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NICHOLAS FINANCIAL INC
Form 8-K
July 22, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 22, 2004

NICHOLAS FINANCIAL, INC.
(Exact name of registrant as specified in its Charter)

British Columbia, Canada	0-26680	8736-3354
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
2454 McMullen Booth Road, Building C Clearwater, Florida		33759
(Address of Principal Executive Offices)		(Zip Code)

(727) 726-0763
(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if
changed since last report)

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Item 12. Results of Operations and Financial Condition

Nicholas Financial, Inc., (NASDAQ:NICK) today announced record revenue and earnings for the first quarter ended June 30, 2004. The Company reported that net income increased 40% to \$1,632,392 for the three months ended June 30, 2004 as compared to \$1,165,975 for the three months ended June 30, 2003. Earnings per share increased 23% to \$0.27 as compared to \$0.22 for the three months ended June 30, 2003. Revenue for the first quarter increased 20% to \$7,276,655 as

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compared to \$6,060,031 for the three months ended June 30, 2003.

Item 7. Financial Statements and Exhibits

Exhibit #	Description
99	Press release dated July 22, 2004, announcing record revenue and earnings for the first quarter ended June 30, 2004.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, hereunto duly authorized.

NICHOLAS FINANCIAL, INC.
(Registrant)

Date: July 22, 2004 /s/ Peter L. Vosotas
Peter L. Vosotas
Chairman, President,
Chief Executive Officer
(Principal Executive Officer)

Date: July 22, 2004 /s/ Ralph T. Finkenbrink
Ralph T. Finkenbrink
(Principal Financial Officer
and Accounting Officer)

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Exhibit Index

Exhibit	Description
99	Press release dated July 22, 2004, announcing record revenue and earnings for the first quarter ended June 30, 2004.

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Exhibit 99

FOR IMMEDIATE RELEASE

Nicholas Financial, Inc.
Corporate Headquarters

2454 McMullen-Booth Rd.

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Building C, Suite 501
Clearwater, FL 33759

Contact: Ralph Finkenbrink
Sr.Vice President, CFO

NASDAQ: NICK
Web Site: www.nicholasfinancial.com
Ph # - 727-726-0763

Nicholas Financial Reports Record 1st Quarter Results

Clearwater, Florida, - July 22, 2004 Nicholas Financial, Inc., (NASDAQ:NICK) today announced record revenue and earnings for the first quarter ended June 30, 2004. The Company reported that net income increased 40% to \$1,632,392 for the three months ended June 30, 2004 as compared to \$1,165,975 for the three months ended June 30, 2003. Earnings per share increased 23% to \$0.27 as compared to \$0.22 for the three months ended June 30, 2003. Revenue for the first quarter increased 20% to \$7,276,655 as compared to \$6,060,031 for the three months ended June 30, 2003. The Company has now reported same quarter record increases for revenue and earnings in 55 out of the past 56 quarters.

The Company will hold its 2004 Annual Meeting on August 11, 2004 in Clearwater, Florida at the Countryside Country Club at 10 AM.

Founded in 1985, with assets of \$108,600,000 as of June 30, 2004, Nicholas Financial is one of the largest publicly traded specialty consumer finance companies based in the Southeast. The Company presently operates out of 32 branch locations in both the Southeast and the Mid-West States. The Company has approximately 6,500,000 shares of common stock outstanding. For an index of Nicholas Financial Inc.'s news releases or to obtain a specific release, visit our web site at www.nicholasfinancial.com.

Except for the historical information contained herein, the matters discussed in this news release include forward-looking statements that involve risks and uncertainties including competitive factors, the management of growth, and other risks detailed from time to time in the Company's filings and reports with the Securities and Exchange Commission including the Company's Annual Report on Form 10-KSB for the year ended March 31, 2004. Such statements are based on the beliefs of the Company's management as well as assumptions made by and information currently available to Company management. Actual events or results may differ materially.

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Nicholas Financial, Inc.
 Consolidated Income Statements
 (Unaudited, Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended June 30,	
	2004	2003
Revenue:		
Finance charge income	\$ 7,214	\$ 5,988
Other income	63	72
	7,277	6,060
Costs and expenses:		
General & Administrative Expenses	3,157	2,614
Provision for losses	581	580
Interest expense	915	987
	4,653	4,181
Income before income taxes	2,624	1,879
Income tax provision	992	713
	\$ 1,632	\$ 1,166
Earnings per share:		
Basic	\$ 0.29	\$ 0.23
Diluted	\$ 0.27	\$ 0.22
Weighted average shares	5,669,552	5,006,926
Weighted average shares and assumed dilution	6,063,622	5,300,458

Condensed Consolidated Balance Sheets
 (Unaudited, Dollars in Thousands)

	June 30, 2004	March 31, 2004
Cash	\$ 1,781	\$ 958
Finance receivables, net	102,031	97,237
Other assets	4,788	5,028
	\$ 108,600	\$ 103,223
Line of credit	\$ 60,060	\$ 67,510
Other notes payable	630	682
Other liabilities	7,886	7,585

