XPONENTIAL, INC.

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XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share and per share data)

	March 31, 2011 (Unaudited)	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 1,466	$ 690
Investments-marketable securities	-	591
Accounts and short term notes receivable	826	802
Pawn service charges receivable	620	647
Pawn loans receivable	5,647	5,886
Inventories	4,012	3,846
Prepaid expenses and other current assets	413	365
Total current assets	12,984	12,827
Property and equipment, net	3,885	3,870
Investment in Integrity Mutual Funds, Inc.	2,048	2,065
Note issuance costs, net of amortization of $1,146 and $994 as of March 31, 2011 and June 30, 2010, respectively	747	899
Other assets, net of amortization of $84 and $-0- as of March 31, 2011 and June 30, 2010, respectively	728	147
Total assets	$ 20,392	$ 19,808
Liabilities and Stockholders' Equity		
Current liabilities:		
Bank line of credit	$ 4,018	$ 4,669
Accounts payable and accrued expenses	1,042	506
Accrued payroll and payroll taxes	241	370
Deferred rent	8	8
Deferred revenue	336	318
Accrued interest	181	171
Cumulative preferred stock dividend payable	419	294
Current portion of long term note payable	667	-
Redeemable Preferred Stock – Series A	3,358	3,358
Total current liabilities	10,270	9,694
Long term liabilities:		
8% limited recourse convertible notes, net of discount of $30 and $44 at March 31, 2011 and June 30, 2010, respectively	19,970	19,956
Cumulative preferred stock dividend payable	312	218
Note payable – long term	111	-
Deferred rent	105	105
Total long term liabilities	20,498	20,279
Total liabilities	30,768	29,973
Stockholders' equity:		
Preferred stock – Series B; par value $0.01; 5% cumulative dividend, liquidation preference $5.00 per share ($2,500,210); 500,042 shares issued at March 31, 2011 and June 30, 2010, respectively	5	5
Common stock - $0.01 par value; 10,000,000 shares authorized, 2,750,411 shares issued as of March 31, 2011 and June 30, 2010, respectively	27	27
Additional paid-in capital	6,272	6,272
Accumulated deficit	(15,473)	(15,489)
Accumulated other comprehensive income (loss)	(1,160)	(933)
Less treasury stock, at cost; 65,500 common shares at March 31, 2011 and June 30, 2010, respectively	(47)	(47)
Total stockholders' deficit	(10,376)	(10,165)
Total liabilities and stockholders' deficit	$ 20,392	$ 19,808

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Unaudited)

(In thousands)

	Nine Months Ended March 31, 2011	Nine Months Ended March 31, 2010
Revenues:		
Merchandise sales	$ 18,359	$ 16,995
Pawn service charges and related fee income	7,707	6,361
Total revenues	26,066	23,356
Cost of sales	11,926	10,507
Gross profit	14,140	12,849
Expenses:		
Store operating expenses	8,228	7,637
Corporate administrative expenses	3,350	2,897
Depreciation and amortization	689	490
Total expenses	12,267	11,024
Operating income	1,873	1,825
Interest and dividend income	132	144
Interest expense	(2,014)	(1,763)
Gain (loss) on disposition of assets	179	6
Store closing expense	(61)	-
Net income (loss) before taxes	109	212
Income tax expense	-	-
Net income	109	212
Preferred stock dividend requirement	(93)	(93)
Net income (loss) allocable to common stockholders	$ 16	$ 119

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Unaudited)

(In thousands)	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Revenues:		
Merchandise sales	$ 5,995	$ 5,293
Pawn service charges and related fee income	2,585	2,106
Total revenues	8,580	7,399
Cost of sales	3,866	3,079
Gross profit	4,714	4,320
Expenses:		
Store operating expenses	2,866	2,712
Corporate administrative expenses	1,303	1,042
Depreciation and amortization	269	170
Total expenses	4,438	3,924
Operating income (loss)	276	396
Interest and dividend income	42	38
Interest expense	(667)	(579)
Gain (loss) on disposition of assets	47	6
Store closing expense	(34)	-
Net loss before taxes	(336)	(139)
Income tax expense	-	-
Net loss	(336)	(139)
Preferred stock dividend requirement	(31)	(31)
Net loss allocable to common stockholders	$ (367)	$ (170)

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	For the Nine Months Ended March 31, 2011	For the Nine Months Ended March 31, 2010
Cash flows from operating activities:		
Net income	$ 109	$ 212
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	689	490
Non-cash interest expense	-	1
Gain on disposition of assets	(231)	-
Amortization of debt issue costs	153	153
Changes in operating assets and liabilities:		
Accounts receivable	(24)	(365)
Pawn service charges receivable	27	92
Inventories, net	(166)	555
Prepaid expenses and other assets	(48)	(99)
Accounts payable and accrued liabilities	622	374
Net cash provided by operating activities	1,131	1,413
Cash flows from investing activities:		
Pawn loans made	(17,517)	(15,113)
Pawn loans redeemed	8,551	7,204
Inventory acquired from loan forfeitures	9,204	8,742
Proceeds from sale of investments	558	-
Purchases of property and equipment	(622)	(621)
Other assets	(656)	(66)
Net cash provided by (used in) investing activities	(482)	146
Cash flows from financing activities:		
Borrowings on notes payable	18,182	13,918
Principal payments on notes payable	(18,055)	(15,287)
Net cash provided by (used in) financing activities	127	(1,369)
Net increase in cash and cash equivalents	776	190
Cash and cash equivalents at beginning of period	690	627
Cash and cash equivalents at end of period	$ 1,466	$ 817
Supplemental disclosures of cash flow information -		
Cash paid for interest	$ 1,712	$ 1,609

