PAG Dollar Investors, the warrant holders signatory thereto, General Electric Capital Corporation, and DFG Holdings, Inc. (Incorporated by reference to Exhibit 10.7 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.8	Purchase Agreement, dated as of August 8, 1996, by and among the Company, DFG Holdings, Inc., Any Kind Check Cashing Centers, Inc., the shareholders signatory thereto, U.S. Check Exchange Limited Partnership, the limited partners signatory thereto, and George H. Brimhall (Incorporated by reference to Exhibit 10.8 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.9	Asset Purchase Agreement, dated August 28, 1996, by and among Financial Exchange Company of Ohio, Inc., ABC Check Cashing, Inc., and the shareholder signatory thereto (Incorporated by reference to Exhibit 10.9 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.10	Asset Purchase Agreement, dated as of October 22, 1996, by and among the Company, Cash-N-Dash Check Cashing, Inc., and the shareholders signatory thereto (Incorporated by reference to Exhibit 10.10 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.11	Stock Purchase Agreement, dated as of October 22, 1996, by and among the Company, Manor Investment Co. Inc., and the shareholders signatory thereto (Incorporated by reference to

Exhibit 10.11 to the Registrants' Statement on Form S-4
(Registration #333-18221) declared effective March 11, 1997)

Exhibit No. -----	Description of Document -----
10.12	Amended and Restated Purchase Agreement, dated as of October 23, 1996, by and among Dollar Financial Canada Ltd., DFG Holdings, Inc., National Money Mart, Inc., and the shareholders signatory thereto (Incorporated by reference to Exhibit 10.12 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.13	Second Amended and Restated Credit Agreement, dated as of November 15, 1996, among the Company, certain commercial lending institutions, Lehman Commercial Paper, Inc., and Bank of America National Trust and Savings Association (Incorporated by reference to Exhibit 10.13 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
10.14	Purchase Agreement, dated as of March 31, 1997, among Dollar Financial Group, Inc., Dollar Financial Canada, LTD., Canadian Capital Corporation, Dollar Ontario LTD. And Gus E. Baril, Leslie A. Baril and the Baril Family Trust. The schedules to the Purchase Agreement and the exhibits thereto have been omitted. The Company will furnish supplementally to the Commission any of the schedules or exhibits upon request***
10.15	DFG Holdings, Inc. Stock Incentive Plan**
10.16	Termination Agreement, dated June 30, 1997 re: Donald F. Gayhardt, Jr.**
21.1	Subsidiaries of the Registrant (Incorporated by reference to Exhibit 21.1 to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
23.1	Consent of Ernst & Young LLP**
23.2	Consent of McGladrey & Pulley, LLP**
23.3	Consent of Ernst & Young Chartered Accountants**
23.4	Consent of William Proper & Company**
27.1	Financial Data Schedule for the fiscal year ended June 30, 1997, which is being submitted electronically to the Securities and Exchange Commission for information purposes only**
99.1	Consolidated balance sheets of Any Kind Check Cashing Centers, Inc. and consolidated partnership as of December 31, 1995 and 1994, and the related consolidated statements of income, retained earnings, and minority interest in consolidated partnership, and cash flows for each of the three years in the period ended December 31, 1995 with accompanying notes and Independent Auditor's Report thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
99.2	Combined balance sheets of L.M.S. Development Corporation, Pacific Ring Enterprises, Inc., and NCCI Corporation, collectively doing business as Chex\$Cashed, as of December 31, 1994 and 1993, and the related combined statements of income, shareholders' equity, and cash flows for the period from January 1, 1995 through September 18, 1995 and for each of the two years in the period ended December 31, 1994 with accompanying notes and Report of Independent Auditors thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
99.3	Consolidated balance sheets of National Money Mart Inc. as of December 31, 1995 and 1994, and the related consolidated statements of income and retained earnings and cash flows for each of the two years in the period ended December 31, 1995 with accompanying notes and the Auditor's Report thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)
99.4	Balance sheets of Cash-N-Dash Check Cashing, Inc. as of December 31, 1995 and 1994, and the related statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995 with accompanying notes and Report of Independent Auditors thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared

effective March 11, 1997)

99.5

Balance sheets of ABC Check Cashing, Inc. as of December 31, 1995 and 1994, and the related statements of earnings and retained earnings and cash flows for each of the three years in the period ended December 31, 1995 with accompanying notes and Report of Independent Certified Public Accountants thereon (Incorporated by reference to the Registrants' Statement on Form S-4 (Registration #333-18221) declared effective March 11, 1997)

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* Management contracts or compensatory plans or arrangements required to be
filed as exhibits to this Form 10-K by Item 601 of Regulation S-K.
** Filed herewith.
*** Filed previously with the Company's Current Report on Form 8-K dated
April 18, 1997.

(b) Financial Statement Schedules

None.

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EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT made and entered into as of the 21 day of July, 1997, by and between DOLLAR FINANCIAL GROUP, INC., a New York corporation ("Employer"), and RICHARD DORFMAN, a resident of the State of New Jersey ("Employee").

WITNESSETH:

WHEREAS, Employer desires to employ Employee and Employee desires to accept employment by Employer upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Employment; Term. Employer agrees to employ Employee, and Employee agrees to be so employed, in the capacity of Chief Financial Officer of Employer for a term commencing on the date hereof and ending on the fourth anniversary of the date hereof.

2. Time and Efforts; Place of Performance. Employee shall diligently and conscientiously devote substantially his full business time and attention and best efforts to the business of Employer and the discharge of his duties hereunder. It is understood that Employee may serve as an outside director of one or more not for profit corporations, without violating the terms hereof, provided that such entities are not principally engaged in business directly competitive with Employer.

3. Base Salary. In partial consideration of the services of Employee, Employer shall pay or cause one or more of its subsidiary or affiliated corporations to pay to Employee a salary at an annual rate of \$165,000 (the "Base Salary"), in equal installments in accordance with the past payroll practices of Employer, but in no event less frequently than monthly. The Base Salary may be adjusted upward annually in the discretion of the board of directors of Employer, or the authorized committee thereof.

4. Incentive Compensation. As further compensation for the services of Employee, Employer shall pay Employee annual cash bonuses determined as follows and payable within sixty (60) days after June 30 of the relevant fiscal year:

(a) Subject to subparagraph 4(b), Employee shall be eligible to receive a cash bonus in an amount equal to \$25,000 with respect to the fiscal year ending June 30, 1998, in an amount equal to \$35,000 with respect to the fiscal year ending June 30, 1999 and in an amount equal to \$45,000 with respect to the fiscal year ending June 30, 2000.

(b) The bonus due hereunder for a fiscal year shall be conditioned upon the achievement by Employer of budgeted annual EBITDA (income before income taxes, depreciation, amortization, interest expense, management fees, and incentive compensation payments) for such fiscal year. EBITDA for a fiscal year shall be computed from the audited financial statements of DFG Holdings, Inc., a Delaware corporation ("Holdings"), and its subsidiaries for such fiscal year.

(c) In connection with the calculation of the bonus payable to Employee for a given fiscal year, the EBITDA of entities acquired during the relevant fiscal year shall be included in the relevant fiscal year in the relevant calculations from the date of acquisition, net of an appropriate capital charge for additional equity capital employed.

(d) In the event Employee's employment is terminated by reason of Cause (as herein defined), no bonus for the year in which termination or resignation occurs shall be payable. If Employee's employment terminates for any other reason, Employee's bonus for the year in which termination occurs shall be calculated on the basis of the Employer's results for the full fiscal year in which termination occurs, but his bonus shall be prorated based upon the number of days in such fiscal year in which he was employed by Employer.

(e) Employer agrees to provide to Employee a car allowance in the amount of \$550 per month and to reimburse Employee for one-hundred percent (100%) of Employee's cost of automobile insurance, maintenance and gasoline charges of such automobile while Employee is in the employ of Employer under this Agreement.

5. Stock Options.

(a) Employee is hereby granted non-qualified options to purchase two hundred (200) shares of the common stock, without par value ("Shares"), of Holdings at an exercise price of \$1,600 per Share (the "Options"). The Options will be exercisable by payment of the exercise price in cash or Shares owned by the Employee (at fair market value). The Options shall have the following terms and provisions:

(i) Term of ten (10) years from July __, 1997; provided, however, that in the event of termination of employment of the Employee for any reason whatsoever (other than as set forth in Section 5(a) (iii) below), the Options will terminate unless exercised within 60 days following the date on which termination occurs.

(ii) Vesting in equal monthly increments over four (4) years, commencing with the month of August 1997. All Options shall become immediately vested upon the occurrence of any of the following: termination of Employee's employment without Cause; Change of Control (as herein defined) of Holdings; sale of equity securities of Holdings in a public offering; sale by Holdings of substantially all the assets or stock of Employer; or death of Employee during his employment hereunder or disability of Employee resulting in termination of his employment with Employer.

(iii) In the event Employee's employment is terminated by reason of Cause, all unexercised Options shall immediately terminate.

Holdings and its stockholders are parties to that certain Amended and Restated Shareholders Agreement dated as of August 8, 1996, as amended (the "Shareholders Agreement"). All Shares issuable upon the exercise of the Options shall be subject to the terms of the Shareholders Agreement, and Employee shall execute and deliver such agreements and other documents as requested by Holdings in connection therewith. The Options are personal to Employee and are non-transferable, except that upon Employee's death, the Options shall be transferable to his personal representative.

(b) Holdings agrees that it will not claim a deduction for federal income tax purposes resulting from the grant (but not the exercise) of the Options to the Employee.

(c) The exercise price, and the number of shares subject to the Options, are subject to equitable adjustment to take into account stock dividends, stock splits, recapitalizations and other dilutive events, all as reasonably determined in good faith by the board of directors of Holdings.

6. Benefits. Employee shall be eligible to participate in all fringe benefit programs of Employer offered from time to time to its senior management employees (including, without limitation, auto allowance, life insurance, disability insurance, dental and medical coverage, profit sharing, pension, 401(k), and vacation).

7. Expenses. Employer will reimburse Employee for all reasonable, ordinary and necessary expenses (including travel) incurred by him in carrying out his duties under this Agreement. Employer acknowledges the business value to the Employer of such expenditures. Employee shall present Employer from time to time with an itemized statement of such expenses in such form as Employer may request.

