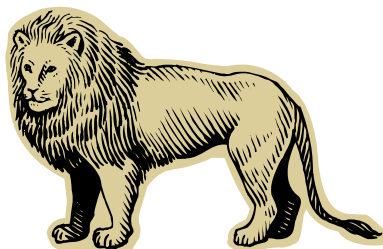


ASSET BASED LENDING CONSULTANTS, INC.

THE PROTECTOR



Protecting the Lender's collateral in a high risk environment



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WHAT IS “THE PROTECTOR” PACKAGE?

The Protector Package is a fully comprehensive accounts receivable and inventory collateral monitoring package designed for:

- The Asset Based Lender not wanting to establish a complicated monitoring infrastructure which is fairly labor and capital intensive, usually including:
 - Extensive human resources
 - Computer hardware and maintenance
 - Computer software and maintenance
 - Space rental and related overhead
- The Asset Based Lender who wishes to lend in the Asset Based Lending environment, but only on a limited basis.
- ABLC will also provide field audit services for the lender if so desired. Such services start at \$1,000 per man day and done under a separate agreement.



HOW DOES THE PROTECTOR WORK?

- The Protector is Excel driven, with download potential via email to the lender.
- It produces comprehensive collateral numbers and statistical data extrapolated from borrower submitted documents to be used by the lender, to intelligently manage the ABL portfolio. Such information is produced daily, weekly, or monthly, as the lender desires.
- It computes for the lender on each account, the following data:
 - Monthly interest calculations
 - Monthly yield calculations, factoring in such variables as float days, commitment and renewal fees, audit fees, service fees, etc.
 - Monthly return on asset calculations

Note:

Credit underwriting, account management, UCC lien filings, renewals, loan funding, receivable collections and all other credit functions are the responsibility of the lender.



WHAT IS THE COST FOR THE PROTECTOR SERVICE?

- Fees start at 0.125% monthly on the monitored combined collateral balances and can be impacted upwards by such things as:
 - Number of agings per borrower
 - Multiple subsidiaries borrowing under loan



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“THE PROTECTOR” – COLLATERAL MONITORING PACKAGE

INTRODUCTION

The operations area formerly referred to as the “back room” of the asset based lending area, represents an integral part of the credit control function of the asset based lender.

Because the nature of asset based lending makes it inherently vulnerable to fraud, the operations area’s function becomes the first line of defense for the lender.

In a properly structure asset based lending area, all supporting collateral documentation flow through the operations area for review and authentication. The operations person’s function is very micro in nature and usually very, very paper intensive. ABLC’s personnel in this area have the ability to wade through mounds of paperwork on a daily, weekly or monthly basis and spot irregularities.

Documentations that flow through the Protector program would include but are not limited to the following:

- (a) Copies of customers’ invoices and supporting shipping documentation (assignments)
- (b) Copies of customers’ credit memorandums
- (c) Cash remittance reports including checks received from customers



- (d) Accounts receivable agings
- (e) Accounts payable agings
- (f) Borrowing base reports
- (g) Inventory listings

The Protector allows for the same personnel working on the same accounts continually, to familiarize them with specific customers. This in the long run, aids the operations person in spotting irregularities.

Personnel are immediate in reporting irregularities to lenders, so that necessary action can be taken expeditiously.

While some functions of The Protector are monthly versus daily, they include the following:

- (a) Verifications
- (b) Reconciliations
- (c) Agings review
- (d) Review of collateral documentations
- (e) Review of receivable cash remittances



- (f) Review of accounts payable aging
- (g) Review of inventory reports
- (h) Ineligible calculations
- (i) The maintenance of data files and trend cards



DEFINITIONS OF FUNCTIONS

(a). Verifications

This process involves the contacting of a borrower's debtor in attempting to determine the validity of receivables pledged as collateral support.

Verifications are usually done on a written basis with an attempt to cover the entire aging in a year's time. Telephone verifications are used in cases where irregularities arise and immediate answers are important.

Written verifications are usually sent monthly with a second notice following the first attempt by ten days. Unresolved issues are brought to the account manager's attention and forwarded to the lender's audit department for follow-up.

(b). Reconciliations

This involves the process of matching the borrower's month-end agings on debtors to the lenders statements. This process is designed to catch unreported items such as credit memorandums, write-offs, etc., in addition to making sure there has been no double reporting of invoices assigned to the lender.

(c). Review Agings

The view of agings serves the following purposes:

- i. Monitor the movement of accounts across the agings. This is done by examining consecutive months' agings side by side and checking the movement of individual accounts.



- ii. To review concentrations of debtors and monitor undue build-up in any one account. This exercise also allows the lender to monitor on an ongoing basis, the strength of the customer base.
- iii. To calculate the ineligible accounts. While some customers will calculate and remit ineligibles, it is the responsibility of the Protector's personnel to check the veracity of these figures.
- iv. To compile on a continuing basis, comparative aging spreads to monitor aging condition and match with debtor turnovers.

