

**XPONENTIAL, INC.**

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

	December 31, 2010	June 30, 2010
	(Unaudited)	
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 877	\$ 690
Investments-marketable securities	152	591
Accounts and short term notes receivable	1,104	802
Pawn service charges receivable	774	647
Pawn loans receivable	7,012	5,886
Inventories	4,491	3,846
Prepaid expenses and other current assets	428	365
Total current assets	14,838	12,827
Property and equipment, net	4,003	3,870
Investment in Capital Financial Holdings, Inc.	2,053	2,065
Note issuance costs, net of amortization of \$1,095 and \$994 as of December 31, 2010 and June 30, 2010, respectively	797	899
Other assets, net of amortization of \$ 28 and \$-0- as of December 31, 2010 and June 30, 2010, respectively	784	147
Total assets	\$ 22,475	\$ 19,808
 <u>Liabilities and Stockholders' Deficit</u>		
Current liabilities:		
Bank line of credit	\$ 5,479	\$ 4,669
Accounts payable and accrued expenses	864	506
Accrued payroll and payroll taxes	528	370
Deferred rent	9	8
Deferred revenue	319	318
Accrued interest	203	171
Current portion of notes payable	666	-
Cumulative preferred stock dividend payable	377	294
Redeemable Preferred Stock – Series A	3,358	3,358
Total current liabilities	11,803	9,694
Long term liabilities:		
Deferred rent	105	105
Notes payable	278	-
Cumulative preferred stock dividend payable	281	218
8% limited recourse convertible notes, net of discount of \$35 and \$44 at December 31, 2010 and June 30, 2010, respectively	19,965	19,956
Total long term liabilities	20,629	20,279
Total liabilities	32,432	29,973
Stockholders' deficit:		
Preferred stock – Series B; convertible; par value \$0.01; 5% cumulative dividend, liquidation preference \$5.00 share; 500,050 shares authorized; 500,042 shares issued and outstanding at December 31, 2010 and June 30, 2010	5	5
Common stock - \$0.01 par value; 10,000,000 shares authorized, 2,750,411 shares issued as of December 31, 2010 and June 30, 2010	27	27
Additional paid-in capital	6,272	6,272
Accumulated deficit	(15,107)	(15,489)
Accumulated other comprehensive loss	(1,107)	(933)
Less treasury stock, at cost; 65,500 common shares at December 31 and June 30, 2009, respectively	(47)	(47)
Total stockholders' deficit	(9,957)	(10,165)
Total liabilities and stockholders' deficit	\$ 22,475	\$ 19,808

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

(In thousands)

	Six Months Ended December 31, 2010	Six Months Ended December 31, 2009
Revenues:		
Merchandise sales	\$ 12,364	\$ 11,702
Pawn service charges and related fee income	5,122	4,255
Total revenues	17,486	15,957
Cost of sales	8,060	7,428
Gross profit	9,426	8,529
Expenses:		
Store operating expenses	5,362	4,925
Corporate administrative expenses	2,047	1,855
Depreciation and amortization	420	320
Total expenses	7,829	7,100
Operating income	1,597	1,429
Interest and dividend income	90	101
Gain on disposition of assets	132	5
Interest expense including Series A preferred dividends of \$84 and \$83 for the six months ended December 31, 2010 and 2009, respectively	(1,347)	(1,184)
Store closing expense	(27)	-
Net income before taxes	445	351
Income tax expense	-	-
Net income	445	351
Preferred stock dividend requirement	(62)	(62)
Net income allocable to common stockholders	\$ 383	\$ 289

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

(In thousands)

