XPONENTIAL, INC.

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

	September 30, 2010 (Unaudited)	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 1,294	$ 690
Investments-marketable securities	156	591
Accounts and short term notes receivable	499	802
Pawn service charges receivable	722	647
Pawn loans receivable	6,561	5,886
Inventories	4,657	3,846
Prepaid expenses and other current assets	357	365
Total current assets	14,246	12,827
Property and equipment, net	3,923	3,870
Investment in Capital Financial Holdings, Inc.	2,073	2,065
Note issuance costs, net of amortization of $1,044 and $994 of September 30, 2010 and June 30, 2010, respectively	849	899
Other assets	164	147
Total assets	$ 21,255	$ 19,808
Liabilities and Stockholders' Equity		
Current liabilities:		
Bank line of credit	$ 5,921	$ 4,669
Accounts payable and accrued expenses	831	489
Accrued payroll and payroll taxes	376	387
Deferred rent	9	8
Deferred revenue	326	318
Accrued interest	191	171
Redeemable preferred stock – Series A; par value $0.01; 5% cumulative dividend, liquidation preference $5.00 per share; 671,620 shares issued at September 30, 2010 and June 30, 2010, respectively	3,358	3,358
Total current liabilities	11,012	9,400
Long term liabilities:		
8% limited recourse convertible notes, net of discount of $39 and $44 at September 30, 2010 and June 30, 2010, respectively	19,961	19,956
Cumulative preferred stock dividend payable	585	512
Deferred rent	104	105
Total long term liabilities	20,650	20,573
Total liabilities	31,662	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 September 30, 2010 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 September 30, 2010 and June 30, 2010	28	27
Additional paid-in capital	6,272	6,272
Accumulated deficit	(15,520)	(15,489)
Accumulated other comprehensive income (loss)	(1,145)	(933)
Less treasury stock, at cost; 65,500 common shares at September 30, 2010 and June 30, 2010, respectively	(47)	(47)
Total stockholders' deficit	(10,407)	(10,165)
Total liabilities and stockholders' deficit	$ 21,255	$ 19,908

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Unaudited)
(In thousands)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009
Revenues:		
Merchandise sales	$ 5,259	$ 5,071
Pawn service charges and related fee income	2,488	2,050
Total revenues	7,747	7,121
Cost of sales	3,485	3,339
Gross profit	4,262	3,782
Expenses:		
Store operating expenses	2,594	2,244
Corporate administrative expenses	1,040	871
Depreciation and amortization	194	159
Total expenses	3,828	3,274
Operating income (loss)	434	508
Investment income	245	48
Interest expense including Series A preferred dividends of $42and $41 for the three months ended September 30, 2010 and 2009, respectively	(658)	(581)
Store closing expenses	(20)	-
Net income (loss) before taxes	1	(25)
Income tax expense	-	-
Net income (loss)	1	(25)
Preferred stock dividend requirement	(31)	(31)
Net loss allocable to common stockholders	$ (30)	$ (56)

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	For the Three Months Ended September 30, 2010	For the Three Months Ended September 30, 2009
Cash flows from operating activities:		
Net income (loss)	$ 1	$ (25)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	194	159
Non cash compensation expense	-	-
Non-cash interest expense	-	1
Gain on Sale of Assets	(194)	
Amortization of debt issue costs	50	51
Changes in operating assets and liabilities:		
Accounts receivable	303	(233)
Pawn service charges receivable	(75)	(32)
Inventories, net	(811)	(248)
Prepaid expenses and other current assets	8	(31)
Accounts payable and accrued liabilities	401	520
Net cash provided by (used in) operating activities	(123)	162
Cash flows from investing activities:		
Pawn loans made	(6,565)	(5,639)
Pawn loans redeemed	2,674	2,521
Inventory acquired from loan forfeitures	3,213	2,827
Pawn Confiscations/Adjustments	2	-
Proceeds from sale of investments	408	-
Purchases of property and equipment	(239)	(210)
Purchases of other assets	(18)	(47)
Net cash used in investing activities	(525)	(548)
Cash flows from financing activities:		
Borrowings on notes payable	5,867	4,529
Principal payments on notes payable	(4,615)	(3,919)
Dividends paid	-	-
Net cash provided by financing activities	1,252	610
Net increase in cash and cash equivalents	604	224
Cash and cash equivalents at beginning of period	690	627
Cash and cash equivalents at end of period	$ 1,294	$ 851
Supplemental disclosures of cash flow information -		
Cash paid for interest	$ 545	$ 523

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 now 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 months ended September 30, 2010 and 2009 is set forth below:

(In thousands) Three Months Ended September 30, 2010	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	$ 5,259	-	5,259
Pawn service charges and related fee income	2,488	-	2,488
Total Revenue	7,747	-	7,747
Expenses:			
Cost of sales	3,485	-	3,485
Store operating expenses	2,594	-	2,594
Corporate administrative expenses	934	106	1,040
Depreciation and amortization	189	5	194
Operating income (loss)	545	(111)	434
Financial income	39	206	245
Store closing expens	(20)	-	(20)
Interest expense	(165)	(493)	(658)
Net income (loss) before taxes	$ 399	(398)	1
Total Assets	$ 19,315	$ 1,940	$ 21,255

(In thousands) For the Three Months Ended September 30, 2009	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	$ 5,071	$ -	$ 5,071
Pawn service charges and related fee income	2,050	-	2,050
Total Revenue	7,121	-	7,121
Expenses:			
Cost of sales	3,339	-	3,339
Store operating expenses	2,244	-	2,244
Corporate administrative expenses	772	99	871
Depreciation and amortization	154	5	159
Operating income (loss)	612	(104)	508
Financial income	38	10	48
Interest expense	(89)	(492)	(581)
Net income (loss) before taxes	$ 561	$ (586)	$ (25)
Total Assets	$ 17,597	$ 2,163	$ 19,760