8. Termination.

(a) Employee's employment under this Agreement may be terminated without further obligation or liability by Employer at any time for Cause (defined, for purposes of this Agreement, as (i) willful misconduct, (ii) dishonesty, or (iii) a final non-appealable adjudication in a criminal or civil proceeding that Employee has committed a criminal act).

(b) Employer may terminate Employee's employment hereunder at any time without Cause, including upon the occurrence of the disability (as defined in Employer's long-term disability policy) of Employee, upon 30 days' written notice to Employee, provided that Employer shall pay to Employee a severance benefit (the "Severance Benefit"), as follows: (i) if Employee is

terminated during the first twelve (12) months of the term of this Agreement (the "First Year"), Employer shall pay to Employee an amount equal to one hundred percent (100%) of Employee's Base Salary as then in effect, payable in 12 equal consecutive monthly installments on the first day of each month, commencing with the month after the month in which termination occurs; and (ii) if Employee is terminated during the term of this Agreement after the First Year, Employer shall pay to Employee an amount equal to fifty percent (50%) of Employee's annual Base Salary as then in effect, payable in 12 equal consecutive monthly installments on the first day of each month, commencing with the month after the month in which termination occurs. Payment of the Severance Benefit shall be Employee's sole remedy in the event of the Employer's termination of this Agreement for any reason. Employee will cooperate in order to allow Employer to purchase disability insurance regarding Employee in order to fund its obligation hereunder.

(c) In the event Employee shall be indicted for a crime not involving Employer or any of its subsidiaries, subject to giving Employee a full opportunity to make a presentation to the Board of Directors, Employer shall have the right to terminate the employment of Employee pursuant to this paragraph (c). If it does so, it shall continue to pay Employee's Base Salary until the first to occur of (i) conviction of the felony or a lesser included offense or a plea of nolo contendere by Employee, or (ii) Employee's acquittal. In the event of Employee's acquittal, Employee shall be entitled to his Severance Benefit, commencing as of the date of such acquittal, but the amount paid to him pursuant to this paragraph (c) shall be credited toward the Severance Benefit. In the event of a conviction or plea of nolo contendere, Employee shall immediately repay the amount paid pursuant to this paragraph (c), and, if not immediately repaid and without limiting Employer's other remedies, Employer shall have the right to offset said sum against monies due to the Employee by reason of the purchase of Shares formerly owned by Employee and purchased by Holdings.

(d) For purposes of this Agreement, a "Change of Control" shall be deemed to have occurred if and when:

(i) WPG Corporate Development Associates IV, L.P., WPG Corporate Development Associates IV (Overseas), L.P., Pegasus Partners, L.P., PAG Dollar Investors LLC and General Electric Capital Corporation, collectively, shall cease to own equity securities having at least 51% of the voting power of Holdings other than by reason of, or as a result of, a public offering of Holdings' shares; provided, however, that shares of Holdings held by (A) any liquidating trust for any of said parties, (B) the partners, members or stockholders of any of said parties, (C) the partners, members or stockholders of any of said parties in the event of the liquidation of such parties, or (D) any venture capital or management buy out fund sponsored by Weiss, Peck & Greer shall not be deemed to constitute a Change of Control for the purpose of this subparagraph (i);

(ii) Holdings becomes a subsidiary of another unaffiliated corporation or shall be merged or consolidated into another unaffiliated corporation; or

(iii) all or substantially all of Holdings' assets shall have been sold to an unaffiliated party or parties.

(e) In the event that Employee is terminated without Cause during the First Year, Employee shall not be required to seek alternative employment which would serve to mitigate the payment to him of any Severance Benefit hereunder. In the event that Employee is terminated without Cause during the term of this Agreement after the First Year, Employee shall be required to undertake good faith efforts to seek alternative employment, and any compensation earned or amounts paid to Employee in any such alternative employment shall serve to mitigate Employer's severance obligations to Employee hereunder.

9. Restrictive Covenant. In consideration of Holdings' grant of options to Employee, and Employer's covenant to pay a Severance Benefit, and other consideration, each as contained herein, without prior written consent of the Board of Directors of Employer, Employee agrees that he will not for a period of two (2) years following the termination of Employee's employment with Employer for any reason whatsoever (or to such lesser extent and for such lesser period as may be deemed enforceable by a court of competent jurisdiction, it being the intention of the parties that this Section 9 shall be so enforced); (a) directly or indirectly engage, in any state or territory of the United States in which at such time Employer conducts or plans to conduct business, in any business directly competitive with the business conducted by Employer at the time of termination, either as employee, independent contractor, 5% or greater owner, partner, lender or stockholder (provided that the foregoing shall not be construed to prohibit ownership of less than 2% of the outstanding shares of any public corporation); (b) solicit, canvass, or accept any business for any other company, or business similar to any business of Employer, from any past, present, or future (as defined below) customer of Employer; (c) directly or indirectly induce or attempt to influence any present or future employee of Employer to terminate his employment; or (d) directly or indirectly request any present or future ("future," as used herein, shall mean at or prior to the time of termination of employment) entities with which Employer has significant business relationships to curtail or cancel their business with Employer. In addition and without limiting the foregoing, upon the termination of the Employee's employment by the Employer for any reason, whether before or after the expiration of the term of this Agreement, Employee shall not at any time directly or indirectly disclose to any person, firm or corporation any trade, technical or technological secrets, any details of organization or business affairs, or any names of past or present customers of Employer. For the purposes of this Section 9, the term "Employer" shall be deemed to include Holdings, Employer and all of Employer's subsidiaries.

10. Inventions. All inventions, discoveries, improvements, processes, formulae and data relating to Employer's business (the "Inventions") that Employee may make, conceive or learn during the term of his employment by the

Employer, or within six months following the termination of his employment for any reason (whether before, during or after the term of this Agreement, whether during working hours or otherwise), shall be the exclusive property of Employer. Employee agrees to make prompt disclosure to the board of directors of Employer of all such Inventions and to do so at Employer's expense all lawful things necessary or useful to assist Employer in securing their full enjoyment and protection. In the event of any breach or threatened breach of the provisions of this Section 10 or the preceding Section 9, Employer may apply to any court of competent jurisdiction to enjoin such breach. Any such remedy shall be in addition to Employer's remedies at law under such circumstances.

11. Notices. Any notice given hereunder shall be in writing and delivered or mailed by certified mail or overnight courier service (with proof of delivery) and addressed to the appropriate party at the address set forth below or at such other address as the party shall designate from time to time in a notice; and if to Employer, with a copy to Wolf, Block, Schorr and Solis-Cohen, Twelfth Floor Packard Building, 111 South 15th Street, Philadelphia, PA 19102-2678, Attention: Mark L. Alderman, Esquire.

Richard Dorfman
9 Pleasant Mill Court
Medford, NJ 08055

Dollar Financial Group
1436 Lancaster Avenue, Suite 210
Berwyn, PA 19312
Attention: President

12. Binding Effect. This Agreement shall inure to the benefit of and be binding upon Employer, its successors and assigns. Employee acknowledges that these services are unique and personal. Accordingly, Employee may not assign any of his rights or delegate any of his duties or obligations under this Agreement.

13. Waiver. Failure to insist in any one or more instances on strict compliance with the terms of this Agreement shall not be deemed a waiver. Waiver of a breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach.

14. Governing Law; Disputes. This Agreement is made and delivered in, and shall be construed in accordance with the substantive laws of, the Commonwealth of Pennsylvania without regard to conflict of law principles. Any claims, controversies, demands, disputes or differences between or among the parties hereto arising out of, or by virtue of, or in connection with, or otherwise relating to this Agreement shall be submitted to and settled by arbitration conducted in Philadelphia, Pennsylvania before one or three

arbitrators, each of whom shall be knowledgeable in the field of employment law. Such arbitration shall otherwise be conducted in accordance with the rules then obtaining of the American Arbitration Association. The parties hereto agree to share equally the responsibility for all fees of the arbitrators, abide by any decision rendered as final and binding, and waive the right to appeal the decision or otherwise submit the dispute to a court of law for a jury or non-jury trial. The parties hereto specifically agree that neither party may appeal or subject the award or decision of any such arbitrator to appeal or review in any court of law or in equity or by any other tribunal, arbitration system or otherwise. Judgment upon any award granted by such an arbitrator may be enforced in any court having jurisdiction thereof.

15. Severability. In the event that any provision of this Agreement shall be determined to be invalid by a court of competent jurisdiction, such determination shall in no way affect the validity or enforceability of any other provisions hereof.

16. Entire Agreement; Miscellaneous. The parties acknowledge and agree that they are not relying on any representations, oral or written, other than those expressly contained herein. This Agreement supersedes all proposals, oral or written, all negotiations, conversations, or discussions between the parties, including without limitation the letter dated June 17, 1997 from Employer to Employee and all course of dealing. All prior understandings and agreements between the parties regarding employment matters are hereby merged in this Agreement, which alone is the complete and exclusive statement of their understanding as to employment. No waiver or modification of this Agreement shall be valid unless the same shall be in writing and signed by the party sought to be charged therewith. Time is of the essence in this Agreement and each and every provision hereof. This is a personal services agreement; no agency, partnership, joint venture or other joint relationship is created hereby. The parties acknowledge that they each participated in drafting this Agreement, and there shall be no presumption against any party on the ground that such party was responsible for preparing this Agreement or any part hereof. Paragraph headings are for convenience of reference only and are not intended to create substantive rights or obligations.

IN WITNESS WHEREOF, this Agreement has been duly executed by the undersigned as of the day and year first above written.

DOLLAR FINANCIAL GROUP, INC.

By: _____

Jeffrey Weiss
President

Richard Dorfman

For purposes of Section 5 only:

DFG HOLDINGS, INC.

By: _____

Jeffrey Weiss
President

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DFG HOLDINGS, INC.