	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009
Revenues:		
Merchandise sales	\$ 7,105	\$ 6,631
Pawn service charges and related fee income	2,634	2,205
Total revenues	9,739	8,836
Cost of sales	4,575	4,089
Gross profit	5,164	4,747
Expenses:		
Store operating expenses	2,768	2,681
Corporate administrative expenses	1,007	984
Depreciation and amortization	226	161
Total expenses	4,001	3,826
Operating income	1,163	921
Interest and dividend income	38	58
Loss on disposition of assets	(61)	-
Interest expense including Series A preferred dividends of \$42 and 42 for the three months ended December 31, 2010 and 2009, respectively	(689)	(603)
Store closing expenses	(7)	-
Net income before taxes	444	376
Income tax expense	-	-
Net income	444	376
Preferred stock dividend requirement	(31)	(31)
Net income allocable to common stockholders	\$ 413	\$ 345

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

(In thousands)

	For the Six Months Ended December 31, 2010	For the Six Months Ended December 31, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 445	\$ 351
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	420	320
Non cash compensation expense	-	-
Non-cash interest expense	-	1
Gain on disposition of assets	(132)	(5)
Amortization of debt issue costs	101	102
Changes in operating assets and liabilities:		
Accounts receivable	(302)	(872)
Pawn service charges receivable	(127)	(23)
Inventories, net	(645)	293
Prepaid expenses and other assets	(63)	(108)
Accounts payable and accrued liabilities	628	246
Net cash used in operating activities	325	305
Cash flows from investing activities:		
Pawn loans made	(12,519)	(10,860)
Pawn loans redeemed	5,313	4,850
Inventory acquired from loan forfeitures	6,080	5,777
Proceeds from sale of investments	407	-
Purchases of property and equipment	(518)	(394)
Other assets	(657)	(66)
Net cash provided by (used in) investing activities	(1,893)	(693)
Cash flows from financing activities:		
Borrowings on notes payable	12,169	8,919
Principal payments on notes payable	(10,414)	(8,516)
Net cash provided by (used in) financing activities	1,755	403
Net increase (decrease) in cash and cash equivalents	187	15
Cash and cash equivalents at beginning of period	690	627
Cash and cash equivalents at end of period	\$ 877	\$ 642
Supplemental disclosures of cash flow information -		
Cash paid for interest	\$ 1,125	\$ 1,224

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

(In thousands)

	For the Three Months Ended December 31, 2010	For the Three Months Ended December 31, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 444	\$ 376
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	226	161
Loss on disposition of assets	61	-
Amortization of debt issue costs	51	51
Changes in operating assets and liabilities:		
Accounts receivable	(605)	(639)
Pawn service charges receivable	(52)	9
Inventories, net	166	541
Prepaid expenses and other assets	(71)	(77)
Accounts payable and accrued liabilities	228	(276)
Net cash used in operating activities	448	143
Cash flows from investing activities:		
Pawn loans made	(5,954)	(5,221)
Pawn loans redeemed	2,639	2,329
Inventory acquired from loan forfeitures	2,865	2,950
Purchases of property and equipment	(279)	(184)
Other assets	(639)	(19)
Net cash provided by (used in) investing activities	(1,368)	(145)
Cash flows from financing activities:		
Borrowings on notes payable	6,302	4,390
Principal payments on notes payable	(5,799))	(4,597)
Net cash provided by (used in) financing activities	503	(207)
Net increase (decrease) in cash and cash equivalents	(417)	(209)
Cash and cash equivalents at beginning of period	1,294	851
Cash and cash equivalents at end of period	\$ 877	\$ 642
Supplemental disclosures of cash flow information -		
Cash paid for interest	\$ 580	\$ 691

**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 six months ended December 31, 2010 and 2009 is set forth below:

(In thousands)

Six Months Ended December 31, 2010	Pawn Lending	Investment, Management and Advisory Services	Consolidated
<b>Revenue:</b>			
Merchandise sales	\$ 12,364	-	12,364
Pawn service charges and related fee income	5,122	-	5,122
<b>Total Revenue</b>	<u>17,486</u>	<u>-</u>	<u>17,486</u>
<b>Expenses:</b>			
Cost of sales	8,060	-	8,060
Store operating expenses	5,362	-	5,362
Corporate administrative expenses	1,879	168	2,047
Depreciation and amortization	410	10	420
<b>Operating income (loss)</b>	<u>1,775</u>	<u>(178)</u>	<u>1,597</u>
Interest and dividend income	77	13	90
Gain on disposition of assets	-	132	132
Interest expense	(362)	(985)	(1,347)
Store closing expense	(27)	-	(27)
<b>Net income(loss) before taxes</b>	<u>\$ 1,463</u>	<u>(1,018)</u>	<u>445</u>
<b>Total Assets</b>	<u>\$ 20,656</u>	<u>\$ 1,819</u>	<u>\$ 22,475</u>