(d). Reviewing Invoices/Shipping Documentation

This procedure allows the operations department to monitor invoices as to amounts, dates, numerical sequence and to compare to shipping document to determine if:

- 1). Shipping is timely
- 2). Pre-billing and pre-assignment exist

Operations personnel sometimes find it necessary to telephone verify individual invoices, if the circumstances suggest that this step is needed.

(e). Reviewing Remittance Reports

The reviewing of remittance reports lends itself to ascertaining that all receivable



proceeds are being sent to the lender to reduce the credit facility.

(f). Reviewing Accounts Payable Agings

This function serves primarily as a means of identifying contra accounts where an ineligible receivable should be established. The condition of the aging will also serve as an indicator of how the company is paying its vendors.

(g). Reviewing Inventory Reports

The review of inventory reports serves several functions, namely:

- i. A monitoring of inventory composition, i.e., raw materials, work-in-process and finished goods.
- ii. A calculation of ineligible inventory.
- iii. To determine if inventory is stored at any new locations that the lender might not be aware of.
- iv. A monitoring of inventory levels.
- v. A comparison of inventory levels to insurance coverage amounts.

(h). Ineligible Calculations

This exercise is geared towards calculation of a borrowing base to determine funds



availability. A comparison is then made to the borrower's calculation to determine discrepancies if any.

MAINTENANCE OF DATA FILES AND TREND CARDS

The Protector extrapolates and compiles statistical information from incoming documentation, to aid the lender in the intelligent management of the borrower.

It secures statistics that allow the lender to be able to analyze the following trends on a monthly basis:

- a). Accounts receivable aging spread comparison
- b). Concentration account balances
- c). Receivable turnover and collection trends
- d). Sales and dilution levels
- e). Historical ineligible percentages
- f). Verification response trends
- g). Inventory composition trends
- h). Inventory ineligibility trends
- i). Loan availability trends



The analysis of these trends by Protector personnel and the lender's account management staff, aids in the management of borrowers and the detection of any deteriorating collateral trends.



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KEY COLLATERAL INDICES REVIEWED BY THE PROTECTOR

Preamble

The purpose of this analysis is to encourage the Collateral Analyst to be proactive by looking at key data and attempting to connect the dots and determine if the borrower is deteriorating or improving.

Accounts Receivable

- 1) Comparative aging spreads on a rolling 13 month basis with emphasis on the comparable period for the previous year. Protector performs a vertical and horizontal analysis looking for:
 - a) Shifting percentages between aging buckets. Closely scrutinizes not only the past due bucket but the critical column bucket.
 - b) If working with an invoice date aging, compares the current bucket with sales for the corresponding month.
 - c) A review of Concentration Debtors and comparing their performance to the general AR population. If there are substantial delinquency issues with concentrations then causes are pursued.
 - d) Tests movement of aging buckets and also consistency in presentation of aging.
 - e) Compares aging movement to AR monthly and year-to-date turnover trends.



- 2) Accounts receivable statistics focusing on:
 - a) Turnover trends. Pays attention to monthly spikes that are out of character with the year-to-date trends. Compares trends to aging movement. They should be flowing in the same direction.
 - b) Watches the dilution trends for any sustained increases or decreases. Does it still support the AR advance rate?
 - c) Looks at sales trends.

- 3) Reconciliation is performed, between the Lenders report, the borrowing base, the financial statements and the general ledger. If all records are not available at the same date then personnel goes back to the date when they were and reconcile.

Inventory

- 1) Compares monthly totals for reasonableness. For example if sales are declining, why would inventory levels be increasing?
- 2) Stratifies and compares inventory by location. Are there any major shifts?
- 3) Stratifies manufacturing inventory by categories as raw materials, finished goods and work in process by percentages. Pays attention to any material



decreases in work process offset by a commensurate increase in either raw or finished.

- 4) Computes inventory turnover (Average inventory/COGS X number of days in the period)
- 5) Computes the Cash Conversion Cycle by adding AR turnover to inventory and compares this to the prior periods to see if liquidity is improving or deteriorating.

Accounts Payable

- 1) Does comparative aging spread analysis to determine the movement trends.
- 2) Stratifies the major vendors looking at the aging condition of key vendors and whether any new vendors appear.
- 3) Computes day's payable outstanding (AP/Purchases X number of days in the period).

Financial Statements

- 1) Looks at the liquidity ratios especially the Current Ratio (Cash + AR+ Inv/Current Liabilities). Anything too close to 1.2:1 or less expresses some severe liquidity issues. Also add the ABL perspective on looking at AR and Inv as being worth less than face value, to the equation.
- 2) Calculates debt-to-worth ratio looking for the any increasing debt burden.