STOCK INCENTIVE PLAN

1. Purpose. DFG Holdings, Inc., a Delaware corporation (the "Company"), hereby adopts the DFG Holdings, Inc. Stock Incentive Plan (the "Plan"). The Plan is intended to recognize the contributions made to the Company by employees (including employees who are members of the Board of Directors) of the Company or any Affiliate, to provide such persons with additional incentive to devote themselves to the future success of the Company or an Affiliate, and to improve the ability of the Company or an Affiliate to attract, retain, and motivate individuals upon whom the Company's sustained growth and financial success depend, by providing such persons with an opportunity to acquire or increase their proprietary interest in the Company through receipt of rights to acquire the Company's Common Stock, par value of \$.001 per share (the "Common Stock"), and through the transfer or issuance of Common Stock. In addition, the Plan is intended as an additional incentive to directors of the Company who are not employees of the Company or an Affiliate to serve on the Board of Directors and to devote themselves to the future success of the Company by providing them with an opportunity to acquire or increase their proprietary interest in the Company through the receipt of rights to acquire Common Stock. Furthermore, the Plan may be used to encourage consultants and advisors of the Company to further the success of the Company.

2. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) "Act" means the Securities Act of 1933.

(b) "Affiliate" means a corporation which is a parent corporation or a subsidiary corporation with respect to the Company within the meaning of Section 424(e) or (f) of the Code.

(c) "Award" shall mean a transfer of Common Stock made pursuant to the terms of the Plan.

(d) "Award Agreement" shall mean the agreement between the Company and a Grantee with respect to an Award made pursuant to the Plan.

(e) "Board of Directors" means the Board of Directors of the Company.

(f) "Change of Control" shall have the meaning as set forth in Section 9 of the Plan.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall have the meaning set forth in Section 3 of the Plan.

(i) "Common Stock" shall have the meaning set forth in Section 1 of the Plan.

(j) "Company" means DFG Holdings, Inc., a Delaware corporation.

(k) "Disability" shall have the meaning set forth in Section 22(e) (3) of the Code.

(l) "Employee" means an employee of the Company or an Affiliate.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(n) "Fair Market Value" shall have the meaning set forth in Subsection 8(b) of the Plan.

(o) "Grantee" shall mean a person to whom an Award has been granted pursuant to the Plan.

(p) "ISO" means an Option granted under the Plan which is intended to qualify as an "incentive stock option" within the meaning of Section 422(b) of the Code.

(q) "Non-qualified Stock Option" means an Option granted under the Plan which is not intended to qualify, or otherwise does not qualify, as an "incentive stock option" within the meaning of Section 422(b) of the Code.

(r) "Option" means either an ISO or a Non-qualified Stock Option granted under the Plan.

(s) "Optionee" means a person to whom an Option has been granted under the Plan, which Option has not been exercised and has not expired or terminated.

(t) "Option Document" means the document described in Section 8 of the Plan, as applicable, which sets forth the terms and conditions of each grant of Options.

(u) "Option Price" means the price at which Shares may be purchased upon exercise of an Option, as calculated pursuant to Subsection 8(b) of the Plan.

(v) "SAR" shall have the meaning set forth in Section 11 of the Plan.

(w) "Shares" means the shares of Common Stock of the Company which are the subject of Options or granted as Awards under the Plan.

3. Administration of the Plan. The Board of Directors or a committee designated by it shall operate and administer the Plan. Any committee designated by the Board of Directors, and the Board of Directors itself in its administrative capacity with respect to the Plan, is referred to herein as the "Committee." The provisions set forth herein, as it pertains to members of the Committee, may be administered by the Board of Directors.

(a) Meetings. The Committee shall hold meetings at such times and places as it may determine, shall keep minutes of its meetings, and shall adopt, amend and revoke such rules or procedures as it may deem proper; provided, however, that it may take action only upon the agreement of a majority of the whole Committee. Any action which the Committee shall take through a written instrument signed by a majority of its members shall be as effective as though it had been taken at a meeting duly called and held.

(b) Exculpation. No member of the Board of Directors shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Options under the Plan, provided that this Subsection 3(b) shall not apply to (i) any breach of such member's duty of loyalty to the Company, an Affiliate, or the Company's stockholders, (ii) acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law, (iii) acts or omissions that would result in liability under applicable law, and (iv) any transaction from which the member derived an improper personal benefit.

(c) Indemnification. Each member of the Committee shall be entitled, without further act on his or her part, to indemnity from the Company and limitation of liability to the fullest extent provided by applicable law and by the Company's Certificate of Incorporation and/or By-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Options thereunder in which he or she may be involved by reason of his or her being or having been a member of the

Committee, whether or not he or she continues to be such member of the Committee at the time of the action, suit or proceeding.

(d) Interpretation. The Committee shall have the power and authority to interpret the Plan and to adopt rules and regulations for its administration that are not inconsistent with the express terms of the Plan. Any such actions by the Committee shall be final, binding and conclusive on all parties in interest.

4. Grants under the Plan. Grants under the Plan may be in the form of a Non-qualified Stock Option, an ISO or a combination thereof, at the discretion of the Committee.

5. Eligibility. All Employees, members of the Board of Directors and consultants and advisors to the Company shall be eligible to receive Options and Awards hereunder. Consultants and advisors shall be eligible only if they render bona fide services to the Company unrelated to the offer or sale of securities; provided, however, that the limitation contained in this sentence shall not apply to the extent that the inapplicability of such limitation will not disqualify the Common Stock from being eligible for registration on Form S-8 (or any successor form) under the Act. The Committee, in its sole discretion, shall determine whether an individual qualifies as an employee.

6. Shares Subject to Plan. The aggregate maximum number of Shares for which Awards or Options may be granted pursuant to the Plan is five hundred (500). The number of Shares which may be issued under the Plan shall be further subject to adjustment in accordance with Section 10. The Shares shall be issued from authorized and unissued Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If an Option terminates or expires without having been fully exercised for any reason or if Shares subject to an Award have been conveyed back to the Company pursuant to the terms of an Award Agreement, the Shares for which the Option was not exercised or the Shares that were conveyed back to the Company may again be the subject of one or more Options or Awards granted pursuant to the Plan.

7. Term of the Plan. The Plan is effective as of April 2, 1997, the date on which it was adopted by the Board of Directors, subject to the approval of the Plan within one year after such date by the stockholders in the manner required by state law. If the Plan is not so approved by the stockholders, all ISO's granted under the Plan shall be null and void. No ISO may be granted under the Plan after April 1, 2007.

8. Option Documents and Terms. Each Option granted under the Plan shall be a Non-qualified Stock Option unless the Option shall be specifically designated at the time of grant to be an ISO for Federal income tax purposes. If any Option designated an ISO is determined for any reason not to qualify as an incentive stock option within the meaning of Section 422 of the Code, such Option shall be treated as a Nonqualified Stock Option for all purposes under the provisions of the Plan. Options granted pursuant to the Plan shall be evidenced by the Option Documents in such form as the Committee shall from time to time approve, which Option Documents shall comply with and be subject to the following terms and conditions and such other terms and conditions as the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Option Shares. Each Option Document shall state the number of Shares to which it pertains. An Optionee may receive more than one Option, which may include Options which are intended to be ISO's and Options which are not intended to be ISO's, but only on the terms and subject to the conditions and restrictions of the Plan.

(b) Option Price. Each Option Document shall state the Option Price which, for a Nonqualified Stock Option, may be less than, equal to, or greater than the Fair Market Value of the Shares on the date the Option is granted and, for an ISO, shall be at least 100% of the Fair Market Value of the Shares on the date the Option is granted as determined by the Committee in accordance with this Subsection 8(b); provided, however, that if an ISO is granted to an Optionee who then owns, directly or by attribution under Section 424(d) of the Code, shares possessing more than ten percent of the total combined voting power of all classes of stock of the Company or an Affiliate, then the Option Price shall be at least 110% of the Fair Market Value of the Shares on the date the Option is granted. If the Common Stock is traded in a public

market, then the Fair Market Value per share shall be, if the Common Stock is listed on a national securities exchange or included in the NASDAQ System, the last reported sale price thereof on the relevant date, or, if the Common Stock is not so listed or included, the mean between the last reported "bid" and "asked" prices thereof on the relevant date, as reported on NASDAQ or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Committee determines. If the Common Stock is not traded in a public market, Fair Market Value shall be determined in good faith by the Committee.

(c) Exercise. No Option shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and (unless arrangements satisfactory to the Company have been made for payment through a broker in accordance with procedures permitted by Regulation P of the Federal Reserve Board) of payment in full of the Option Price for the Shares to be purchased. Each such notice shall specify the number of Shares to be purchased and shall (unless the Shares are covered by a then current registration statement or a Notification under Regulation A under the Act), contain the Optionee's acknowledgment in form and substance satisfactory to the Company that (a) such Shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Act), (b) the Optionee has been advised and understands that (i) the Shares have not been registered under the Act and are "restricted securities" within the meaning of Rule 144 under the Act and are subject to restrictions on transfer and (ii) the Company is under no obligation to register the Shares under the Act or to take any action which would make available to the Optionee any exemption from such registration, (c) such Shares may not be transferred without compliance with all applicable federal and state securities laws, and (d) an appropriate legend referring to the foregoing restrictions on transfer and any other restrictions imposed under the Option Documents may be endorsed on the certificates. Notwithstanding the foregoing, if the Company determines that issuance of Shares should be delayed pending (A) registration under federal or state securities laws, (B) the receipt of an opinion of counsel satisfactory to the Company that an appropriate exemption from such registration is available, (C) the listing or inclusion of the Shares on any securities exchange or an automated quotation system or (D) the consent or approval of any governmental regulatory body whose consent or approval is necessary in connection with the issuance of such Shares, the Company may defer exercise of any Option granted hereunder until any of the events described in this sentence has occurred.

(d) Medium of Payment. Subject to the terms of the applicable Option Document, an Optionee shall pay for Shares (i) in cash, (ii) by certified or cashier's check payable to the order of the Company, or (iii) by such other mode of payment as the Committee may approve, including payment through a broker in accordance with procedures permitted by Regulation P of the Federal Reserve Board. The Optionee may also exercise the Option in any manner contemplated by Section 11. Furthermore, the Committee may provide in an Option Document that payment may be made in whole or in part in shares of the Company's Common Stock held by the Optionee. If payment is made in whole or in part in shares of the Company's Common Stock, then the Optionee shall deliver to the Company certificates registered in the name of such Optionee representing the shares owned by such Optionee, free of all liens, claims and encumbrances of every kind and having an aggregate Fair Market Value on the date of delivery that is at least as great as the Option Price of the Shares (or relevant portion thereof) with respect to which such Option is to be exercised by the payment in shares of Common Stock, endorsed in blank or accompanied by stock powers duly endorsed in blank by the Optionee. In the event that certificates for shares of the Company's Common Stock delivered to the Company represent a number of shares in excess of the number of shares required to make payment for the Option Price of the Shares (or relevant portion thereof) with respect to which such Option is to be exercised by payment in shares of Common Stock, the stock certificate or certificates issued to the Optionee shall represent (i) the Shares in respect of which payment is made, and (ii) such excess number of shares. Notwithstanding the foregoing, the Committee may impose from time to time such limitations and prohibitions on the use of shares of the Common Stock to exercise an Option as it deems appropriate.