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010
Cash flows from operating activities:		
Net loss	$ (336)	$ (139)
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	269	170
Loss (gain) on disposition of assets	(99)	5
Amortization of debt issue costs	52	51
Changes in operating assets and liabilities:		
Accounts receivable	278	507
Pawn service charges receivable	154	115
Inventories, net	479	262
Prepaid expenses and other assets	15	9
Accounts payable and accrued liabilities	(6)	128
Net cash used in operating activities	806	1,108
Cash flows from investing activities:		
Pawn loans made	(4,998)	(4,253)
Pawn loans redeemed	3,238	2,354
Inventory acquired from loan forfeitures	3,124	2,965
Proceeds from sale of investments	151	-
Purchases of property and equipment	(104)	(227)
Other assets	-	-
Net cash provided by (used in) investing activities	1,411	839
Cash flows from financing activities:		
Borrowings on notes payable	6,013	4,999
Principal payments on notes payable	(7,641)	(6,771)
Net cash provided by (used in) financing activities	(1,628)	(1,772)
Net increase (decrease) in cash and cash equivalents	589	175
Cash and cash equivalents at beginning of period	877	642
Cash and cash equivalents at end of period	$ 1,466	$ 817
Supplemental disclosures of cash flow information -		
Cash paid for interest	$ 587	$ 385

XPONENTIAL, INC. AND SUBSIDIARIES

Operating Segment Information

The Company has two reportable business segments; one in the pawn lending industry and one for its investment, management and advisory services. PawnMart operates 26 pawn shops in Georgia and North Carolina. Xponential Advisors directs the investment of the Company's available funds in marketable securities and other investment opportunities. Operating segment data for the three and nine months ended March 31, 2011 and 2010 is set forth below:

(In thousands) Nine Months Ended March 31, 2011	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	$ 18,359	-	18,359
Pawn service charges and related fee income	7,707	-	7,707
Total Revenue	26,066	-	26,066
Expenses:			
Cost of sales	11,926	-	11,926
Store operating expenses	8,228	-	8,228
Corporate administrative expenses	3,073	277	3,350
Depreciation and amortization	675	14	689
Operating income (loss)	2,164	(291)	1,873
Interest and dividend income	115	17	132
Interest expense	(535)	(1,479)	(2,014)
Gain on disposition of assets	-	179	179
Store closing expense	(61)	-	(61)
Net loss before taxes	$ 1,683	(1,574)	109
Total Assets	$ 18,761	$ 1,631	$ 20,392

Nine Months Ended March 31, 2010	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	$ 16,995	-	16,995
Pawn service charges and related fee income	6,361	-	6,361
Total Revenue	23,356	-	23,356
Expenses:			
Cost of sales	10,507	-	10,507
Store operating expenses	7,637	-	7,637
Corporate administrative expenses	2,667	230	2,897
Depreciation and amortization	475	15	490
Operating income (loss)	2,070	(245)	1,825
Interest and dividend income	116	28	144
Interest expense	(285)	(1,478)	(1,763)
Gain on disposition of assets	-	6	6
Net loss before taxes	$ 1,901	(1,689)	212
Total Assets	$ 12,446	$ 5,247	$ 17,693

XPONENTIAL, INC. AND SUBSIDIARIES

Operating Segment Information

(In thousands) For the Three Months Ended March 31, 2011	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	$ 5,995	$ -	$ 5,995
Pawn service charges and related fee income	2,585	-	2,585
Total Revenue	8,580	-	8,580
Expenses:			
Cost of sales	3,866	-	3,866
Store operating expenses	2,866	-	2,866
Corporate administrative expenses	1,194	109	1,303
Depreciation and amortization	265	4	269
Operating income (loss)	389	(113)	276
Interest and dividend income	38	4	42
Interest expense	(173)	(494)	(667)
Gain on disposition of assets	-	47	47
Store closing expense	(34)	-	(34)
Net income (loss) before taxes	$ 220	$ (556)	$ (336)
Total Assets	$ 18,761	$ 1,631	$ 20,392

Three Months Ended March 31, 2010	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	$ 5,293	-	5,293
Pawn service charges and related fee income	2,106	-	2.106
Total Revenue	7,399	-	7,399
Expenses:			
Cost of sales	3,079	-	3,079
Store operating expenses	2,712	-	2,712
Corporate administrative expenses	982	60	1,042
Depreciation and amortization	164	6	170
Operating income (loss)	462	(66)	396
Interest and dividend income	39	4	43
Interest expense	(86)	(493)	(579)
Gain on disposition of assets	-	1	1
Net income (loss) before taxes	$ 415	(554)	(139)
Total Assets	$ 12,446	$ 5,247	$ 17,693