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FIRST CASH FINANCIAL SERVICES INC

Form 11-K

June 28, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

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

(Mark One):

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

For the fiscal year ended December 31, 2005

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-19133

A. Full title of the plan and the address of the plan, if different  
from that of the issuer named below:

FIRST CASH 401(k) PROFIT SHARING PLAN

B. Name of issuer of the securities held pursuant to the plan and the  
address of its principal executive office:

FIRST CASH FINANCIAL SERVICES, INC.  
690 East Lamar Boulevard, Suite 400  
Arlington, Texas 76011

FIRST CASH 401(k) PROFIT SHARING PLAN

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Report of Independent Registered Public Accounting Firm

Financial Statements:

Statements of Net Assets Available for Benefits  
Statement of Changes in Net Assets Available for Benefits  
Notes to Financial Statements

Supplemental Schedule:

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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To the Administrative Committee  
First Cash 401(k) Profit Sharing Plan  
Arlington, Texas

We have audited the accompanying statements of net assets available for benefits of the First Cash 401(k) Profit Sharing Plan (the "Plan") as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. 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 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 net assets available for benefits of the First Cash 401(k) Profit Sharing Plan as of December 31, 2005 and 2004, and the related statement of changes in its net assets available for benefits for the year ended December 31, 2005, in conformity with United States generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/S/ HEIN & ASSOCIATES LLP

Dallas, Texas  
May 18, 2006

FIRST CASH 401(k) PROFIT SHARING PLAN  
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31,  
-----  
2005                      2004

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ASSETS:		
Investments, at fair value:		
Mutual funds	\$ 1,832,726	\$ 1,534,480
Money market funds	1,405,087	1,289,646
First Cash Financial Services, Inc. common stock	4,227,480	4,031,237
Participant loans	532,054	577,352
	-----	-----
Total investments	7,997,347	7,432,715
Contributions receivable:		
Participant	-	63,894
Employer	-	17,885
	-----	-----
Total contributions receivable	-	81,779
Other	-	2,547
	-----	-----
Total assets	7,997,347	7,517,041
LIABILITIES:		
Refundable contributions	21,337	45,499
	-----	-----
Net assets available for benefits	\$ 7,976,010	\$ 7,471,542
	=====	=====

See accompanying notes to these financial statements.

FIRST CASH 401(k) PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2005

ADDITIONS TO NET ASSETS ATTRIBUTABLE TO:		
Investment income:		
Net appreciation in fair value of investments		\$ 367,138
Interest and dividends		108,390
		-----
Net investment income		475,528
Contributions:		
Employer		256,556
Participant, including rollovers		939,207
		-----
		1,195,763
		-----
Total additions		1,671,291
DEDUCTIONS FROM NET ASSETS ATTRIBUTABLE TO:		
Benefits paid directly to participants		1,016,124
Loans paid off as part of a distribution		132,877
Other		17,822
		-----
Total deductions		1,166,823
		-----
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		504,468
NET ASSETS AVAILABLE FOR BENEFITS:		

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Beginning of year	7,471,542
	-----
End of year	\$ 7,976,010
	=====

See accompanying notes to these financial statements.

FIRST CASH 401(k) PROFIT SHARING PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

1. DESCRIPTION OF PLAN

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The following description of the First Cash 401(k) Profit Sharing Plan (the "Plan") provides only general information. For a more complete description of the Plan's provisions, participants should refer to the Plan agreement.

General

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The Plan is a salary deferral plan covering substantially all U.S.-based employees of First Cash Financial Services, Inc. (the "Company" or the "Employer") who have completed one year of service with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The trustee of the Plan is Frontier Trust Company, FSB.

Contributions

-----  
Each year, participants may contribute to the Plan an amount up to 15% of their annual compensation. Each participant's annual contribution shall not exceed the maximum amount allowed for deferral for U.S. federal income taxes, which was generally \$14,000 for 2005. The amount of a participant's annual compensation that may be taken into account for purposes of determining the Company's matching contribution for any purpose under the Plan shall not exceed an amount prescribed annually by the IRS. The Company contributes to the Plan a matching amount equal to 50% of the first 3% of the participant's annual compensation that is contributed to the Plan. In addition, a special discretionary contribution as determined by the Company may be contributed, pro rata, based upon each participating employee's compensation to the total compensation of all participating employees. No such contribution was made in 2005.