- 3) Calculates EBITDA to see whether the borrower can adequately interest and debt service its obligations.

- 4) Calculates the asset conversion cycle (AR turn {Net AR/Net sales X number of days} + Inv turn {Avg Inv/COGS X number of days}) the same way as done using the collateral numbers. Looks at AP turn (AP/Purchases X number of days) and compares to last year to see if the company is consistent with its key vendors.

- 5) Finally, if the borrower is losing money then more than likely over-advances will occur creating the possibility of collateral manipulation to “create” availability.



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COMPANY XYZ
 453 Intelligent Ave
 Hannah, PA, 15673

EXECUTIVE SUMMARY
 7/15/2010

SIGNIFICANT FINDINGS

- 1) Slippage noted in AR spreads with balances over 60 days representing 26% at 6/30/10 vs 21% the prior year.
- 2) AR turn grew to 51 days vs 46 days reflecting the spread shift.
- 3) The reason for the slowdown is most evident in the concentration debtors which had 46% of their balances of 60. Analyst will follow up with borrower to understand why this is so.
- 4) Dilution is at 2% and supports the 85% AR advance rate.
- 5) Inventory levels show a growth of 14.7% year over year 2010 and 2009 and out of character with AR and sales trend. Further investigation is warranted.
- 6) Sales trending downwards, so AR growth is a reflection of AR slowdown.
- 7) On the positive side, EBITDA increased to \$301K in 2010 vs \$198K in 2009

ACCOUNTS RECEIVABLE

Aging Comparisons

	Current Period 06/30/10		Prior Period 06/30/09	
	Total	%	Total	%
A/R Aging Spread				
DATINGS	-	0%	-	0%
CURRENT	1,519.7	48%	1,382.1	45%
31-60	809.5	26%	1,045.2	34%
61-90	421.4	13%	319.2	10%
OVER 90	413.9	13%	356.0	11%
Total A/R Aging	3,164.4	100%	3,102.6	100%
Current Month's Sales		1,774.0		



Historical Aging Spreads

MONTH	BALANCE	1-30	31-60	61-90	91-120	OVER 120	PAST DUE %
Jul-09	3,420.9	1,831.0	851.9	378.5	359.4	0.0	11%
Aug-09	2,734.2	1,382.3	659.8	313.1	379.0	0.0	14%
Sep-09	2,715.7	1,444.8	610.3	273.1	387.4	0.0	14%
Oct-09	2,803.5	1,364.5	701.2	353.4	384.3	0.0	14%
Nov-09	2,814.9	1,361.3	657.2	237.0	559.4	0.0	20%
Dec-09	2,944.1	1,500.7	761.3	211.8	470.3	0.0	16%
Jan-10	3,268.7	1,901.7	728.8	164.0	474.2	0.0	15%
Feb-10	3,274.4	1,756.0	921.8	152.1	444.6	0.0	14%
Mar-10	3,690.5	2,136.2	879.2	205.9	469.3	0.0	13%
Apr-10	3,875.6	2,135.0	924.0	357.8	458.8	0.0	12%
May-10	3,889.9	1,983.5	1,158.7	375.1	372.6	0.0	10%
Jun-10	3,164.4	1,519.7	809.5	421.4	413.9	0.0	13%

Concentration Debtors

Debtor Name	%	Balance	1-30	31-60	61-90	Over 90
Chapter 7 Productions	7%	234.8	17.0	23.1	115.1	79.7
DOC, Inc	4%	112.9	-0.3	0.0	19.4	93.7
MKN Company, Inc	8%	264.6	110.5	147.6	0.0	6.5
Geddes & Beverages Ltd	3%	98.3	15.6	13.5	11.7	57.5
Far Rockaway Corp	3%	85.7	47.6	25.3	13.2	-0.4
ABLC, Corp	2%	73.8	73.8	0.0	0.0	0.0
Grace Kennedy, Ltd	2%	71.0	33.1	37.9	0.0	0.0
Patterson Peart Associates	2%	75.1	0.0	0.0	0.0	75.1
Singer Company	2%	61.3	61.3	0.0	0.0	0.0
National Products Ltd	2%	67.0	8.8	9.3	22.5	26.4
TOTAL	36.2%	\$1,144.5	\$367.3	\$256.8	\$181.9	\$338.5
Percentage		100%	32%	22%	16%	30%

The concentration debtors are performing worse than the overall spread. Analyst will pursue reasons with the borrower.