(e) Termination of Options.

(i) No Option shall be exercisable after the first to occur of the following:

(A) Expiration of the Option term specified in the Option Document, which, in the case of an ISO, shall not occur after (1) ten years from the date of grant, or (2) five years from the date of grant if the Optionee on the date of grant owns, directly or by attribution under Section 424(d) of the Code, shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of an Affiliate;

(B) Except to the extent otherwise provided in an Optionee's Option Document, a finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the Optionee, that the Optionee has been engaged in disloyalty to the Company or an Affiliate, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of the Optionee's employment or service, or has disclosed trade secrets or confidential information of the Company or an Affiliate. In such event, in addition to immediate termination of the Option, the Optionee shall automatically forfeit all Shares for which the Company has not yet delivered the share certificates upon refund by the Company of the Option Price. Notwithstanding anything herein to the contrary, the Company may withhold delivery of share certificates pending the resolution of any inquiry that could lead to a finding resulting in a forfeiture;

(C) The date, if any, set by the Board of Directors as an accelerated expiration date in the event of the liquidation or dissolution of the Company;

(D) The occurrence of such other event or events as may be set forth in the Option Document as causing an accelerated expiration of the Option; or

(E) Except as otherwise set forth in the Option Document and subject to the foregoing provisions of this Subsection 8(e), three months after the Optionee's employment or service with the Company or its Affiliates terminates for any reason other than Disability or death or one year after such termination due to Optionee's Disability or death. With respect to this Subsection 8(e) (i) (E), the only Options that may be exercised during the three-month or one-year period, as the case may be, are Options which were exercisable on the last date of such employment or service and not Options which, if the Optionee were still employed or rendering service during such three-month or one-year period, would become exercisable, unless the Option Document specifically provides to the contrary. The terms of an executive severance agreement or other agreement between the Company and an Optionee, approved by the Committee, whether entered into prior or subsequent to the grant of an Option, which provide for Option exercise dates later than those set forth in Subsection 8(e) (i) shall be deemed to be Option terms approved by the Committee and consented to by the Optionee.

(ii) Notwithstanding the foregoing, the Committee may extend the period during which all or any portion of an Option may be exercised to a date no later than the Option term specified in the Option Document pursuant to Subsection 8(e) (i) (A), provided that any change pursuant to this Subsection 8(e) (ii) which would cause an ISO to become a Non-qualified Stock Option may be made only with the consent of the Optionee.

(iii) Notwithstanding anything to the contrary contained in the Plan or an Option Document, an ISO shall be treated as a Non-qualified Stock Option to the extent such ISO is exercised at any time after the expiration of the time period permitted under the Code for the exercise of an ISO.

(f) Transfers. No Option granted under the Plan may be transferred, except by will or by the laws of descent and distribution except as otherwise set forth in the Option Document or to the extent that the Committee otherwise determines.

(g) Limitation on ISO Grants. To the extent that the aggregate fair market value of the shares of Common Stock (determined at the time the ISO is granted) with respect to which ISO's under all incentive stock option plans of the Company or its Affiliates are exercisable for the first time by the Optionee during any calendar year exceeds \$100,000, such ISO's shall, to the extent of such excess, be treated as Nonqualified Stock Options.

(h) Other Provisions. Subject to the provisions of the Plan, the Option Documents shall contain such other provisions including, without limitation, provisions authorizing the Committee to accelerate the exercisability of all or any portion of an Option granted pursuant to the Plan, rights of redemption by the Company, additional restrictions or conditions prior to or upon the exercise of the Option or additional limitations upon the term of the Option, as the Committee shall deem advisable.

(i) Amendment. Subject to the provisions of the Plan, the Committee shall have the right to amend any Option Document or Award Agreement issued to an Optionee or Award holder, subject to the Optionee's or Award holder's consent if such amendment is not favorable to the Optionee or Award holder, or if such amendment has the effect of changing an ISO to a Non-Qualified Stock Option, except that the consent of the Optionee or Award holder shall not be required for any amendment made pursuant to Subsection 8(e)(i)(C) or Section 9 of the Plan, as applicable.

9. Change of Control. In the event of a Change of Control, the Committee may take whatever actions it deems necessary or desirable with respect to any of the Options outstanding which need not be treated identically, including, without limitation, accelerating (a) the expiration or termination date in the respective Option Documents to a date no earlier than thirty (30) days after notice of such acceleration is given to the Optionees, or (b) the exercisability of the Option. Notwithstanding the foregoing, in the event of a Change of Control, Options granted pursuant to the Plan will become automatically exercisable in full but only with respect to those Optionees who, in the good faith determination of the Board of Directors, are likely to have their relationship with the Company or any Affiliate of the Company terminated (including constructive termination through a significant decrease in authority, responsibility or overall total compensation) as a result of such Change of Control.

A "Change of Control" shall be deemed to have occurred upon the earliest to occur of the following events:

(i) W.G. Corporate Development Associates IV, L.P. and W.G. Corporate Development Associates IV (Overseas), Ltd., collectively, shall cease to own equity securities having at least 51% of the voting power of Holdings other than by reason of, or as a result of, a public offering of Holdings' shares; provided, however, that shares of Holdings held by (i) any liquidating trust for either of said parties, (ii) the partners or stockholders of either of said parties, (iii) the partners or stockholders of either of said parties in the event of the liquidation of such parties, or (iv) any venture capital or management buy out fund sponsored by Weiss, Peck & Greer shall not be deemed to constitute a Change of Control for the purposes of this subparagraph (i); or

(ii) the Company becomes a subsidiary of another unaffiliated corporation or shall be merged or consolidated into another unaffiliated corporation.

10. Adjustments on Changes in Capitalization.

(a) In the event that the outstanding Shares are changed by reason of a reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination or exchange of shares and the like (not including the issuance of Common Stock on the conversion of other securities of the Company which are outstanding on the date of grant and which are convertible into Common Stock) or dividends payable in Shares, an equitable adjustment shall be made by the Committee in the aggregate number of shares available under the Plan and in the number of Shares and price per Share subject to outstanding Options. Unless the Committee makes other provisions for the equitable settlement of outstanding Options, if the Company shall be reorganized, consolidated, or merged with another corporation or other legal entity,

or if all or substantially all of the assets of the Company shall be sold or exchanged, an Optionee shall at the time of issuance of the stock under such corporate event be entitled to receive upon the exercise of his or her Option the same number and kind of shares of stock or the same amount of property, cash or securities as he or she would have been entitled to receive upon the occurrence of any such corporate event as if he or she had been, immediately prior to such event, the holder of the number of Shares covered by his or her Option.

(b) Any adjustment under this Section 10 in the number of Shares subject to Options shall apply proportionately to only the unexercised portion of any Option granted hereunder. If fractions of a Share would result from any such adjustment, the adjustment shall be revised to the next lower whole number of Shares.

(c) The Committee shall have authority to determine the adjustments to be made under this Section, and any such determination by the Committee shall be final, binding and conclusive.

11. Stock Appreciation Rights (SARs).

(a) In General. Subject to the terms and conditions of the Plan, the Committee may, in its sole and absolute discretion, grant to an Optionee the right to surrender an Option to the Company, in whole or in part, and to receive in exchange therefor payment by the Company of an amount equal to the excess of the Fair Market Value of the shares of Common Stock subject to such Option, or portion thereof, so surrendered (determined in the manner described in section 8(b) as of the date the SARs are exercised) over the exercise price to acquire such shares (which right shall be referred to as an "SAR"). Except as may otherwise be provided in an Option Document, such payment may be made, as determined by the Committee in accordance with subsection 11(c) below and set forth in the Option Document, either in shares of Common Stock or in cash or in any combination thereof.

(b) Grant. Each SAR shall relate to a specific Option granted under the Plan and shall be granted to the Optionee concurrently with the grant of such Option by inclusion of appropriate provisions in the Option Document pertaining thereto. The number of SARs granted to an Optionee shall not exceed the number of shares of Common Stock which such Optionee is entitled to purchase pursuant to the related Option. The number of SARs held by an Optionee shall be reduced by (i) the number of SARs exercised under the provisions of the Option Document pertaining to the related Option, and (ii) the number of shares of Common Stock purchased pursuant to the exercise of the related Option.

(c) Payment. The Committee shall have sole discretion to determine whether payment in respect of SARs granted to any Optionee shall be made in shares of Common Stock, or in cash, or in a combination thereof. If payment is made in Common Stock, the number of shares of Common Stock which shall be issued pursuant to the exercise of SARs shall be determined by dividing (i) the total number of SARs being exercised, multiplied by the amount by which the Fair Market Value (as determined under section 8(b)) of a share of Common Stock on the exercise date exceeds the exercise price for shares covered by the related Option, by (ii) the Fair Market Value of a share of Common Stock on the exercise date of the SARs. No fractional share of Common Stock shall be issued on exercise of an SAR; cash may be paid by the Company to the individual exercising an SAR in lieu of any such fractional share. If payment on exercise of an SAR is to be made in cash, the individual exercising the SAR shall receive in respect of each share to which such exercise relates an amount of money equal to the difference between the Fair Market Value of a share of Common Stock on the exercise date and the exercise price for shares covered by the related Option.

(d) Limitations. SARs shall be exercisable at such times and under such terms and conditions as the Committee, in its sole and absolute discretion, shall determine; provided, however, that an SAR may be exercised only at such times and by such individuals as the related Option under the Plan and the Option Agreement may be exercised.

12. Terms and Conditions of Awards. Awards granted pursuant to the Plan shall be evidenced by written Award Agreements in such form as the Committee shall from time to time approve, which Award

Agreements shall comply with and be subject to the following terms and conditions and such other terms and conditions which the Committee may from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Shares. Each Award Agreement shall state the number of shares of Common Stock to which it pertains.

