

**XPONENTIAL, INC.**

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**XPONENTIAL, INC. AND SUBSIDIARIES**  
Consolidated Balance Sheets  
(In thousands, except share and per share data)

	March 31, 2012	June 30, 2011
	(Unaudited)	
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 1,237	\$ 524
Accounts and short term notes receivable	544	846
Pawn service charges receivable	785	837
Pawn loans receivable	7,135	7,606
Inventories	4,511	4,504
Prepaid expenses and other current assets	564	486
Total current assets	14,776	14,803
Property and equipment, net	6,033	4,356
Investment in Capital Financial Holdings, Inc.	445	1,404
Goodwill	2,479	2,479
Note issuance costs, net of amortization of \$1,349 and \$1,197 as of March 31, 2012 and June 30, 2011, respectively	543	696
Other assets, net of amortization of \$45 and \$21 as of March 31, 2012 and June 30, 2011, respectively	356	220
Total assets	\$ 24,632	\$ 23,958
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Bank line of credit	\$ 5,973	\$ 5,905
Acquisition payable	-	2,775
Accounts payable and accrued expenses	816	1,014
Accrued payroll and payroll taxes	291	475
Deferred rent	28	28
Deferred revenue	346	311
Accrued interest	205	191
Cumulative preferred stock dividend payable	587	461
Redeemable Preferred Stock – Series A	3,358	3,358
Total current liabilities	11,604	14,518
Long term liabilities:		
Deferred rent	66	66
8% limited recourse convertible notes, net of discount of \$10 and \$25 at March 31, 2012 and June 30, 2011, respectively	19,990	19,975
Note payable – long term	2,913	-
Total long term liabilities	22,969	20,502
Total liabilities	34,573	34,559
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, 2012 and June 30, 2011, respectively	5	5
Common stock - \$0.01 par value; 10,000,000 shares authorized, 2,750,411 shares issued as of March 31, 2012 and June 30, 2011, respectively	28	27
Additional paid-in capital	6,272	6,272
Accumulated deficit	(15,558)	(16,002)
Accumulated other comprehensive income (loss)	(641)	(856)
Less treasury stock, at cost; 65,500 common shares at March 31, 2012 and June 30, 2011, respectively	(47)	(47)
Total stockholders' deficit	(9,941)	(10,601)
Total liabilities and stockholders' deficit	\$ 24,632	\$ 23,958

**XPONENTIAL, INC. AND SUBSIDIARIES**Consolidated Statements of Operations  
(Unaudited)

(In thousands)

	Nine Months Ended March 31, 2012	Nine Months Ended March 31, 2011
Revenues:		
Merchandise sales	\$ 24,431	\$ 18,359
Pawn service charges and related fee income	9,643	7,707
Total revenues	<u>34,074</u>	<u>26,066</u>
Cost of sales	<u>16,438</u>	<u>11,926</u>
Gross profit	17,636	14,140
Expenses:		
Store operating expenses	9,934	8,228
Corporate administrative expenses	3,840	3,350
Depreciation and amortization	847	689
Total expenses	<u>14,621</u>	<u>12,267</u>
Operating income	3,015	1,873
Interest and dividend income	88	132
Interest expense	(2,433)	(2,014)
Gain (loss) on disposition of assets	(225)	179
Store closing expense	-	(61)
Net income (loss) before taxes	<u>445</u>	<u>109</u>
Income tax expense	-	-
Net income	<u><u>445</u></u>	<u><u>109</u></u>

**XPONENTIAL, INC. AND SUBSIDIARIES**

Consolidated Statements of Operations  
(Unaudited)

(In thousands)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Revenues:		
Merchandise sales	\$ 7,411	\$ 5,995
Pawn service charges and related fee income	3,195	2,585
Total revenues	<u>10,606</u>	<u>8,580</u>
Cost of sales	<u>4,667</u>	<u>3,866</u>
Gross profit	5,939	4,714
Expenses:		
Store operating expenses	3,646	2,866
Corporate administrative expenses	1,373	1,303
Depreciation and amortization	330	269
Total expenses	<u>5,349</u>	<u>4,438</u>
Operating income (loss)	590	276
Interest and dividend income	21	42
Interest expense	(791)	(667)
Gain (loss) on disposition of assets	(225)	47
Store closing expense	-	(34)
Net loss before taxes	<u>(405)</u>	<u>(336)</u>
Income tax expense	-	-
Net loss	<u>(405)</u>	<u>(336)</u>