Accounts Receivable Statistics

A/R Rollforward Through

06/30/10

CURRENT PERIOD	Total Dilution \$	Total Dilution %	T/O Days	Gross Billings
3 Months	\$ 60.9	1%	51	\$ 6,306.3
6 Months	\$ 198.2	2%	51	\$ 12,749.0
9 Months	\$ 292.4	2%	51	\$ 17,906.2
12 Months	\$ 423.7	2%	50	\$ 23,372.1
CYTD	\$ 198.2	2%	51	\$ 12,749.0

PRIOR PERIOD

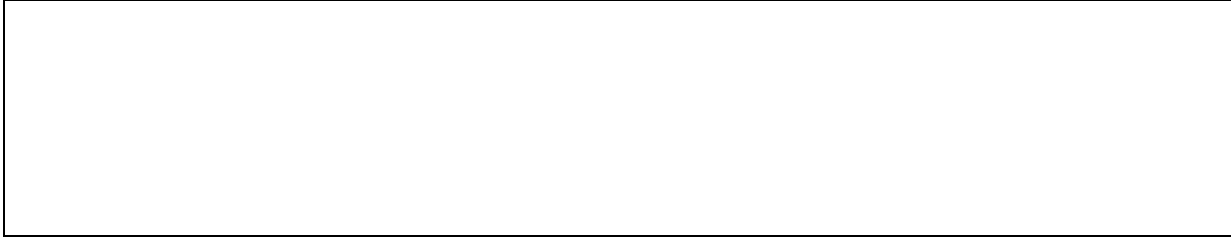
6/30/2009

3 Months	\$ 65.8	1%	44	\$ 6,902.0
6 Months	\$ 186.1	1%	46	\$ 13,938.2
9 Months	\$ 347.3	2%	48	\$ 20,562.8
12 Months	\$ 500.9	2%	49	\$ 27,238.0
PYTD	\$ 186.1	1%	46	\$ 13,938.2

Slowdown in T/O trend reflect the deterioration noted in spread.

Accounts Receivable Reconciliation

	As Of:	06/30/10	Aging	Lender	G/L		Financial
Balance Per Source Records			3,164	3,125.0		3,164	3,164
Add sales in transit			-	130.0		-	-
Less Collections in transit			-	(91.0)		-	-
			-	-		-	-
			-	-		-	-
			-	-		-	-
Unexplained			-	-		-	-
Total Adjustments			-	39.0		-	-
Reconciled Totals			3,164	3,164.0		3,164	3,164



INVENTORY

Inventory Composition

Inventory as at	CURRENT PERIOD 6/30/2010	PRIOR PERIOD 6/30/2009
Raw Materials	-	-
Finished Goods	3,353.0	2,923.0
Work in Process	-	-
Other Inventory	-	-
TOTAL INVENTORY	3,353.0	2,923.0

Inventory growth is out of character with sales trend suggesting a management or slow/obsolescence issue. Analyst will seek answers from borrower

Inventory History

MONTH	TOTAL INVENTORY	INELIGIBLE	%
Jul-09	2,987.8	320.0	11%
Aug-09	3,151.4	234.0	7%
Sep-09	2,965.1	250.0	8%
Oct-09	2,804.8	310.0	11%
Nov-09	2,706.0	220.0	8%
Dec-09	2,720.0	241.0	9%
Jan-10	2,972.9	301.0	10%
Feb-10	2,950.8	214.0	7%
Mar-10	3,056.5	275.0	9%
Apr-10	3,169.5	320.0	10%
May-10	3,276.0	295.0	9%
Jun-10	3,352.5	265.0	8%



FINANCIAL SUMMARY

	Current Period 6/30/2010	Prior Comparable Period 6/30/2009	FYE 12/31/2009	PRIOR FYE 12/31/2008
Current Ratio	2	2	1	2
Debt to Worth Ratio	2	3	2	3
EBITDA	\$ 301	\$ 198	\$ 887	\$ 681
A/R Turnover	45	40	46	43
Inventory Turnover	55	43	58	62
A/P Turnover	35	30	29	37

OTHER

CONSULTANTS MAKE NO RECOMMENDATIONS AS TO LOAN DECISIONS MADE WITH THIS COMPANY. WHILE IT IS UNDERSTOOD THAT THIS REPORT WILL BE USED TO ASSIST THE LENDING INSTITUTION IN REACHING LENDING DECISIONS, IT IS NOT TO BE RELIED UPON ENTIRELY AND IT IS INCUMBENT UPON THE LENDER TO PERFORM ADDITIONAL INVESTIGATIONS REGARDING THE CREDIT WORTHINESS OF THIS COMPANY. INFORMATION CONTAINED HEREIN WAS DERIVED FROM THE BOOKS AND RECORDS OF THIS COMPANY AS OF THE DATES STATED THROUGHOUT THIS REPORT.

