

XPONENTIAL, INC.

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

	March 31, 2010 (Unaudited)	June 30, 2009
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 817	\$ 627
Investments-marketable securities	600	341
Accounts and short term notes receivable	484	119
Pawn service charges receivable	492	584
Pawn loans receivable	4,473	5,308
Inventories	3,477	4,032
Prepaid expenses and other current assets	525	426
Total current assets	10,868	11,437
Property and equipment, net	3,649	3,498
Investment in Capital Financial Holdings, Inc.	2,077	2,427
Note issuance costs, net of amortization of \$942 and \$790 as of March 31, 2010 and June 30, 2009, respectively	950	1,103
Other assets, net of amortization of \$143 and \$140 as of March 31, 2010 and June 30, 2009, respectively	147	116
Total assets	\$ 17,691	\$ 18,581
 <u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Bank line of credit	\$ 2,072	\$ 3,442
Accounts payable and accrued expenses	422	390
Accrued payroll and payroll taxes	500	325
Deferred rent	1	1
Deferred revenue	317	319
Accrued interest	158	160
Redeemable Preferred Stock – Series A	3,358	3,358
Total current liabilities	6,828	7,995
Long term liabilities:		
8% limited recourse convertible notes, net of discount of \$49 and \$64 at March 31, 2010 and June 30, 2009, respectively	19,950	19,936
Cumulative preferred stock dividend payable	438	219
Deferred rent	74	74
Total long term liabilities	20,462	20,229
Total liabilities	27,290	28,224
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, 2010 and June 30, 2009, respectively	5	5
Common stock - \$0.01 par value; 10,000,000 shares authorized, 2,750,411 shares issued as of March 31, 2010 and June 30, 2009, respectively	27	27
Additional paid-in capital	6,272	6,272
Accumulated deficit	(14,945)	(15,062)
Accumulated other comprehensive income (loss)	(911)	(838)
Less treasury stock, at cost; 65,500 common shares at March 31, 2010 and June 30, 2009, respectively	(47)	(47)
Total stockholders' deficit	(9,599)	(9,643)
Total liabilities and stockholders' deficit	\$ 17,691	\$ 18,581

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Unaudited)

(In thousands)

	<u>Nine Months Ended March 31, 2010</u>	<u>Nine Months Ended March 31, 2009</u>
Revenues:		
Merchandise sales	\$ 16,995	\$ 14,530
Pawn service charges and related fee income	6,361	5,024
Total revenues	<u>23,356</u>	<u>19,554</u>
Cost of sales	<u>10,507</u>	<u>9,099</u>
Gross profit	12,849	10,455
Expenses:		
Store operating expenses	7,637	6,499
Corporate administrative expenses	2,897	2,433
Depreciation and amortization	490	447
Total expenses	<u>11,024</u>	<u>9,379</u>
Operating income	1,825	1,076
Interest and dividend income	144	141
Interest expense including Series A preferred dividends of \$125 and \$43 for the nine months ended March 31, 2010 and 2009, respectively	(1,763)	(1,646)
Gain (loss) on disposition of assets	6	(15)
Net income (loss) before taxes	<u>212</u>	<u>(444)</u>
Income tax expense	-	-
Net income (loss)	212	(444)
Preferred stock dividend requirement	(93)	(96)
Net income (loss) allocable to common stockholders	<u>\$ 119</u>	<u>\$ (540)</u>

XPONENTIAL, INC. AND SUBSIDIARIES

Consolidated Statements of Operations
(Unaudited)

(In thousands)

	<u>Three Months Ended March 31, 2010</u>	<u>Three Months Ended March 31, 2009</u>
Revenues:		
Merchandise sales	\$ 5,293	\$ 4,583
Pawn service charges and related fee income	2,106	1,731
Total revenues	<u>7,399</u>	<u>6,314</u>
Cost of sales	<u>3,079</u>	<u>2,673</u>
Gross profit	4,320	3,641
Expenses:		
Store operating expenses	2,712	2,309
Corporate administrative expenses	1,042	917
Depreciation and amortization	170	164
Total expenses	<u>3,924</u>	<u>3,390</u>
Operating income	396	251
Interest and dividend income	38	50
Interest expense including Series A preferred dividends of \$42 and \$-0- for the three months ended March 31, 2009 and 2008, respectively	(579)	(519)
Gain (loss) on disposition of assets	6	(11)
Net loss before taxes	<u>(139)</u>	<u>(229)</u>
Income tax expense	-	-
Net loss	<u>(139)</u>	<u>(229)</u>
Preferred stock dividend requirement	(31)	(31)
Net loss allocable to common stockholders	<u>\$ (170)</u>	<u>\$ (260)</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 25 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, 2010 and 2009 is set forth below:

(In thousands)

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	6,301	-	6,301
Total Revenue	<u>23,356</u>	<u>-</u>	<u>23,356</u>
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)	<u>2,070</u>	<u>(245)</u>	<u>1,825</u>
Interest and dividend income	116	28	144
Interest expense	(285)	(1,478)	(1,763)
Gain on disposition of assets	-	6	6
Net income (loss) before taxes	<u>\$ 1,901</u>	<u>(1,689)</u>	<u>212</u>
Total Assets	<u>\$ 12,446</u>	<u>\$ 5,247</u>	<u>\$ 17,693</u>

(In thousands)

Nine Months Ended March 31, 2009	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	\$ 14,530	-	14,530
Pawn service charges and related fee income	5,024	-	5,024
Total Revenue	<u>19,554</u>	<u>-</u>	<u>19,554</u>
Expenses:			
Cost of sales	9,099	-	9,099
Store operating expenses	6,499	-	6,499
Corporate administrative expenses	2,138	295	2,433
Depreciation and amortization	402	45	447
Operating income (loss)	<u>1,416</u>	<u>(340)</u>	<u>1,076</u>
Interest and dividend income	114	27	141
Interest expense	(246)	(1,400)	(1,646)
Loss on disposition of assets	(4)	(11)	(15)
Net income (loss) before taxes	<u>\$ 1,280</u>	<u>(1,724)</u>	<u>(444)</u>
Total Assets	<u>\$ 13,911</u>	<u>\$ 3,692</u>	<u>\$ 17,603</u>

XPONENTIAL, INC. AND SUBSIDIARIES

Operating Segment Information (continued)

(In thousands)

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	37	1	38
Interest expense	(86)	(493)	(579)
Gain on disposition of assets	-	6	6
Net income (loss) before taxes	\$ 413	(552)	(139)
Total Assets	\$ 12,446	\$ 5,247	\$ 17,693

(In thousands)

For the Three Months Ended March 31, 2009	Pawn Lending	Investment, Management and Advisory Services	Consolidated
Revenue:			
Merchandise sales	\$ 4,583	\$ -	\$ 4,583
Pawn service charges and related fee income	1,731	-	1,731
Total Revenue	6,314	-	6,314
Expenses:			
Cost of sales	2,673	-	2,673
Store operating expenses	2,309	-	2,309
Corporate administrative expenses	841	76	917
Depreciation and amortization	149	15	164
Operating income (loss)	342	(91)	251
Interest and dividend income	38	12	50
Interest expense	(67)	(452)	(519)
Loss on disposition of assets	-	(11)	(11)
Net income (loss) before taxes	\$ 313	\$ (542)	\$ (229)
Total Assets	\$ 13,911	\$ 3,692	\$ 17,603