If a participant makes a contribution during any year in an amount which exceeds the maximum amount allowed under IRS rules pertaining to highly compensated employees, the contribution is refunded and the matching Company contribution on such additional participant contribution may be forfeited by the participant and applied to reduce the employer's matching contribution to the Plan for the following year. Management believes that the Plan is in compliance with the funding requirements of ERISA.

Participant Accounts

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Each participant's account is credited with the participant's contribution, allocations of the Company's matching contributions and Profit Sharing contributions, if applicable. Forfeitures of the non-vested portion of terminated participants' accounts may be applied first

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to payment of plan administrative expenses and any remaining forfeitures will be used to reduce future Company contributions to the Plan. The various participant allocations are based on a percentage of the participant's elective deferral or compensation in relation to total compensation of participants, as defined in the Plan agreement.

### Vesting

Participants are immediately vested in their contributions (including rollovers) plus actual earnings thereon. Vesting in the remainder of their accounts is generally based on years of continuous service with the Company, which is determined as a twelve consecutive month period ending on each anniversary of a participant's date of hire. A participant is 100% vested after six years of credited service. A participant is also 100% vested upon reaching retirement age or if employment is terminated by reason of total and permanent disability or death.

### Investment Options

Upon enrollment into the Plan, a participant may direct his or her employee contributions in any increment to the Company's common stock or any of the mutual fund investment options offered by Frontier Trust Company, the custodian of the Plan. Participants may change the allocation of their existing funds and future contributions at any time.

### Payment of Benefits

Participants whose employment terminates for any reason (except death) are generally entitled to receive the vested portion of their account in the form of a lump sum or installment distribution payable in cash. During 2005, the Plan was amended to lower the mandatory cashout level for terminated participants from \$5,000 to \$1,000. Certain participants may be eligible to receive benefits in the form of annuity payments. There were no benefits payable to participants at December 31, 2005 or at December 31, 2004.

### Participant Loans

A participant may apply to the plan administrator for a loan under the Plan. All loans made by the trustees shall be subject to the terms and conditions set forth in the Plan Document and Trust Agreement. Participants may borrow up to one-half of the participant's vested account balance or \$50,000, whichever is less. The loans will bear a reasonable rate of interest based upon prevailing commercial rates for loans of similar types. Repayments of the loan balance, plus interest, are made bi-weekly through after-tax payroll deductions, not to exceed five years, unless the loan was obtained to acquire a home, then over a reasonable period of time as determined by the trustee. A participant may have up to two loans outstanding at any one time. Participant loans are collateralized by the respective participant accounts.

### Forfeitures

Participants who terminate employment prior to being fully vested in the Company's matching contributions forfeit non-vested amounts. At December 31, 2005, there was approximately \$51,000 of forfeited non-vested accounts. Forfeitures of Company matching contributions are used to reduce future Company contributions to the Plan. In 2005, Company matching contributions were reduced by approximately \$56,000 from forfeited, non-vested accounts. Forfeitures of discretionary Company contributions are reallocated among all remaining participants.

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### Administrative Fees

The Company has paid, at its discretion, the administrative expenses of the Plan. Administrative expenses incurred in 2005 were approximately \$40,000.

### Tax Status

The Internal Revenue Service ("IRS") has determined and informed the Company by a letter dated November 27, 2001, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code.

## 2. SUMMARY OF ACCOUNTING POLICIES

### Basis of Accounting

The financial statements and supplemental schedules are prepared on the accrual basis of accounting.

### Valuation of Investments

Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year-end. Equity securities are valued at fair value using quoted market prices. Participant loans and investments in money market funds are stated at cost, which approximates fair value. Reinvested income, accrued interest and dividends are reflected as additions to the cost basis of the investments. Investment transactions are recorded on a trade-date basis.