**RESPECTFULLY SUBMITTED,
ASSET BASED LENDING CONSULTANTS, INC.**

**Client
Address**

**COMPANY XYZ
453 Intelligent Ave
Hannah, PA, 15673**

Loan	\$ 1,000
A/R As Of:	6/30/2010
Assignment Date:	6/30/2010
Effective Date:	6/30/2010
Inventory As of	6/30/2010
BBC Reconciliation as of:	6/30/2010
Ineligible Calculation as of:	6/30/2010
G/L Balance as of:	6/30/2010
Last Financial Year End	12/31/2009
Number of Months YTD	6
Advance on A/R	85%
Advance on Inventory	35%
Prior Period	6/30/2009
Report Date	7/15/2010

COMPANY XYZ

BORROWING BASE CERTIFICATE

Borrower's Name: COMPANY XYZ Exhibit: _____
Invoice Number: _____ Through _____
Credit Memo Number(s): _____ Through _____

In consideration of your continuing to make available to the undersigned certain credit accommodations, we certify that the following figures accurately represent the entire amount of accounts receivable owing to the undersigned and inventory of the undersigned; and that such amounts continue to be pledged to you as collateral to all owing by this company to you under Agreement dated _____, free and clear of all liens and encumbrances except in your favor.

Previous request date _____. This request as of date _____

1. Certified Accounts Receivable

A. Balance of A/R from previous report	(line 1e)		<u>\$3,890.00</u>
B. PLUS: Billings		+ \$1,744.00	
C. LESS: Collections		- \$2,440.00	
D. LESS: Non-cash credit to A/R (cr memo)		- \$30.00	
E. Total Certified A/R	(1a+1b-1c-1d)		<u>\$3,164.00</u>

2. NET A/R ELIGIBILITY: Ineligible Accounts Receivable

A. A/R Over _____ Days		<u>\$413.88</u>	
B. Cross -Aged _____ %		<u>\$100.55</u>	
C. Concentration Cap _____ %.		<u>\$0.00</u>	
D. Credits in Past Due		_____	
E. Foreign A/R		_____	
F. A/R with vendor Liens		_____	
G. Contras		<u>\$0.00</u>	
H. Affiliate A/R		<u>\$0.00</u>	
I. Other Ineligibles (Per Loan Agreement)		<u>\$0.00</u>	
J. Total Ineligible Accounts Receivable	(2a through 2i)		<u>\$514.43</u>
K. Net Eligible Accounts Receivable	(1e-2j)		<u>\$2,649.57</u>

3. CERTIFIED INVENTORY

A. Inventory balance from (line 3e)			<u>\$3,353.00</u>
B. PLUS: Purchases		+ _____	
C. LESS: Cost of Goods Sold		- _____	
D. Other Adjustments		+/- _____	
E. Total Certified Inventory (3a+3b-3c+/-3d)			<u>\$3,353.00</u>

Company XYZ

4. NET INVENTORY ELIGIBILITY: Ineligible Inventory

A. In Transit			
B. Inv > 1 yr Old		<u>\$195.00</u>	
C. Packaging, Cartons, Supplies		<u>\$70.00</u>	
D. Inv with vendor liens			
E. Work in Process			
F. Other Ineligibles (per Loan Agreement)		<u>\$0.00</u>	
G. Total Ineligible Inventory (4a though 4f)			<u>\$265.00</u>
H. Net Eligible Inventory (3e-4g)			<u>\$3,088.00</u>

5. BORROWING BASE

A. 85 % of Eligible A/R (line 2i)		<u>\$2,252.13</u>	
B. 35 % of Eligible Inventory (line 4g)		<u>\$1,080.80</u>	
C. Inventory Capped @ _____			
D. Total Borrowing Base [5a+(lesser of 5b or 5c)]			<u>\$3,332.93</u>
E. LOAN LIMIT			<u>\$1,000.00</u>

6. TRANSACTION SUMMARY:

A. Loan Balance from previous report (line 6d)			<u>\$710.00</u>
B. LESS: Sweep Plus Payments	-	<u>\$300.00</u>	
C. PLUS: Sweep Plus Advances	+	<u>\$280.00</u>	
D. New Outstanding Loan Balance (6a-6b+6c)			<u>\$690.00</u>
E. LESS: Outstanding Letters of Credit			
F. Additional advance availability [(lesser of 5d or 5e)-6d-6e]			<u>\$310.00</u>

Authorized By: _____ Title: _____ Date: _____

COMPANY XYZ

ASSIGNMENT

CLIENT: COMPANY XYZ
LOAN: \$1,000.0
ASSIGNMENT:
DATE: 6/30/2010
EFF DATE: 6/30/2010

THE UNDERSIGNED CLIENT HEREBY TRANSFERS AND ASSIGNS TO YOU THE ACCOUNTS RECEIVABLE DESCRIBED AND SET FORTH IN THE STATEMENTS OR INVOICES ATTACHED HERETO AND IDENTIFIED BY NUMBER AND DATE BELOW, AS COLLATERAL SECURITY FOR INDEBTEDNESS AND LIABILITIES AS MORE FULLY PROVIDED AND PURSUANT TO A PLAN SET FORTH IN A LOAN AND SECURITY AGREEMENT WITH THE UNDERSIGNED DATED

