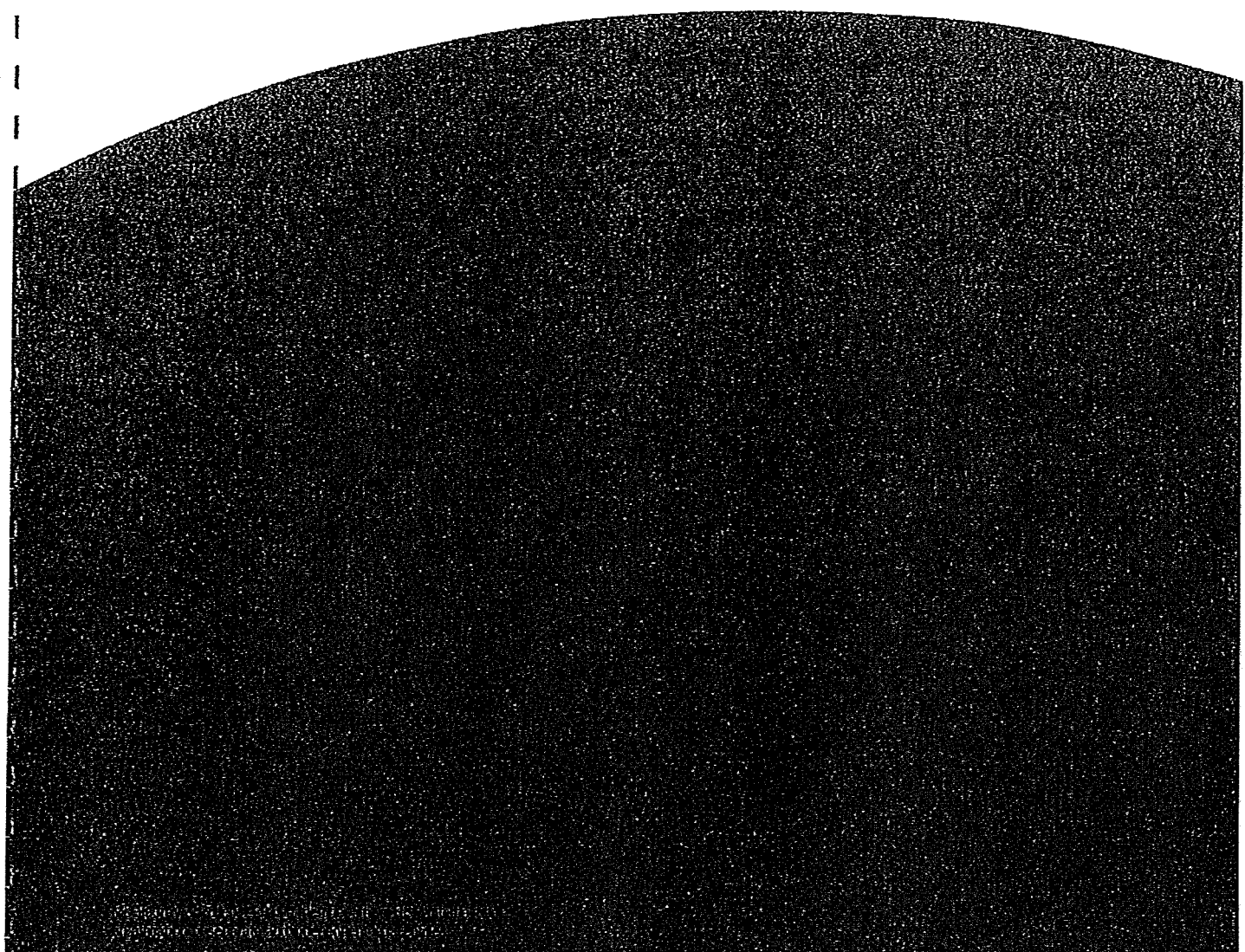


**Exhibit B**

**McGladrey & Pullen**  
Certified Public Accountants

**Lancelot Investors Fund II, L.P.**

Financial Report  
January 5, 2008



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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

Partners of  
Lancelot Investors Fund II, L.P.

We have audited the accompanying balance sheet of Lancelot Investors Fund II, L.P. as of January 5, 2008, and the related statements of operations, changes in partners' capital and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lancelot Investors Fund II, L.P. as of January 5, 2008 and the results of its operations, changes in its partners' capital and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

Chicago, Illinois  
March 28, 2008

Lancelot Investors Fund II, L.P.

Balance Sheet  
January 5, 2008

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Assets

Cash	\$	708,891
Notes receivable		239,015,486
Deferred origination fees		<u>188,826</u>
	\$	<u>239,913,203</u>

Liabilities and Partners' Capital

Liabilities

Partner contributions received in advance	\$	2,425,000
Management fee payable		1,102,121
Partner withdrawals payable		683,830
Accounts payable and accrued expenses		710,229
Borrowings under line of credit agreement		15,000,000
Accrual for loss contingency		<u>1,067,481</u>
		20,988,661

Partners' capital

		<u>218,924,542</u>
	\$	<u>239,913,203</u>

Lancelot Investors Fund II, L.P.