**XPONENTIAL, INC. AND SUBSIDIARIES**  
Operating Segment Information

(In thousands)

Six Months Ended December 31, 2009	Pawn Lending	Investment, Management and Advisory Services	Consolidated
<b>Revenue:</b>			
Merchandise sales	\$ 11,702	-	11,702
Pawn service charges and related fee income	4,255	-	4,255
<b>Total Revenue</b>	<u>15,957</u>	<u>-</u>	<u>15,957</u>
<b>Expenses:</b>			
Cost of sales	7,428	-	7,428
Store operating expenses	4,925	-	4,925
Corporate administrative expenses	1,685	170	1,855
Depreciation and amortization	311	9	320
<b>Operating income (loss)</b>	<u>1,608</u>	<u>(179)</u>	<u>1,429</u>
Interest and dividend income	77	24	101
Gain on disposition of assets	-	5	5
Interest expense	(199)	(985)	(1,184)
<b>Net loss before taxes</b>	<u>\$ 1,486</u>	<u>(1,135)</u>	<u>351</u>
<b>Total Assets</b>	<u>\$ 14,751</u>	<u>\$ 4,841</u>	<u>\$ 19,592</u>

(In thousands)

For the Three Months Ended December 31, 2010

	Pawn Lending	Investment, Management and Advisory Services	Consolidated
<b>Revenue:</b>			
Merchandise sales	\$ 7,105	\$ -	\$ 7,105
Pawn service charges and related fee income	2,634	-	2,634
<b>Total Revenue</b>	<u>9,739</u>	<u>-</u>	<u>9,739</u>
<b>Expenses:</b>			
Cost of sales	4,575	-	4,575
Store operating expenses	2,768	-	2,768
Corporate administrative expenses	945	62	1,007
Depreciation and amortization	221	5	226
<b>Operating income (loss)</b>	<u>1,230</u>	<u>(67)</u>	<u>1,163</u>
Investment income	38	-	38
Loss on disposition of assets	-	(61)	(61)
Interest expense	(197)	(492)	(689)
Store closing expense	(7)	-	(7)
<b>Net income (loss) before taxes</b>	<u>\$ 1,064</u>	<u>\$ (620)</u>	<u>\$ 444</u>
<b>Total Assets</b>	<u>\$ 20,656</u>	<u>\$ 1,819</u>	<u>\$ 22,475</u>

**XPONENTIAL, INC. AND SUBSIDIARIES**  
Operating Segment Information

(In thousands)

For the Three Months Ended December 31, 2009

	Pawn Lending	Investment, Management and Advisory Services	Consolidated
<b>Revenue:</b>			
Merchandise sales	\$ 6,631	\$ -	\$ 6,631
Pawn service charges and related fee income	2,205	-	2,205
<b>Total Revenue</b>	<u>8,836</u>	<u>-</u>	<u>8,836</u>
<b>Expenses:</b>			
Cost of sales	4,089	-	4,089
Store operating expenses	2,681	-	2,681
Corporate administrative expenses	912	72	984
Depreciation and amortization	157	4	161
<b>Operating income (loss)</b>	<u>997</u>	<u>(76)</u>	<u>921</u>
Interest and dividend income	38	20	58
Interest expense	(110)	(493)	(603)
<b>Net income (loss) before taxes</b>	<u>\$ 925</u>	<u>\$ (549)</u>	<u>\$ 376</u>
<b>Total Assets</b>	<u>\$ 14,751</u>	<u>\$ 4,841</u>	<u>\$ 19,592</u>