VOIDS	ITEM	NUMBERED		COUNT	TOTALLING
		FROM	TO		
	INVOICES	24	90	66	\$1,744.00
	AMOUNT I				\$1,744.00
	CREDITS				\$30.00
	AMOUNT II				\$30.00

NET AMOUNT \$1,714.00

COMPANY XYZ

REPORT OF COLLECTIONS

CLIENT: COMPANY XYZ
LOAN: \$1,000.0
ASSIGNMENT: _____
DATE: 6/30/2010
EFF DATE: 6/30/2010

THE FOLLOWING IS A STATEMENT OF COLLECTIONS AND DISCOUNTS OR ALLOWANCES MADE ON YOUR ACCOUNTS. WE ARE ENCLOSING THE ORIGINAL REMITTANCES RECEIVED IN PAYMENT OF THE INVOICES RECEIVED.

CUSTOMERS NAME	COLUMN A COLLATERAL	COLUMN B	COLUMN C	COLUMN D LOAN
	ACCOUNTS RECEIVABLE COLLECTED	INVOICES NOT ASSIGNED	DISCOUNTS/ ALLOWANCES	CHECK AMOUNT PAID
Chapter 7 Productions				
DOC, Inc				
MKN Company, Inc				
Geddes & Beverages Ltd				
Far Rockaway Corp				
ABLC, Corp				
Grace Kennedy, Ltd				
Patterson Peart Associates				
Singer Company				
National Products Ltd				
(FINAL SHEET ONLY) TOTALS	\$ -	\$ -	\$ -	\$ -

COLLECTED

PREPAID

NAME OF CLIENT

AUTHORIZED SIGNATURE

FOR BANK USE ONLY

ACCOUNTS RECEIVABLE ADJUSTMENT

CLIENT: COMPANY XYZ
 LOAN: \$1,000.0
 ASSIGNMENT:
 DATE: 6/30/2010
 EFF DATE: 6/30/2010

EXPLANATION:

	(DEBIT) INVOICES AMOUNT I	CREDITS AMOUNT II

 AUTHORIZED SIGNATURE

FOR BANK'S USE ONLY

 LOAN OFFICER APPROVAL

LOAN REPORT: _____
 COLLATERAL: _____
 TRANSACTION CD: _____
 CHECKED BY: _____
 INPUT BY: _____
 POSTING DATE: _____

COMPANY XYZ

ACCOUNTS RECEIVABLE RECONCILIATION AS OF

6/30/2010

\$ 3890

Plus:

Gross Sales for the month or period	\$	<u>1774</u>
* Other Debits to Accounts Receivable		<u> </u>
Total Additions		<u>1774</u>

Less:

Collections for the month or period	\$	<u>2470</u>
Credit Memos		<u>30</u>
* Other Credits to Accounts Receivable		<u> </u>
Total Reductions		<u>2500</u>

Balance this Aging Report as of 6/30/2010 \$ 3164

Accounts Receivable Balance Per Lender's Month End Statement 3125

	As Of:	06/30/10	Aging	Lender	G/L	Financial
Balance Per Source Records			3,164	3,125	3,164	3164.4
Add sales in transit				130		
Less Collections in transit				(91)		

Unexplained					
Total Adjustments	-		39	-	-
Reconciled Totals		3,164	3,164	3,164	3,164

Company _____

By: _____

* If in excess of 5 thousand, explain.

COMPANY XYZ

AS OF: 6/30/2010

PRIOR PERIOD

6/30/2009

TYPE OF INVENTORY AND LOCATION

DOLLAR VALUE

RAW MATERIALS

_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____

TOTAL RAW MATERIALS

\$ _____	0	\$ _____	0
----------	---	----------	---

FINISHED GOODS

_____	\$ _____	3353	\$ _____	2923
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

TOTAL FINISHED GOODS

\$ _____	3353	\$ _____	2923
----------	------	----------	------

WORK IN PROCESS

_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____

TOTAL WORK IN PROCESS

\$ _____	0	\$ _____	0
----------	---	----------	---

OTHER INVENTORY

_____	\$ _____	\$ _____
_____	_____	_____

TOTAL OTHER INVENTORY

\$ _____	0	\$ _____	0
----------	---	----------	---

TOTAL OF ALL INVENTORY

\$ _____	3353	\$ _____	2923
----------	------	----------	------

INVENTORY CERTIFICATION REPORT

(Date Report Submitted)

Re: Report of Inventory as of

Gentlemen:

In accordance with the terms of the Loan and Security Agreement between us dated , as supplemented and amended, we herewith report on the basis of the lower of cost or market value the total inventory which is owned by us. Said inventory is free of liens, encumbrances, and security interest. Required identifying details of the inventory and methods employed by us in the computing the valuation thereof are shown below, on the reverse side, or in an attached schedule.