## 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 32 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, 2012 and 2011 is set forth below:

(In thousands)

Nine Months Ended March 31, 2012	<u>Pawn Lending</u>	<u>Investment, Management and Advisory Services</u>	<u>Consolidated</u>
<b>Revenue:</b>			
Merchandise sales	\$ 24,431	-	24,431
Pawn service charges and related fee income	9,643	-	9,643
<b>Total Revenue</b>	<u>34,074</u>	<u>-</u>	<u>34,074</u>
<b>Expenses:</b>			
Cost of sales	16,438	-	16,438
Store operating expenses	9,934	-	9,934
Corporate administrative expenses	3,572	268	3,840
Depreciation and amortization	832	15	847
<b>Operating income (loss)</b>	<u>3,298</u>	<u>(283)</u>	<u>3,015</u>
Interest and dividend income	88	-	88
Interest expense	(955)	(1,478)	(2,433)
Gain on disposition of assets	(225)	-	(225)
<b>Net loss before taxes</b>	<u>\$ 2,206</u>	<u>(1,761)</u>	<u>445</u>
<b>Total Assets</b>	<u>\$ 23,771</u>	<u>\$ 861</u>	<u>\$ 24,632</u>
Nine Months Ended March 31, 2011	<u>Pawn Lending</u>	<u>Investment, Management and Advisory Services</u>	<u>Consolidated</u>
<b>Revenue:</b>			
Merchandise sales	\$ 18,359	-	18,359
Pawn service charges and related fee income	7,707	-	7,707
<b>Total Revenue</b>	<u>26,066</u>	<u>-</u>	<u>26,066</u>
<b>Expenses:</b>			
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
<b>Operating income (loss)</b>	<u>2,164</u>	<u>(291)</u>	<u>1,873</u>
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)
<b>Net loss before taxes</b>	<u>\$ 1,683</u>	<u>(1,574)</u>	<u>109</u>
<b>Total Assets</b>	<u>\$ 18,761</u>	<u>\$ 1,631</u>	<u>\$ 20,392</u>

**XPONENTIAL, INC. AND SUBSIDIARIES**

Operating Segment Information

(In thousands)

	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Three Months Ended March 31, 2012			
<b>Revenue:</b>			
Merchandise sales	\$ 7,411	-	7,411
Pawn service charges and related fee income	3,195	-	3,195
<b>Total Revenue</b>	<u>10,606</u>	<u>-</u>	<u>10,606</u>
<b>Expenses:</b>			
Cost of sales	4,667	-	4,667
Store operating expenses	3,646	-	3,646
Corporate administrative expenses	1,307	66	1,373
Depreciation and amortization	324	6	330
<b>Operating income (loss)</b>	<u>662</u>	<u>(72)</u>	<u>590</u>
Interest and dividend income	21	-	21
Interest expense	(298)	(493)	(791)
Loss on disposition of assets	(225)	-	(225)
<b>Net income (loss) before taxes</b>	<u>\$ 160</u>	<u>(565)</u>	<u>(405)</u>
<b>Total Assets</b>	<u>\$ 23,771</u>	<u>\$ 861</u>	<u>\$ 24,632</u>

For the Three Months Ended March 31, 2011

	Pawn Lending	Investment, Management and Advisory Services	Consolidated
For the Three Months Ended March 31, 2011			
<b>Revenue:</b>			
Merchandise sales	\$ 5,995	\$ -	\$ 5,995
Pawn service charges and related fee income	2,585	-	2,585
<b>Total Revenue</b>	<u>8,580</u>	<u>-</u>	<u>8,580</u>
<b>Expenses:</b>			
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
<b>Operating income (loss)</b>	<u>389</u>	<u>(113)</u>	<u>276</u>
Interest and dividend income	38	4	42
Interest expense	(173)	(494)	(667)
Gain on disposition of assets	-	47	47
Store closing expense	(34)	-	(34)
<b>Net income (loss) before taxes</b>	<u>\$ 220</u>	<u>(556)</u>	<u>(336)</u>
<b>Total Assets</b>	<u>\$ 18,761</u>	<u>\$ 1,631</u>	<u>\$ 20,392</u>