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Total liabilities	68,576	75,777
Shareholders' equity	40,024	27,446
	-----	-----
Total liabilities and Shareholders' equity	\$ 108,600	\$ 103,223
	=====	=====

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Portfolio Summary

	Three months ended June 30,	
	2004	2003

Average finance receivables, net of unearned interest (1)	\$123,025,445	\$107,212,467
	=====	=====
Average indebtedness (2)	63,714,820	62,239,301
	=====	=====
Finance revenue (3)	7,214,258	5,988,473
	=====	=====
Interest expense	915,320	987,328
	-----	-----
Net finance revenue	6,298,938	5,001,145
	=====	=====
Weighted average contractual rate (4)	24.29%	24.10%
	=====	=====
Average Cost of Borrowed Funds (2)	5.75%	6.35%
	=====	=====
Gross Portfolio Yield (5)	23.46%	22.34%
	-----	-----
Interest expense as a percentage of average finance receivables, net of unearned interest	2.98%	3.68%
	-----	-----
Provision for credit losses as a percentage of average finance receivables, net of unearned interest	1.89%	2.16%
	-----	-----
Net portfolio yield (5)	18.59%	16.50%
	-----	-----
Operating expenses as a percentage of average finance receivables, net of unearned interest (6)	10.04%	9.43%
	-----	-----
Pre-tax yield as a percentage of average finance receivables, net of unearned interest (7)	8.55%	7.07%
	=====	=====

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Write-off to liquidation (8)	5.46%	7.76%
Net charge-off percentage (9)	4.65%	6.64%

- (1) Average finance receivables, net of unearned interest, represents the average of gross finance receivables, less unearned interest throughout the period.
- (2) Average indebtedness represents the average outstanding borrowings under the Line and notes payable-related party. Average cost of borrowed funds represents interest expense as a percentage of average indebtedness.
- (3) Finance revenue does not include revenue generated by Nicholas Data Services, Inc. ("NDS") the wholly owned software subsidiary of Nicholas Financial, Inc.
- (4) Weighted average contractual rate represents the weighted average annual percentage rate (APR) of all Contracts purchased and direct loans originated during the three months ended June 30, 2004 and 2003, respectively.
- (5) Gross portfolio yield represents finance revenues as a percentage of average finance receivables, net of unearned interest. Net portfolio yield represents finance revenue minus (a) interest expense and (b) the provision for credit losses as a percentage of average finance receivables, net of unearned interest.
- (6) Operating expenses represent total expenses, less interest expense, the provision for credit losses and operating costs associated with NDS.
- (7) Pre-tax yield represents net portfolio yield minus operating expenses as a percentage of average finance receivables, net of unearned interest.
- (8) Write-off to liquidation percentage is defined as net charge-offs divided by liquidation. Liquidation is defined as beginning receivable balance plus current period purchases minus voids and refinances minus ending receivable balance.
- (9) Net charge-off percentage represents net charge-offs divided by average finance receivables, net of unearned interest, outstanding during the period.

Note: All three month key performance indicators expressed as percentages have been annualized.

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The following tables present certain information regarding delinquency rates experienced by the Company with respect to Contracts and under its direct loan program.

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		At June 30,			
		2004		2003	
		-----		-----	
Contracts					
Gross Balance Outstanding		\$159,959,107		\$138,823,707	
Delinquencies					
	Dollar		Dollar		
	Amount	Percent	Amount	Percent	
-----	-----	-----	-----	-----	-----
30 to 59 days	\$2,704,294	1.69%	\$2,647,022	1.91%	
60 to 89 days	539,691	0.34%	736,415	0.53%	
90 + days	219,687	0.14%	307,405	0.22%	
-----	-----	-----	-----	-----	-----
Total Delinquencies	\$3,463,672	2.17%	\$3,690,842	2.66%	
Direct Loans					
Gross Balance Outstanding		\$4,726,746		\$4,346,709	
Delinquencies					
-----	-----	-----	-----	-----	-----
30 to 59 days	\$26,903	0.57%	\$49,582	1.14%	
60 to 89 days	20,089	0.43%	12,760	0.29%	
90 + days	26,998	0.57%	38,609	0.89%	
-----	-----	-----	-----	-----	-----
Total Delinquencies	\$73,990	1.57%	\$100,951	2.32%	

The amounts shown in the table below represent the amount of finance receivables purchased, net of unearned interest.

State	Three Months 2004	Ended June 30, 2003
-----	-----	-----
FL	\$11,020,839	\$10,148,495
GA	2,510,543	2,331,056
NC	2,153,230	1,998,035
SC	1,134,618	760,698
OH	3,251,208	3,125,301
MI	951,131	455,534
VA	1,377,750	17,040
-----	-----	-----
Total	\$22,399,319	\$18,836,159
	=====	=====

The following table represents information on Contracts purchased by the Company, net of unearned interest:

Contracts	Three months ended June 30, 2004	2003
-----	-----	-----

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Purchases	\$22,399,319	\$18,836,159
Weighted APR	24.11%	23.90%
Average Discount	8.76%	8.96%
Average Term (months)	44	44
Average Loan	\$8,275	\$8,186
Number of Contracts	2,707	2,301