Unless otherwise shown on the reverse side or in an attached schedule, all inventory is located at:

453 Inelligent Ave
Hannah, PA, 15673
Statement of Inventory Valuation
Assuming Gross Profit on Sales of 0.12839776

Goods Available for Sale:

Beginning Inventory \$
Purchases to \$
Total Available for Sale \$

Cost of Goods Sold:

Net Sales to \$
Less Gross Profit (0.1284 \$
Cost of Goods Sold \$

Inventory as of \$

Gross Sales

(Company Name)

By:
Title:

COMPANY XYZ

ACCOUNTS RECEIVABLE

Ineligible Calculation

Date 6/30/2010

Customer: _____ COMPANY XYZ

Over 90 days: 413.88

Cross age: 100.55

Contras:

0

Affiliates/Subs:

0

Concentration Cap

Other:

0

Total Ineligibles \$ 514.4

ACCOUNTS RECEIVABLE VERIFICATION

Dear

Re:

The company listed above has applied for credit accommodation with their bank. In order to help us, please respond to the following questions and return this form via fax number (954)457-4904.

Please verify the following account balances and/or invoice amounts:

<u>Account Balance</u>	<u>Date</u>	<u>Verified</u>
_____	_____	_____

<u>Invoice Number</u>	<u>Invoice Date</u>	<u>Invoice Amount</u>	<u>Verified</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Comments: _____

Person Responding: _____
Title: _____
Date: _____

Please be assured that your reply will be held in the strictest confidence by this company.

Cordially yours,

ASSET BASED LENDING CONSULTANTS, INC.

MONTHLY VERIFICATION SUMMARY

Customer Name: COMPANY XYZ
Month of: Jun-10

	#	\$
Total A/R outstanding	_____	_____
Verifications mailed	_____	_____
	_____ %	_____ %

Disputes:	# _____	\$ _____
	_____ %	_____ %

Positive	# _____	\$ _____
	_____ %	_____ %

Negative	# _____	\$ _____
	_____ %	_____ %

No response	# _____	\$ _____
	_____ %	_____ %

Comments:

Discussed with Account Manager _____ Date: _____

Discussed with Examiner _____ Date: _____

ACCOUNTS RECEIVABLE AGING SPREAD

INVOICE DATE X
 DUE DATE

	CURRENT PERIOD AGING DATED 06/30/10		PRIOR PERIOD AGING DATED 06/30/09	
AGING	AMOUNT	%	AMOUNT	%
DATINGS		0.0%		0.0%
CURRENT	\$1,519.7	48.0%	\$1,382.1	44.5%
31-60	\$809.5	25.6%	\$1,045.2	33.7%
61-90	\$421.4	13.3%	\$319.2	10.3%
OVER 90	\$413.9	13.1%	\$356.0	11.5%
UNAPPLIED CR		0.0%		0.0%
TOTAL A/R	<u>\$3,164.4</u>	100.0%	<u>\$3,102.6</u>	100.0%
G/L BALANCE	<u>\$3,164.4</u>		<u>\$3,102.6</u>	
DIFFERENCE	<u>\$0.0</u>		<u>(\$0.0)</u>	
FINANCIAL STATEMENTS	<u>\$3,164.4</u>			

DIFFERENCE EXPLANATION & COMMENTS:

COMPANY XYZ

ACCOUNTS RECEIVABLE

Aging Trends

Company Name: COMPANY XYZ

MONTH	BALANCE	1-30	31-60	61-90	91-120	OVER 120	PAST DUE %
Jul-09	\$3,421	1,831	852	378	359		11%
Aug-09	\$2,734	1,382	660	313	379		14%
Sep-09	\$2,716	1,445	610	273	387		14%
Oct-09	\$2,803	1,365	701	353	384		14%
Nov-09	\$2,815	1,361	657	237	559		20%
Dec-09	\$2,944	1,501	761	212	470		16%
Jan-10	\$3,269	1,902	729	164	474		15%
Feb-10	\$3,274	1,756	922	152	445		14%
Mar-10	\$3,690	2,136	879	206	469		13%
Apr-10	\$3,876	2,135	924	358	459		12%
May-10	\$3,890	1,984	1,159	375	373		10%
Jun-10	\$3,164	1,520	809	421	414		13%