(b) Purchase Price. Each Award Agreement shall specify the purchase price, if any, which applies to the Award. If the Board specifies a purchase price, the Grantee shall be required to make payment on or before the date specified in the Award Agreement. A Grantee shall pay for Shares (i) in cash, (ii) by certified check payable to the order of the Company, or (iii) by such other mode of payment as the Committee may approve.

(c) Grant. In the case of an Award which provides for a grant of Shares without any payment by the Grantee, the grant shall take place on the date specified in the Award Agreement. In the case of an Award which provides for a payment, the grant shall take place on the date the initial payment is delivered to the Company, unless the Committee or the Award Agreement otherwise specifies. Stock certificates evidencing Shares granted pursuant to an Award shall be issued in the sole name of the Grantee. Notwithstanding the foregoing, as a precondition to a grant, the Company may require an acknowledgment by the Grantee as required with respect to Options under Section 8.

(d) Conditions. The Committee may specify in an Award Agreement any conditions under which the Grantee of that Award shall be required to convey to the Company the Shares covered by the Award. Upon the occurrence of any such specified condition, the Grantee shall forthwith surrender and deliver to the Company the certificates evidencing such Shares as well as completely executed instruments of conveyance. The Committee, in its discretion, may provide that certificates for Shares transferred pursuant to an Award be held in escrow by the Company or an officer of the Company until such time as each and every condition has lapsed and that the Grantee be required, as a condition of the Award, to deliver to such escrow agent or Company officer stock powers covering the Award Shares duly endorsed by the Grantee. Unless otherwise provided in the Award Agreement, distributions made on Shares held in escrow will be deposited in escrow, to be distributed to the party becoming entitled to the Shares on which the distribution was made. Stock certificates evidencing Shares subject to conditions shall bear a legend to the effect that the Common Stock evidenced thereby is subject to repurchase or conveyance to the Company in accordance with an Award made under the Plan and that the Shares may not be sold or otherwise transferred.

(e) Lapse of Conditions. Upon termination or lapse of each and every forfeiture condition, if any, the Company shall cause certificates without the legend referring to the Company's repurchase right (but with any other legends that may be appropriate) evidencing the Shares covered by the Award to be issued to the Grantee upon the Grantee's surrender of the legended certificates held by him or her to the Company.

(f) Rights as Stockholder. Upon payment of the purchase price, if any, for Shares covered by an Award and compliance with the acknowledgment requirement of subsection 12(c), the Grantee shall have all of the rights of a stockholder with respect to the Shares covered thereby, including the right to vote the Shares and receive all dividends and other distributions paid or made with respect thereto, except to the extent otherwise provided by the Committee or in the Award Agreement.

13. Amendment of the Plan. The Board of Directors of the Company may amend the Plan from time to time in such manner as it may deem advisable. Nevertheless, the Board of Directors of the Company may not change the class of individuals eligible to receive an ISO or increase the maximum number of Shares as to which Options may be granted without obtaining approval, within twelve months before or after such action, by the stockholders in the manner required by state law.

14. No Commitment to Retain. The grant of an Option or Award pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Affiliate to retain the Optionee or Grantee as an employee, consultant or advisor of the Company or any Affiliate, as a member of the Board of Directors or in any other capacity.

15. Withholding of Taxes. In connection with any event relating to an Option or Award, the Company shall have the right to (a) require the recipient to remit or otherwise make available to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such Shares or (b) take whatever other action it deems necessary to protect its interests with respect to tax liabilities. The Company's obligations under the Plan shall be conditioned on the Optionee's or Grantee's compliance, to the Company's satisfaction, with any withholding requirement.

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TERMINATION AGREEMENT

THIS TERMINATION AGREEMENT dated as of June 30, 1997 by and among Donald F. Gayhardt, Jr., a resident of the Commonwealth of Pennsylvania ("Employee"), DFG Holdings, Inc., a Delaware corporation ("Holdings"), and Dollar Financial Group, Inc., a New York corporation ("DFGI"; together with Holdings, the "Employer").

WHEREAS, Employer and Employee are parties to a certain employment agreement dated as of August 8, 1996 (the "Employment Agreement");

WHEREAS, Employee desires to terminate his employment with Employer; and

WHEREAS, Employee and Employer desire to set forth the terms and conditions agreed by the parties in connection with such termination.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the parties hereby agree as follows:

1. Termination of Employment. Employee's employment with Employer shall terminate effective June 30, 1997 (the "Termination Date"). The parties' respective obligations under the Employment Agreement (other than as set forth herein) shall terminate as of such date; provided, that the provisions of Section 10, Section 11, Section 13, Section 14, Section 15 and Section 16 of the Employment Agreement shall remain in full force and effect pursuant to their respective terms. Employer shall continue to pay Employee's base salary as currently in effect for all work through and including June 30, 1997 in accordance with the current payroll practices of Employer.

Employee hereby resigns all of his positions as a director and/or officer of Holdings, DFGI and each other entity listed on Schedule 1 attached hereto, effective June 30, 1997.

2. Incentive Compensation. Notwithstanding the terms of any provision set forth in the Employment Agreement, Employer's sole obligation to Employee regarding the payment of incentive compensation pursuant to Section 5 of the Employment Agreement shall be to pay to Employee an amount of \$96,000 on or prior to the date sixty (60) days from the Termination Date.

3. Consulting Agreement. Employer hereby agrees to retain Employee, and Employee hereby agrees to serve, as a consultant to Employer to work on projects specified by senior management of Employer. Employee agrees to provide consulting services for not less than one full work day per week for a period of six (6) months after the Termination Date. In

consideration of such services, Employer agrees to pay Employee an amount of \$5,000 per month (subject to withholding of applicable federal, state and local taxes and FICA and FUTA contributions), payable on the last day of each month, and to reimburse Employee for all reasonable, documented, out-of-pocket expenses incurred by Employee in the course of performing such consulting services.

4. Options. Notwithstanding the provisions of Section 6 of the Employment Agreement, Employer and Employee hereby agree as follows:

(a) Holdings hereby acknowledges and agrees that as of June 30, 1997, Employee holds Options (as defined in the Employment Agreement) to purchase 875 shares of common stock, without par value ("Common Stock"), of Holdings and all such Options are fully vested and exercisable. Holdings hereby further agrees and acknowledges that, notwithstanding anything contained in Section 6.D. of the Employment Agreement, the number of shares of Common Stock subject to Options has not been and shall not be reduced by reason of such Section 6.D. Employer consents to, and hereby waives any restrictions contained in the Employment Agreement relating to, the sale of all of such Options to General Electric Capital Corporation, a New York corporation and a shareholder of Holdings ("GE Capital") for an aggregate consideration of \$525,000 pursuant to the Stock Purchase Agreement dated as of June 30, 1997 between GE Capital, Employee, Agnes Gayhardt and Holdings (the "Stock Purchase Agreement"). Holdings hereby acknowledges the intent of GE Capital to exercise the Options immediately upon such purchase.

(b) Employee and Holdings hereby acknowledge and agree that, as of June 30, 1997, the Additional Options (as defined in the Employment Agreement) shall be canceled and void and of no further force or effect.

(c) Employee and Holdings hereby agree that as of June 30, 1997, with respect to the Supplemental Options (as defined in the Employment Agreement), all Supplemental Options, other than Supplemental Options to acquire 150 shares of Common Stock, shall be canceled and void and have no further force or effect. The Supplemental Options to purchase 150 shares of Common Stock (the "Retained Supplemental Options") which shall remain outstanding, shall be exercisable in the event that Weiss, Peck & Greer has realized an internal rate of return of thirty-five percent (35%) or greater in its equity investment in Employer made concurrent with the execution of the Employment Agreement. The Retained Supplemental Options shall have a term of ten (10) years from August 8, 1996. All shares of Common Stock issuable upon the exercise of the Retained Supplemental Options shall be subject to the terms of the Amended and Restated Shareholders Agreement dated as of August 8, 1996, by and among Holdings, DFGI, Employee, GE Capital, and the other shareholders of Holdings and other parties signatory thereto, as amended (the "Shareholders Agreement"). Employee further acknowledges and agrees that, after the date hereof, Employee shall no longer be deemed to be a "Management Shareholder" under the Shareholders Agreement. The Retained Supplemental Options shall remain personal to the Employee and are non-transferable, except that upon the Employee's death, the Retained Supplemental Options shall be transferable to his personal representative.

Employer shall not be obligated to make an Option Loan (as defined in the Employment Agreement) with respect to the exercise of the Retained Supplemental Options. The provisions of Paragraph 6.F. of the Employment Agreement shall apply to the Retained Supplemental Options.

5. General Release.

(a) In consideration for Employer's payments set forth above in Paragraphs 2 and 3 and Employer's agreements in Paragraph 4, and for GE Capital executing and performing the transactions contemplated by the Stock Purchase Agreement, Employee agrees, intending to be legally bound, to release and forever discharge Holdings, DFGI and each of their past, present and future officers, directors, attorneys, employees, partners, shareholders, owners and agents, and their respective successors and assigns (collectively, "Employer Releasees"), jointly and severally, from any and all actions, complaints, charges, causes of action, lawsuits or claims of any kind (collectively "Claims"), known or unknown, which Employee, his heirs, agents, successors or assigns ever had, now have or hereafter may have, against Employer Releasees arising out of any matter, occurrence or event existing or occurring prior to the execution hereof, including, without limitation: any claims relating to or arising out of Employee's employment with and/or the termination of employment with Employer; any claims for unpaid or withheld wages, severance, benefits, bonuses, commissions and/or other compensation of any kind; any claims for attorneys' fees, costs or expenses; any claims arising under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); any claims of discrimination and/or harassment based on age, sex, race, religion, color, creed, disability, handicap, citizenship, national origin, ancestry, sexual preference or orientation, or any other factor prohibited by Federal, state or local law (including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, and the Commonwealth of Pennsylvania's Human Relations Act); any claims for reemployment or reinstatement; any claims for retaliation and/or any whistleblower claims; and/or any other statutory or common law claims, now existing or hereinafter recognized, including, but not limited to, breach of contract, libel, slander, fraud, infliction of emotional distress, wrongful discharge, breach of covenant of good faith and fair dealing, promissory estoppel, equitable estoppel and misrepresentation. The general release granted by Employee pursuant to this Paragraph 5(a) shall be referred to herein as the "General Release."