Statement of Operations  
Year Ended January 5, 2008

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Income	
Interest income	\$ 38,999,245
Expenses	
Management fees	4,432,551
Professional fees	130,466
Insurance	702,704
Origination fees	1,164,051
Servicing fees	641,020
Interest expense	584,597
Miscellaneous expenses	36,274
	<u>7,691,663</u>
Net income	<u>\$ 31,307,582</u>

See accompanying notes.

Lancelot Investors Fund II, L.P.

Statement of Changes in Partners' Capital  
Year Ended January 5, 2008

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Partners' capital, beginning of year	\$ <u>205,745,058</u>
Partners' capital transactions	
Contributions	62,360,529
Withdrawals	<u>(80,488,627)</u>
	<u>(18,128,098)</u>
Net income	<u>31,307,582</u>
Partners' capital, end of year	<u>\$ 218,924,542</u>

See accompanying notes.

Lancelot Investors Fund II, L.P.

Statement of Cash Flows  
Year Ended January 5, 2008

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Operating activities

Net income	\$ 31,307,582
Notes purchased	(427,252,505)
Payments received on notes	390,174,623
Changes in	
Deferred origination fees	146,100
Management fee payable	68,226
Accounts payable and accrued expenses	600,120
Net cash used in operating activities	<u>(4,955,854)</u>

Financing activities

Contributions received	62,360,529
Change in partner contributions received in advance	1,675,000
Withdrawals paid	(80,488,627)
Partner withdrawals payable	683,830
Net cash used in financing activities	<u>(15,769,268)</u>

Decrease in cash

(20,725,122)

Cash

Beginning of year	<u>21,434,013</u>
End of year	<u>\$ 708,891</u>

Supplemental disclosure of cash flow information

Interest paid	<u>\$ 567,953</u>
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Lancelot Investors Fund II, L.P.

Notes to the Financial Statements

Year Ended January 5, 2008

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Note 1 Nature of Activities and Significant Accounting Policies

Lancelot Investors Fund II, L.P. (the "Partnership") was formed in January 2003, pursuant to the Delaware Revised Uniform Limited Partnership Act. The Partnership is a "qualified purchaser fund" and accepts investments from qualified purchasers only. The Partnership commenced activities on February 1, 2003. The Partnership seeks to provide its partners with consistent and reliable returns while minimizing the risk of impairment to capital, primarily through the purchase of short-term trade finance notes ("Notes") originated by other entities.

The Partnership has elected January 5 as its fiscal year-end.

The Partnership purchases and is assigned Notes, whereby the Partnership assumes the rights of the originator of such Notes. The Notes purchased by and assigned to the Partnership are originated by Lancelot Investors Fund, L.P. ("Lancelot I"), a Delaware limited partnership, and also may be originated by other entities from time to time. The Partnership's General Partner is also the General Partner of Lancelot I. The Notes originated by Lancelot I and purchased by and assigned to the Partnership evidence loans made to one or more independently controlled special purpose vehicles ("SPV"). During the fiscal year, the Notes originated by Lancelot I were primarily issued by a single SPV, which is based in the United States. This SPV is engaged in the business of acquiring goods and selling such goods to major retailers. This SPV uses the proceeds from such Notes to finance the acquisition of goods, which the SPV sells to the retailer. The Notes pay a fixed interest rate, and the Partnership earns revenue from the Notes through the collection of such interest payments.

Notes receivable are stated at cost (generally equal to the principal amount of the Notes), plus accrued interest, which was \$14,282,064 as of January 5, 2008. Income is recognized on the accrual basis over the term of the Notes, which generally range from 180 to 270 days. Interest income accrues at predetermined rates on Notes outstanding at year-end.

The Partnership incurs servicing and origination fees relating to the Notes that it purchases and is assigned. Servicing fees are for Lancelot I to monitor that the SPV satisfies its obligations under the terms of the Notes, which include ensuring the delivery of goods to the retailer and the payment by the retailer to the SPV of the purchase price of the underlying goods. Servicing fees are expensed monthly at predetermined rates based on the principal of the Notes purchased. Origination fees are to compensate Lancelot I for the costs incurred by Lancelot I when the Notes were initially structured. Origination fees are based on the principal of the Notes purchased and assigned and are expensed over the terms of the Notes.

The fair value of the Partnership's assets and liabilities, which qualify as financial instruments under Statement of Financial Accounting Standards No. 107, *Disclosures About Fair Value of Financial Instruments*, approximates the carrying amounts presented in the balance sheet.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. SFAS 157 also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under SFAS 157, fair value measurements are disclosed by level within that hierarchy. This statement is effective for fiscal years beginning after November 15, 2007. The Partnership has completed its analysis and determined that the adoption of SFAS 157 is not expected to have a material impact on its balance sheet and its results of operations.

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Lancelot Investors Fund II, L.P.

Notes to the Financial Statements  
Year Ended January 5, 2008

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**Note 2 Partnership Agreement**

The Partnership's General Partner is Lancelot Investment Management, L.L.C., a Delaware limited liability company that has full discretionary management authority over the Partnership. The principal of the General Partner is Mr. Gregory Bell, who serves as the General Partner's Manager and has a 99 percent interest in the General Partner.

