

XPONENTIAL, INC.

INDEX

Index to Consolidated Financial Statements	Page
Consolidated Balance Sheets as of September 30 and June 30, 2011	1
Consolidated Statements of Operations for the Three Months Ended September 30, 2011 and 2010	2
Consolidated Statements of Cash Flows for the Three Months Ended September 30, 2011 and 2010	3

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

	September 30, 2011 (Unaudited)	June 30, 2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 610	\$ 524
Accounts and short term notes receivable	418	846
Pawn service charges receivable	908	837
Pawn loans receivable	8,245	7,606
Inventories	5,953	4,504
Prepaid expenses and other current assets	462	486
Total current assets	16,596	14,803
Property and equipment, net	4,609	4,356
Investment in Capital Financial Holdings, Inc.	1,375	1,404
Goodwill	2,479	2,479
Note issuance costs, net of amortization of \$1,248 and \$1,197 as of September 30, 2011 and June 30, 2011, respectively	645	696
Other assets, net of amortization of \$29 and \$21 as of September 30, 2011 and June 30, 2011, respectively	213	220
Total assets	\$ 25,917	\$ 23,958
<u>Liabilities and Stockholders' Equity</u>		
Liabilities:		
Bank line of credit	\$ 7,436	\$ 5,905
Acquisition payable	-	2,775
Accounts payable and accrued expenses	1,505	1,014
Accrued payroll and payroll taxes	452	475
Deferred rent	28	28
Deferred revenue	362	311
Accrued interest	224	191
Cumulative preferred stock dividend payable	503	461
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, 2011 and June 30, 2011, respectively	3,358	3,358
Total current liabilities	13,778	14,518
Long term liabilities:		
Deferred rent	66	66
8% limited recourse convertible notes, net of discount of \$20 and \$25 at September 30, 2011 and June 30, 2011, respectively	19,980	19,975
Note Payable – long term	2,802	-
Total long term liabilities	22,848	20,041
Total liabilities	36,626	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 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, 2011 and June 30, 2011	27	27
Additional paid-in capital	6,272	6,272
Accumulated deficit	(16,081)	(16,002)
Accumulated other comprehensive income (loss)	(885)	(856)
Less treasury stock, at cost; 65,500 common shares at September 30, 2011 and June 30, 2011, respectively	(47)	(47)
Total stockholders' deficit	(10,709)	(10,601)
Total liabilities and stockholders' deficit	\$ 25,917	\$ 23,958

XPONENTIAL, INC. AND SUBSIDIARIESConsolidated Statements of Operations
(Unaudited)

(In thousands)

	<u>Three Months Ended September 30, 2011</u>	<u>Three Months Ended September 30, 2010</u>
Revenues:		
Merchandise sales	\$ 7,259	\$ 5,259
Pawn service charges and related fee income	3,139	2,488
Total revenues	<u>10,398</u>	<u>7,747</u>
Cost of sales	<u>5,056</u>	<u>3,485</u>
Gross profit	5,342	4,262
Expenses:		
Store operating expenses	3,116	2,594
Corporate administrative expenses	1,269	1,040
Depreciation and amortization	247	194
Total expenses	<u>4,632</u>	<u>3,828</u>
Operating income (loss)	710	434
Investment income	21	245
Interest expense	(810)	(658)
Store closing expenses	-	(20)
Net loss before taxes	<u>(79)</u>	<u>1</u>
Income tax expense	-	-
Net gain (loss)	<u>\$ (79)</u>	<u>\$ 1</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 now operates 27 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)

For the Three Months Ended September 30, 2011	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	\$ 7,259	\$ -	\$ 7,259
Pawn service charges and related fee income	3,139	-	3,139
Total Revenue	<u>10,398</u>	<u>-</u>	<u>10,398</u>
Expenses:			
Cost of sales	5,056	-	5,056
Store operating expenses	3,116	-	3,116
Corporate administrative expenses	1,153	116	1,269
Depreciation and amortization	242	5	247
Operating income (loss)	<u>831</u>	<u>(121)</u>	<u>710</u>
Financial income	21	-	21
Interest expense	<u>(317)</u>	<u>(493)</u>	<u>(810)</u>
Net income (loss)	<u>\$ 535</u>	<u>\$ (614)</u>	<u>\$ (79)</u>
Total Assets	<u>\$ 24,974</u>	<u>\$ 943</u>	<u>\$ 25,917</u>

(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	<u>7,747</u>	<u>-</u>	<u>7,747</u>
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)	<u>545</u>	<u>(111)</u>	<u>434</u>
Financial income	39	206	245
Store closing expens	(20)	-	(20)
Interest expense	<u>(165)</u>	<u>(493)</u>	<u>(658)</u>
Net loss before taxes	<u>\$ 399</u>	<u>(398)</u>	<u>1</u>
Total Assets	<u>\$ 19,315</u>	<u>\$ 1,940</u>	<u>\$ 21,255</u>