(b) Holdings and DFGI hereby release Employee, his heirs and assigns (collectively, "Employee Releasees") from any and all Claims, known or unknown, arising out of any matter, occurrence or event existing or occurring prior to the execution hereof, in connection with Employee's service as a director, officer or employee of Holdings, DFGI or any of their respective subsidiaries, other than claims arising from the gross negligence, acts in bad faith or willful misconduct of Employee. The release granted by Holdings and DFGI pursuant to this paragraph 5(b) shall be referred to herein as the "Limited Release."

6. Reservation of Certain Rights by Employee; Enforceability of Agreement; Indemnity.

(a) Notwithstanding the provisions of the General Release in Paragraph 5(a), Employee reserves all rights as an officer, director and employee of Holdings, DFGI and their respective subsidiaries in connection with indemnification and the advancement of fees pursuant to Section 145 of the Delaware General Corporation Law, any other applicable state statute regarding indemnification and the advancement of fees, applicable by-laws and any indemnification agreements or provisions.

(b) Neither the General Release in Paragraph 5(a) above nor the Limited Release in Paragraph 5(b) above applies to any claims to enforce this Agreement or the Stock Purchase Agreement or to any claims arising out of any matter, occurrence or event occurring after the execution of this Agreement. It is expressly agreed and understood that the General Release and the Limited Release apply to claims relating to or arising out of the voluntary termination of Employee's employment with Employer and other matters addressed herein.

(c) In the event a party breaches this Agreement by bringing a Claim released pursuant to Paragraph 5 above, the breaching party shall indemnify and hold harmless Employer Releasees or Employee Releasees, as applicable, for any losses suffered or incurred by Employer Releasees or Employee Releasees, as applicable, in connection with the bringing of such claim, including any attorneys' fees, costs or expenses which may be incurred in defending the released Claim. Notwithstanding the foregoing, the General Release set forth in Paragraph 5(a) and the Limited Release set forth in Paragraph 5(b) above shall remain in full force and effect.

7. Termination Voluntary. Employer hereby acknowledges that Employee is voluntarily terminating his employment with Employer. Employee acknowledges and agrees that any payments by Employer under Paragraphs 2 and 3 and the agreement by Employer under Paragraph 4 above are not required by any policy, plan or prior agreement and constitute adequate consideration to support Employee's General Release in Paragraph 5 above.

8. Benefits.

(a) Employee's coverage in the Employer's group health benefit plans shall terminate as of the Termination Date in accordance with the terms of those plans. However, Employee will be eligible to continue to participate in such plans at Employee's expense pursuant to COBRA, subject to COBRA's eligibility requirements and other terms, conditions, restrictions and exclusions. Employee will receive additional information about his COBRA rights from Employer within a reasonable period of time after the date hereof. All other insurance benefits coverage will terminate effective on the Termination Date, including life and long-term disability coverage.

(b) Employee will not forfeit any benefits vested prior to the termination of his employment under Employer's 401(k) plan, subject to the terms, conditions and restrictions of such plan. Employee will not accrue any additional benefits under the 401(k) plan after the Termination Date.

9. Confidential Information.

(a) Employee hereby acknowledges and agrees that Employee is prohibited from using or disclosing confidential information ("Confidential Information") which Employee acquired in the course of his employment with Employer. Confidential Information shall not include any information which is generally known by or readily accessible to the public (other than by reason of a breach by Employee of his obligations hereunder or under any other confidentiality agreement between Employee and Employer). Confidential Information shall include, but not be limited to: information about the business, marketing, accounting or legal practices, plans or strategies of Employer; information about clients or customers of Employer, such as their identities or other account information; "inside information" about Employer, such as advance information on acquisitions, earnings, dividends, securities offerings, major contract awards, important discoveries or inventions, voluntary calling of debt issues and imminent litigation or governmental proceedings; information concerning the earnings, methods for doing business or research and development projects or plans of Employer, and/or the names and/or addresses of the employees, suppliers, clients or customers or potential clients or customers of Employer, and/or information regarding the human resources practices, procedures or policies of Employer, including with respect to employee compensation and benefits.

(b) In the event Employee receives a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of any information which Employee acquired in the course of his employment, Employee must notify immediately, in writing, via certified mail, Employer, c/o Dollar Financial Group, Inc., 1436 Lancaster Avenue, Suite 210, Berwyn, PA 19312, Attention: President. If the request or demand is in conjunction with judicial, administrative, arbitration or other adversarial proceedings, copies of all correspondence regarding the request or demand shall be included with the information sent to Employer. Any and all documents relating to the request or demand shall be included with the notification. Employee shall wait a minimum of ten (10) days after sending the letter before making a disclosure or production to give Employer time to determine whether the disclosure or production involves Confidential Information, in which event Employer may seek to prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order with regard thereto. Employee may only disclose Confidential Information after waiting the ten (10) days referred to in the prior sentence if the request or demand for such information is in connection with judicial, administrative, arbitration and all other adversarial proceedings and then only to the extent that such disclosure is required by court order.

10. Confidential Nature of Agreement. Employee hereby agrees that, at all times, the existence, terms and conditions of this Agreement will be kept secret and confidential and will not be disclosed voluntarily to any third party (other than to investors or potential

investors), except to the extent required by law, to enforce the Agreement or to obtain confidential legal, tax or financial advice with respect thereto.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard for the conflict of law principles thereof.

12. No Admission. Nothing in this Agreement shall be construed as an admission or concession of liability or wrongdoing by Employer or any other Employer Releasee as defined above. This Agreement is being executed and delivered by the parties for the sole purpose of settling amicably obligations under the Employment Agreement and any and all possible disputes between the parties.

13. Binding Effect; Partial Invalidity. If any provision of this Agreement is deemed unlawful or unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any and all prior agreements, written or oral, expressed or implied, between Employee and any Employer Releasee.

15. Acknowledgment of Employee. Employee hereby agrees and represents that:

(a) Employee has read carefully the terms of this Agreement, including the General Release;

(b) Employee has had an opportunity to and has reviewed this Agreement, including the General Release, with Employee's attorney, Matthew A. Taylor, Esq., Taylor & Taylor, Philadelphia, PA 19103;

(c) Employee understands the meaning and effect of the terms of this Agreement, including the General Release;

(d) Employee received as much time as he needed to determine whether he wished to enter into this Agreement, including the General Release;

(e) The entry into and execution of this Agreement, including the General Release, is of Employee's own free and voluntary act without compulsion of any kind;

(f) No promise or inducement not expressed herein has been made to Employee; and

(g) Employee has adequate information to make a knowing and voluntary waiver.

16. Third Party Beneficiaries. Nothing in this Agreement is intended to or shall create any third-party beneficiary rights in any person or entity; provided, that GE Capital shall be an express third-party beneficiary of Employee's agreements, acknowledgments, consents and waivers contained in Section 4(a) hereof and each party to the Shareholders Agreement shall be an express third-party beneficiary of Employee's agreements, acknowledgements contained in the fourth and fifth sentences of Section 4(c) hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date first above written.

DFG HOLDINGS, INC.

By: _____
Jeffrey Weiss
President

DOLLAR FINANCIAL GROUP, INC.

By: _____
Jeffrey Weiss
President

EMPLOYEE

Donald F. Gayhardt, Jr.

Schedule 1

Albuquerque Investments, Inc.
Any Kind Check Cashing Centers, Inc.
Check Mart of Louisiana, Inc.
Check Mart of New Mexico, Inc.
Check Mart of Pennsylvania, Inc.
Check Mart of Texas, Inc.
Check Mart of Utah, Inc.
Check Mart of Washington, Inc.
Check Mart of Washington, D.C., Inc.
Check Mart of Wisconsin, Inc.
DFG Warehousing Co., Inc.
Dollar Financial Insurance Corp.
Dollar Insurance Administration Corp.
Financial Exchange Company of Michigan, Inc.
Financial Exchange Company of Ohio, Inc.
Financial Exchange Company of Pennsylvania, Inc.
Financial Exchange Company of Pittsburgh, Inc.
Financial Exchange Company of Virginia, Inc.
L.M.S. Development Corporation
Monetary Management Corp.
Monetary Management Corporation of Pennsylvania, Inc.
Monetary Management of California, Inc.
Monetary Management of Maryland, Inc.
Monetary Management of New York, Inc.
Pacific Ring Enterprises, Inc.
U.S. Check Exchange Limited Partnership

LIMITED WAIVER

This Limited Waiver is made effective as of June 30, 1997, by and among DFG Holdings, Inc., a Delaware corporation ("Holdings"), General Electric Capital Corporation, a New York corporation ("GE Capital"), WPG Corporate Development Associates IV, L.P., a Delaware limited partnership ("CDA IV Domestic"), WPG Corporate Development Associates IV (Overseas), L.P., a Cayman Islands exempt limited partnership ("CDA IV Overseas"; with CDA IV Domestic, the "CDA Funds"), Jeffrey Weiss ("Weiss"), Pegasus Partners, L.P., a Delaware limited liability company ("Pegasus I"), PAG Dollar Investors LLC, a Delaware limited liability company ("Pegasus II" and, together with Pegasus I, "Pegasus"), Donald F. Gayhardt, Jr. ("Gayhardt") (collectively, the "Shareholders").

WHEREAS, Holdings, Dollar Financial Group, Inc., a New York corporation ("DFGI"), and Gayhardt are parties to a certain employment agreement dated as of August 8, 1996 (the "Employment Agreement");

WHEREAS, the Shareholders, other holders of the shares of the Common Stock, without par value, of Holdings ("Common Stock"), and holders of warrants to purchase shares of Common Stock are parties to that certain Amended and Restated Shareholders Agreement, dated as of August 8, 1996, as amended (the "Shareholders Agreement");

WHEREAS, Gayhardt desires to terminate his employment with Holdings and DFGI; and

WHEREAS, in connection with such termination, the Shareholders desire to resolve certain issues with respect to the purchase of 39.58 shares of Common Stock (the "Shares") and 875 Options (as defined in the Employment Agreement) from Gayhardt by GE Capital.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises of the parties set forth herein and for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Waiver. The Shareholders hereby waive any right they may have pursuant to any provision of Article II, Article III or Section 5.13 and 5.14 of the Shareholders Agreement that has not been complied with in connection with, and agree not to enforce any restriction connected in any such provision that has not been complied with in connection with the purchase by GE Capital of the Shares and the Options from Gayhardt pursuant to the terms and conditions of the Stock Purchase Agreement dated as of June 30, 1997 by and between GE Capital, Gayhardt, Agnes Gayhardt and Holdings, and the exercise of such Options by GE Capital pursuant to such Stock Purchase Agreement; provided, that the Shares and the shares of Common Stock issuable to GE Capital upon the exercise of such Options shall be subject in all respects to the terms and provisions of the Shareholders Agreement.