Pursuant to the terms of the partnership agreement, the General Partner receives a quarterly management fee equal to 0.5 percent (2 percent annual rate) of the closing capital account of each limited partner as of the last day of each quarter.

In addition to the management fee, the General Partner is entitled to a performance allocation from the capital account of each limited partner calculated at the end of each fiscal quarter and upon the redemption of any limited partner interest, equal to 20 percent of the New Investment Profits, as defined, allocated to each limited partner. The performance allocation is subject to a loss carryforward provision.

The General Partner may, in its discretion, reduce or waive the management fee and performance allocation for certain limited partners. During the year ended January 5, 2008, no management fees or performance allocations were waived.

The General Partner pays certain overhead and administrative expenses related to the Partnership's operations, including employee salaries and expenses related to office space and computer equipment. The Partnership is responsible for all legal and other expenses incurred in connection with the organization of the Partnership. In addition, the Partnership bears its own direct administrative and operating expenses including all routine legal, accounting, auditing and tax expenses and other reasonable expenses relating to the operation of the Partnership's business.

Swiss Financial Services, Inc. serves as administrator of the Partnership and is responsible for the maintenance of the Partnership's books and records and communications with limited partners.

Net income and net loss are allocated to both the General Partner and the limited partners in accordance with each partner's ownership percentage at the beginning of each fiscal period, subject to the performance allocation to the General Partner.

Capital contributions to the Partnership may be made at such times as the General Partner may determine, typically as of the beginning of each fiscal month.

Each limited partner is entitled to withdraw all or a portion of their capital account as of the end of any fiscal year upon at least 60 days' prior written notice, following the one-year anniversary of the limited partner's initial investment. For contributions made by limited partners after January 31, 2006, limited partners may not redeem from the Partnership prior to the two-year anniversary of the date such contributions were made.

**Note 3 Concentration of Credit Risk**

During the year ended January 5, 2008, the Partnership purchased and was assigned Notes from Lancelot I. Lancelot I acquires the Notes primarily from one SPV issuer (the "Primary Issuer"). The Partnership is economically dependent on its ability to purchase Notes from Lancelot I that are issued by one or more SPV issuers at rates and terms acceptable to the Partnership.

The Partnership is exposed to credit risk in that the Primary Issuer may fail to make interest and principal payments on the Notes at the contractually agreed date following default by a retailer. However, the Partnership mitigates this risk by generally maintaining credit insurance.

Lancelot Investors Fund II, L.P.

Notes to the Financial Statements  
Year Ended January 5, 2008

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**Note 4      Related-Party Transactions**

Transactions with the General Partner consisted of management fees of \$4,432,551, of which \$1,102,121 was owed as of January 5, 2008. In addition, the General Partner received a performance allocation amounting to \$6,261,503 for the year ended January 5, 2008. Subsequent to year-end, the General Partner withdrew \$1,602,042 from the Partnership, representing the balance of the performance allocation not paid. The General Partner interest maintained during the year was nominal.

The Partnership incurred servicing fees of \$641,020 to an Administrative Agent that is wholly owned by Lancelot I, of which \$54,423 was outstanding at January 5, 2008. Origination fees with respect to notes assigned by Lancelot I were \$1,017,950 for the year ended January 5, 2008, of which \$19,950 was owing and \$188,826 was deferred as of January 5, 2008. Origination fees totaling \$1,164,051 were expensed during the year ended January 5, 2008.

**Note 5      Income Taxes**

The Partnership is not subject to income taxes because its income and losses are includable in the tax returns of its partners. The Partnership may be required to file returns in various state and local jurisdictions as a result of its operations and the residency of its partners.

**Note 6      Line of Credit**

The Partnership maintains a financing arrangement whereby it receives a credit facility of up to \$15,000,000, that is repayable on or before February 23, 2009. Interest accrues at the prime rate less 0.50 percent or LIBOR plus 2.00 percent on any outstanding balances drawn under the credit facility. The rate at January 5, 2008 was 6.75 percent. As of January 5, 2008, \$15,000,000 was drawn and outstanding under the credit agreement.

**Note 7      Litigation and Loss Contingencies**

Lancelot I, the General Partner, one of the General Partner's employees and certain affiliates have been named in a lawsuit, filed in a state court on January 17, 2006, by a customer of a borrower of Lancelot I. The Partnership participated in this loan. The lawsuit alleges that the General Partner and its affiliates were responsible for conversion and unjust enrichment, among other claims. Lancelot I and the General Partner are involved in other lawsuits in the normal course of doing business. As of January 5, 2008, the Partnership maintains a \$1,067,481 contingency loss accrual for any potential liability the Partnership will be subject to as a result of the ongoing litigation. No additional contingency loss was expensed during the year ended January 5, 2008.

**Note 8      Subsequent Events**

Subsequent to January 5, 2008, the Partnership received approximately \$4,200,000 in contributions. Subsequent to January 5, 2008, the Partnership processed withdrawal requests of approximately \$3,900,000.