### Payment of Benefits

Benefits are recorded when paid. Benefits due to participants who have elected to withdraw from the Plan but have not been paid, are deducted from net assets available for benefits. Amounts allocated to withdrawing participants at December 31, 2005 were immaterial.

### Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles as applied to defined contribution employee benefit plans requires the Plan's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

## 3. INVESTMENTS

Investments, at fair value, consisted of the following as of December 31:

	2005	2004
Mutual Funds:		
Merrill Lynch Fundamental Growth Fund Class A	\$ 346,385	\$ 294,372
Merrill Lynch Basic Value Fund Class A	317,464	297,086
Merrill Lynch Global Allocation Fund Class A	382,219	(a) 417,714
Merrill Lynch FD Core Bond Class A	209,688	175,611
Oppenheimer Small Cap Value Fund Class A	207,043	29,686
Davis New York Venture Fund Class A	369,927	320,011

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	1,832,726	1,534,480
Money Market Fund:		
Merrill Lynch Retirement Preservation Trust	(a) 1,405,087	(a) 1,289,646
First Cash Financial Services, Inc.		
common stock	(a) 4,227,480	(a) 4,031,237
Participant loans	(a) 532,054	(a) 577,352
	-----	-----
	\$7,997,347	\$7,432,715
	=====	=====

(a) Represents 5% or more of the Plan's net assets.

During 2005, the Plan's investments (including gains and losses on investments, bought and sold, as well as held during the year) appreciated in value by \$367,138 as follows:

Mutual Funds	\$ 109,875
First Cash Financial Services, Inc. common stock	257,263
	-----
	\$ 367,138
	=====

4. PLAN TERMINATION

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 Although it has not expressed any intent to do so, the Company has the right under the Plan agreement to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants become 100% vested in their accounts.

FIRST CASH 401(k) PROFIT SHARING PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

EIN: 75-2237318 Plan Number: 001

DECEMBER 31, 2005

(a)	(b)	(c)	(d)	(e)
		DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE,		
IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILAR PARTY		RATE OF INTEREST, COLLATERAL PAR OR MATURITY VALUE	COST	CURRENT VALUE
-----		-----	----	-----
Mutual Funds:				
Merrill Lynch		Fundamental Growth Fund	**	\$ 346,385
Merrill Lynch		Basic Value Fund	**	317,464
Merrill Lynch		Global Allocation Fund	**	382,219
Merrill Lynch		FD Core Bond Portfolio	**	209,688
Oppenheimer		Small Cap Value Fund	**	207,043
Davis New York		Venture Fund	**	369,927
Money Market Fund:				
Merrill Lynch		Retirement Preservation Trust	**	1,405,087
* First Cash Financial Services, Inc.		Common Stock	**	4,227,480

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* Loans to participants	5.5% - 9.5% interest and varying maturities	532,054
		-----
Total investments		\$ 7,997,347
		=====

- (a) This column will have an asterisk on each line which is identified as a party-in-interest to the Plan. Frontier Trust Company acted as the Plan's custodian through December 31, 2005.
- (d) This column will have two asterisks on each line to indicate historical cost information omitted as permitted for participant directed transactions under an individual account plan.

See Report of Independent Registered Public Accounting Firm.

FIRST CASH 401(k) PROFIT SHARING PLAN

REQUIRED INFORMATION

ITEM 1 Not Applicable.

ITEM 2 Not Applicable.

ITEM 3 Not Applicable.

ITEM 4 Financial Statements and Exhibits

(a) Financial Statements

Financial statements and supplemental schedule prepared in accordance with the financial reporting requirements of ERISA filed hereunder are listed on page 2 hereof in the Table of Contents, in lieu of the requirements of Items 1 to 3 above.

(b) Exhibits:

23 Consent of Independent Registered Public Accounting Firm

32.1 Certification of Plan Administrator

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrative Committee that administers the Plan has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 27, 2006

FIRST CASH 401(k) PROFIT SHARING PLAN

By: /s/ Rick Wessel  
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Plan Administrator