2. Exercise of Repurchase Right. The purchase of the Shares by GE Capital shall be deemed to be pursuant to the exercise of a Repurchase Right by GE Capital in accordance with Section 3.2(b) of the Shareholders Agreement.

3. Representation and Warranty by Investors. Each of GE Capital, CDA IV Domestic, CDA IV Overseas, Pegasus I and Pegasus II hereby severally represents and warrants that, as of the date hereof, none of such parties has transferred any shares of Common Stock since August 8, 1996, and that, to the best knowledge of each such party, there are no other "Investors," as such term is defined in the Shareholders Agreement, other than such parties.

4. Controlling Law. This Limited Waiver and all questions relating to this validity, interpretation, performance and enforcement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made in that state.

5. Execution in Counterparts. This Limited Waiver may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

IN WITNESS WHEREOF, the parties have executed and delivered this Limited Waiver as of the day and year first above written.

DFG HOLDINGS, INC.

By: _____
Jeffrey Weiss
President

GENERAL ELECTRIC CAPITAL CORPORATION

By: _____
Name:
Title:

(continued next page)

WPG CORPORATE DEVELOPMENT ASSOCIATES IV, L.P.

By: _____
Name:
Title:

WPG CORPORATE DEVELOPMENT ASSOCIATES IV
(OVERSEAS), L.P.

By: _____
Name:
Title:

Jeffrey Weiss

PEGASUS PARTNERS, L.P.

By: _____
Name:
Title:

PAG DOLLAR INVESTORS LLC

By: _____
Name:
Title:

Donald F. Gayhardt, Jr.

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (the "Agreement") is made as of June 30, 1997 by and among General Electric Capital Corporation, a New York corporation ("Buyer"), Donald F. Gayhardt, Jr. ("Seller"), Seller's spouse, Agnes Gayhardt, and DFG Holdings, Inc., a Delaware corporation ("Holdings").

WITNESSETH:

WHEREAS, Seller is presently the record and beneficial owner of thirty-nine and fifty-eight hundredths (39.58) shares (the "Shares") of common stock, without par value ("Common Stock"), of Holdings and Seller also holds options to purchase eight hundred seventy-five (875) shares of Common Stock (the "Options");

WHEREAS, Seller desires to sell to Buyer the Shares and the Options subject to the terms and conditions set forth herein, and Buyer desires to buy from Seller the Shares and the Options subject to the terms and conditions set forth herein;

WHEREAS, the transfer of the Shares by Seller is subject to certain restrictions pursuant to the terms of an Amended and Restated Shareholders Agreement dated as of August 8, 1996 among Holdings, Dollar Financial Group, Inc. ("DFGI"), Seller, Buyer and all other shareholders of record of Holdings, and other parties signatory thereto, as amended (the "Shareholders Agreement"); and

WHEREAS, the transfer of the Options by Seller is subject to certain restrictions pursuant to the terms of the employment agreement among DFGI, Holdings and Seller, dated as of August 8, 1996 (the "Employment Agreement"), which restrictions are being waived by DFGI and Holdings pursuant to a Termination Agreement dated as of June 30, 1997 by and among Seller, Holdings and DFGI.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Purchase and Sale of the Shares and the Options; Exercise of Options.

A. Subject to the terms and conditions of this Agreement, Seller hereby sells, assigns, transfers and sets over unto Buyer the Shares and the Options free and clear of all liens, security interests, pledges, restrictions on transfer, shareholders' agreements or any other encumbrances, other than the Shareholders Agreement, and Buyer hereby purchases from Seller the Shares and the Options. The effective date of such purchases and sales shall be June 30,

1997. Seller shall sell and Buyer shall purchase the Shares for the aggregate Share Purchase Price, as defined in Section 2 hereof, and Seller shall sell and Buyer shall purchase the Options for the aggregate Option Purchase Price, as defined in Section 2 hereof. The Share Purchase Price and the Option Purchase Price shall be paid in accordance with the terms hereof.

B. Buyer hereby exercises the Options. In connection with such exercise of the Options, Holdings hereby issues and sells to Buyer free and clear of all liens, security interest, pledges or transfers, shareholders' agreements or any other encumbrances, other than the Shareholders Agreement, and Buyer hereby purchases from Holdings, a total of 875 shares of Common Stock (the "Option Shares") for a purchase price of \$875,000 in the aggregate (the "Option Shares Purchase Price"). The Option Shares Purchase Price shall be paid in accordance with the terms hereof.

2. Purchase Price for the Shares and the Options.

A. Seller and Buyer agree that the purchase price for the Shares shall be One Thousand Six Hundred Dollars (\$1,600.00) per Share for an aggregate purchase price of Sixty- Three Thousand Three Hundred Twenty-Eight Dollars (\$63,328.00) (the "Share Purchase Price").

B. Seller and Buyer agree that the purchase price for the Options shall be Six Hundred Dollars (\$600.00) per Option for an aggregate purchase price of Five Hundred Twenty- Five Thousand Dollars (\$525,000.00) (the "Option Purchase Price").

3. Payment of the Share Purchase Price, the Option Purchase Price and the Option Shares Purchase Price.

A. On June 30, 1997, or such other date as agreed by Buyer and Seller, the aggregate amount of the Share Purchase Price and the Option Purchase Price, an amount equal to Five Hundred Eighty-Eight Thousand Three Hundred Twenty-Eight Dollars (\$588,328.00), shall be paid by Buyer as follows: Five Hundred Sixty-Six Thousand Fifteen Dollars and Fifty Cents (\$566,015.50) shall be paid directly to Seller in cash by delivery of a certified or bank cashier's check, payable to the order of Seller or, at Seller's option, by wire transfer of immediately available funds into an account designated by Seller and Twenty-Two Thousand Three Hundred Twelve Dollars and Fifty Cents (\$22,312.50) shall be paid to Holdings in cash by delivery of a certified or bank cashier's check, payable to the order of Holdings or, at the option of Holdings, by wire transfer of immediately available funds into an account designated by Holdings for use by Holdings to satisfy its withholding obligation under the Internal Revenue Code of 1986, as amended, in connection with the sale of the Options pursuant to the terms of this Agreement.

B. Seller and Buyer hereby acknowledge and agree that the Share Purchase Price and the Option Purchase Price constitute full and fair consideration for the Shares and the Options, and upon delivery of the consideration for the Shares and the Options as provided in

this Section, Buyer shall have delivered, and Seller shall have received, full and fair consideration for the Shares and the Options.

C. On June 30, 1997, or such other date as agreed by Buyer and Holdings, the aggregate amount of the Option Shares Purchase Price, an amount equal to Eight Hundred Seventy-Five Thousand Dollars (\$875,000) shall be paid by Buyer to Holdings in cash by delivery of a certified or bank cashier's check payable to the order of Holdings, or at the option of Holdings, by wire transfer of immediately available funds to an account designated by Holdings.

4. Dividends and Arrearages. Seller hereby acknowledges and agrees that Holdings is not indebted to Seller on account of any dividends or other distributions, on or with respect to the Shares, which have been declared by Holdings' Board of Directors and which remain unpaid on the date hereof.

5. Representations and Warranties of Seller. As to the purchase and sale of the Shares and the Options hereunder, Seller hereby represents and warrants to Buyer that:

A. Seller is the record and beneficial owner of the Shares and the Options (which term, for purposes of this Section 5, shall include any shares of Common Stock issuable upon the exercise of Options). The Shares and the Options are being sold, assigned, transferred and set over to Buyer free and clear of all liens, encumbrances, pledges, restrictions on transfer, claims for equitable distribution and any other rights of others, of any nature whatsoever (other than those in connection with the restrictions set forth in the Shareholders Agreement), and there is no outstanding agreement to sell the Shares or the Options to any person or entity or any right or option on the part of any other person or entity to purchase or require the sale of the Shares or the Options or any portion thereof, except as contemplated hereby and in the Shareholders Agreement and the Employment Agreement.

B. Seller has not at any time made or agreed to vote in respect of, or make any transfer of the Shares or the Options or any portion of the Shares or the Options other than in compliance with the terms of the Shareholders Agreement and the Employment Agreement or as contemplated hereby.

C. This Agreement and each of Seller's Ancillary Documents, which term shall mean, for the purposes of this Agreement, each document, instrument and agreement executed by Seller in connection with this Agreement and all transactions contemplated herein or therein by Seller, are the legal, valid and binding obligation of Seller, each enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditors' rights generally. The enforceability of Seller's obligations hereunder and thereunder is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

6. Representations, Warranties and Acknowledgments of Buyer. As to each purchase and sale of the Shares and the Options hereunder, Buyer hereby represents and warrants to Seller as follows:

A. Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the state of its incorporation.

B. Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to repurchase the Shares and the Options. The execution, delivery and performance of this Agreement and each of Buyer's Ancillary Documents, which term shall mean, for the purposes of this Agreement, each document, instrument and agreement executed by Buyer in connection with this Agreement and all transactions contemplated herein or therein by Buyer, will not, with or without the giving of notice or the passage of time, or both, conflict with, result in a default under, give rise to a right to accelerate or loss of rights under, or result in the creation of any encumbrance pursuant to, or require the consent of any third party that has not been obtained or governmental authority pursuant to (a) the Certificate of Incorporation or By-laws of Buyer, in each case as last amended, or (b) any franchise, mortgage, indenture or deed of trust or any license, lease or other agreement (other than in connection with the restrictions set forth in the Shareholders Agreement and the Employment Agreement), or any law, rule, regulation, order, judgment or decree to which Buyer is a party or by which Buyer (or any of Buyer's assets, properties, operations or businesses) may be bound, subject to or affected.

C. This Agreement and each of Buyer's Ancillary Documents are the legal, valid and binding obligation of Buyer, each enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditors' rights generally. The enforceability of Buyer's obligations hereunder and thereunder is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

D. Buyer hereby acknowledges and agrees that the Option Shares shall be subject to the terms and provisions of the Shareholders Agreement. Buyer hereby represents and warrants to Holdings that it is acquiring the Option Shares for its own account, for investment purposes only and not with a view to the resale or distribution (as such term is used in Section 2(11) of the Securities Act of 1933, as amended (the "Securities Act")) thereof and that it is an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act. Buyer acknowledges that the Option Shares have not been registered under the Securities Act and cannot be sold unless subsequently registered under the Securities Act or an exemption from such registrations is available, and that the certificate evidencing the Option Shares shall be legended to such effect and as provided in the Shareholders Agreement.

7. Representations and Warranties of Holdings. Holdings hereby represents and warrants to Buyer as follows:

A. Holdings is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation.

B. Holdings has the requisite corporate power and authority to execute and deliver this Agreement and Holdings' Ancillary Documents, which herein shall mean, for purposes of this Agreement, each document, instrument and agreement executed by Holdings in connection with this Agreement or contemplated by or referred to in this Agreement, and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and Holdings' Ancillary Documents, and the performance by Holdings of its obligations hereunder and thereunder, have been duly authorized by all necessary corporate action on the part of Holdings. The execution and delivery by Holdings of this Agreement and Holdings' Ancillary Documents, and the performance by Holdings of its obligations hereunder and thereunder, will not, with or without the giving of notice or the passage of time, or both, conflict with, result in a default under, give rise to a right to accelerate or loss of rights under, or result in the creation of any encumbrance pursuant to, or require the consent of any third party or governmental authority pursuant to, (a) the Certificates of Incorporation or By-laws of Holdings or any of its subsidiaries, in each case as last amended, or (b) any franchise, mortgage, indenture or deed of trust or any license, lease or other agreement, or any law, rule, regulation, order, judgment or decree to which Holdings or any of its subsidiaries is a party or by which Holdings or its subsidiaries (or any of their respective assets, properties or business) may be bound, subject or as affected. The Option Shares, when issued pursuant hereto, will be validly issued and outstanding, fully paid and non-assessable.

C. This Agreement and each of Holdings' Ancillary Documents constitute the legal valid and binding obligation of Holdings, each enforceable in accordance with its terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, moratorium or similar laws affecting the enforcement or creditor's rights generally. The enforceability of Holdings' obligations hereunder and thereunder is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

8. Survival. The representations and warranties set forth in this Agreement shall survive the transfer of the Shares and the Options by Seller to Buyer hereunder until a date that is seven (7) years from the date hereof.

9. Delivery; Endorsement of Certificate.

A. In consideration of the Share Purchase Price, Seller hereby sells, assigns and transfers to Buyer the Shares, and in consideration of the Option Purchase Price, Seller hereby sells, assigns and transfers to Buyer the Options. The Shares are represented by a stock certificate issued by Holdings to Seller (the "Certificate"). The Options are represented by the Employment Agreement. Seller has contemporaneously with the execution hereof delivered the Certificate to Holdings, on behalf of itself and Buyer, with instruction to transfer the Shares and the Options to Buyer.

B. Seller hereby appoints the President of Holdings as his agent and attorney-in-fact, with full power of substitution, to effect the transfer of the Shares and the Options on the books and records of Holdings in accordance with the terms set forth herein, effective June 30, 1997.

C. Seller, Buyer and Holdings acknowledge and agree that notwithstanding Seller's failure to deliver to Buyer the Certificate and such assignment on June 30, 1997, the Shares and the Options shall be deemed to have been delivered and effectively transferred to Buyer, effective June 30, 1997.

D. On the date hereof, Holdings is delivering to Buyer certificates representing the Option Shares, registered in the name of Buyer.

10. Covenant of Agnes Gayhardt. Agnes Gayhardt agrees that any ownership interest that she has or may have in the Shares and the Options are being transferred by Seller to Buyer pursuant to the terms hereof, shall be subject to the terms and conditions of this Agreement and that she hereby knowingly and intentionally grants any consent, waiver or release that may be necessary to allow the transfer of the Shares and the Options in accordance with the terms of this Agreement.

11. Notices. All notices, requests, waivers and other communications made to a party hereto pursuant to the terms of this Agreement or contemplated by the terms of this Agreement shall be deemed to have been given when given in writing and hand-delivered, sent by prepaid air freight, overnight delivery, sent by facsimile transmission with confirmation of transmission or by telegram or shall be deemed to have been given two (2) days after being sent by registered or certified mail, return receipt requested, postage prepaid, to the address of the party that is set forth below or to such other address that the party may designate by notice to the other parties which is given in accordance with the terms of this Section:

To Seller or
Agnes Gayhardt Donald F. Gayhardt, Jr.
 350 Ardmore Avenue
 Ardmore, Pennsylvania 19003

To Buyer: General Electric Capital Corporation
 c/o GE Capital Equity Capital Group
 120 Long Ridge Road
 Stamford, Connecticut 06927
 Attention: Paul A. Gelburd, Vice President

To Holdings: DFG Holdings, Inc.
c/o Dollar Financial Group, Inc.
1436 Lancaster Avenue
Suite 210
Berwyn, PA 19312
Attention: President

12. Governing Law. This Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made in that State.

13. Entire Agreement; Amendment.

A. This Agreement constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof, and there are no other agreements or arrangements, oral or written, express or implied, with respect to the subject matter hereof.

B. This Agreement may not be modified, amended or terminated except by a written agreement which specifically refers to this Agreement and is signed by all of the parties.

14. Binding Effect; Partial Invalidity.

A. This Agreement shall be binding upon and inure to the benefit of Buyer and Holdings and Buyer's and Holdings' successors and assigns and Seller, and his heirs, personal representatives, administrators and assigns. This Agreement may not be assigned by any party without the prior written consent of each other party.

B. In the event that any provision of this Agreement is, or would be, held invalid, prohibited or unenforceable in any jurisdiction for any reason, unless such provision is narrowed by judicial construction, this Agreement shall, as to such jurisdiction, be construed as if such invalid, prohibited or unenforceable provision had been more narrowly drawn so as not to be invalid, prohibited or unenforceable. If, notwithstanding the foregoing, any provision of this Agreement would be held to be invalid, prohibited or unenforceable in any jurisdiction for any reason, such provision, as to such jurisdiction for any reason, shall be ineffective to the extent of such invalidity, prohibition or unenforceability without invalidating the remaining portion of such provision or the other provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

15. Further Assurances. Each party hereto agrees to execute and deliver all such other instruments and take all such other action as another party hereto may reasonably request from time to time hereafter and without payment of further consideration in order to effectuate or evidence the transactions contemplated hereby.

16. Interpretation. This Agreement shall be interpreted and construed only by the contents hereof, and there shall be no presumption or standard of construction in favor or against any party.

17. Preamble. The preamble to this Agreement shall form an integral part of this Agreement as if recited herein at length.

18. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

19. Consent and Acknowledgment of Holdings; Waiver by Seller. Holdings hereby consents to, and hereby waives any restrictions contained in the Employment Agreement relating to, the transfer of the Options by Seller to Buyer and acknowledges that each of the Options is fully vested and exercisable as of June 30, 1997. Holdings hereby further agrees and acknowledges that, notwithstanding anything contained in Section 6.D. of the Employment Agreement, the number of shares of Common Stock subject to the Options has not been and shall not be reduced by reason of such Section 6.D. Seller hereby waives any rights he may have pursuant to Section 3.5(d) of the Shareholders Agreement in connection with the sale of the Shares and the Options pursuant hereto.

20. No Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall create any third-party beneficiary rights in any person or entity; provided that each party to the Shareholders Agreement shall be an express third-party beneficiary of Buyer's representations, warranties and acknowledgments set forth in the first sentence of Section 6.D.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

GENERAL ELECTRIC CAPITAL CORPORATION

By: -----
Paul A. Gelburd
Vice President

Donald F. Gayhardt, Jr.

Agnes Gayhardt

DFG HOLDINGS, INC.

By: -----
Jeffrey Weiss
President

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CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Dollar Financial Group, Inc. of our report dated March 3, 1997 with respect to the combined financial statements of L.M.S. Development Corporation, Pacific Ring Enterprises, Inc. and NCCI Corporation, collectively doing business as Chex\$Cashed and our report dated November 8, 1996, except for the second paragraph of Note 9, as to which the date is February 10, 1997 with respect to the financial statements of Cash-N-Dash Check Cashing, Inc., included in the Registration Statement (Form S-4 No. 333-18221) and related Prospectus of Dollar Financial Group, Inc. for the registration of \$110.0 million 10-7/8% Series A senior notes filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Philadelphia, Pennsylvania
September 24, 1997

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CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Dollar Financial Group, Inc. of our report dated February 23, 1996, relating to the financial statements of Any Kind Check Cashing Centers, Inc. included in the Registration Statement (Form S-4 No. 333-18221) and related Prospectus of Dollar Financial Group, Inc. for the registration of \$110.0 million 10-7/8% Series A senior notes filed with the Securities and Exchange Commission.

/s/ McGladrey & Pullen, LLP

Anaheim, California
September 26, 1997

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Exhibit 23.3

CONSENT OF INDEPENDENT CHARTERED ACCOUNTANTS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Dollar Financial Group, Inc. of our report dated March 6, 1996 with respect to the consolidated financial statements of National Money Mart Inc. incorporated by reference in this Annual Report (Form 10-K) of Dollar Financial Group, Inc.

/s/ Ernst & Young

Calgary, Canada
September 25, 1997

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CONSENT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Dollar Financial Group, Inc. of our report dated March 17, 1996, included in the Registration Statement (Form S-4 No. 333-18221) and related Prospectus of Dollar Financial Group, Inc. for the registration of \$110.0 million 10-7/8% Series A senior notes filed with the Securities and Exchange Commission.

/s/ William Proper & Company

Beachwood, Ohio
September 27, 1997

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This Schedule contains summary information extracted from the financial statements contained in the body of the accompanying Form 8-K and is qualified in its entirety by reference to such financial statements.

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