COMPANY XYZ

ACCOUNTS RECEIVABLE
MAJOR CUSTOMERS

Company Name: COMPANY XYZ

As of: 6/30/2010

Debtor Name	%	Balance	1-30	31-60	61-90	Over 90
Chapter 7 Productions	7.4%	\$234.8	\$17	\$23	\$115	\$80
DOC, Inc	3.6%	\$112.9	(0)	0	19	94
MKN Company, Inc	8.4%	\$264.6	111	148	0	6
Geddes & Beverages Ltd	3.1%	\$98.3	16	13	12	58
Far Rockaway Corp	2.7%	\$85.7	48	25	13	(0)
ABLC, Corp	2.3%	\$73.8	74	0	0	0
Grace Kennedy, Ltd	2.2%	\$71.0	33	38	0	0
Patterson Peart Associates	2.4%	\$75.1	0	0	0	75
Singer Company	1.9%	\$61.3	61	0	0	0
National Products Ltd	2.1%	\$67.0	9	9	23	26

TOTAL 36.2% \$1,144.5 \$367.3 \$256.8 \$181.9 \$338.5

TOTAL AR \$ 3,164.4

ACCOUNTS RECEIVABLE STATISTICAL TREND CARD

Company Name: Company XYZ

Month	Beginning Balance	Collections	Turnover		Gross Sales	Total Credits	Dilution	
			Month	YTD			Month	YTD
Jul-09	3,456	2,190	47	47	2,219	64	3%	3%
Aug-09	3421	2,258	45	46	1,603	31	2%	2%
Sep-09	2734	1,627	50	48	1,644	36	2%	2%
Oct-09	2716	1,778	46	48	1,884	19	1%	2%
Nov-09	2803	1,479	57	51	1,517	27	2%	2%
Dec-09	2815	1,578	54	55	1,756	49	3%	2%
Jan-10	2944	1,720	51	52	2,086	42	2%	2%
Feb-10	3269	1,919	51	51	1,994	70	3%	2%
Mar-10	3274	1,920	51	51	2,362	25	1%	2%
Apr-10	3690	2,231	50	50	2,447	30	1%	2%
May-10	3876	2,100	55	52	2,116	1	0%	2%
Jun-10	3890	2,440	48	51	1,744	30	2%	2%

3164

ACCOUNTS RECEIVABLE STATISTICAL TREND CARD

Company Name: Company XYZ

Month	Beginning Balance	Collections	Turnover		Gross Sales	Total Credits	Dilution	
			Month	YTD			Month	YTD
Jul-08	3644	2,017	54	54	2,188	43	2%	2%
Aug-08	3772	2,150	53	53	2,027	56	3%	2%
Sep-08	3593	1,993	54	54	2,460	54	2%	2%
Oct-08	4006	2,296	52	53	2,379	26	1%	2%
Nov-08	4063	1,836	66	56	1,730	72	4%	2%
Dec-08	3886	2,601	45	53	2,515	63	3%	2%
Jan-09	3736	2,308	49	53	2,426	53	2%	2%
Feb-09	3800	2,266	50	52	2,201	23	1%	2%
Mar-09	3712	2,570	43	51	2,410	44	2%	2%
Apr-09	3508	2,404	44	50	2,162	18	1%	2%
May-09	3248	1,916	51	49	2,525	29	1%	2%
Jun-09	3828	2,921	39	47	2,215	19	1%	2%
	3103							
Jul-07			#DIV/0!				#DIV/0!	2%
Aug-07			#DIV/0!				#DIV/0!	2%
Sep-07			#DIV/0!				#DIV/0!	2%
Oct-07			#DIV/0!				#DIV/0!	2%
Nov-07			#DIV/0!				#DIV/0!	2%
Dec-07			#DIV/0!				#DIV/0!	2%
Jan-08			#DIV/0!				#DIV/0!	2%
Feb-08			#DIV/0!				#DIV/0!	2%
Mar-08			#DIV/0!				#DIV/0!	2%
Apr-08			#DIV/0!				#DIV/0!	2%
May-08			#DIV/0!				#DIV/0!	2%

INELIGIBLE INVENTORY HISTORY

Customer Name: COMPANY XYZ

MONTH	TOTAL INVENTORY		INELIGIBLE	%
Jul-09	2,988		320	11%
Aug-09	3,151		234	7%
Sep-09	2,965		250	8%
Oct-09	2,805		310	11%
Nov-09	2,706		220	8%
Dec-09	2,720		241	9%
Jan-10	2,973		301	10%
Feb-10	2,951		214	7%
Mar-10	3,056		275	9%
Apr-10	3,170		320	10%
May-10	3,276		295	9%
Jun-10	3,353		265	8%

INVENTORY COMPOSITION - HISTORICAL BREAKDOWN

Company Name: COMPANY XYZ

MONTH	RAW MATERIALS	%	WORK-IN-PROCESS	%	FINISHED GOODS	%	OTHER INVENTORY	%
Jul-09		0%		0%	2,988	100%		0%
Aug-09		0%		0%	3,151	100%		0%
Sep-09		0%		0%	2,965	100%		0%
Oct-09		0%		0%	2,805	100%		0%
Nov-09		0%		0%	2,706	100%		0%
Dec-09		0%		0%	2,720	100%		0%
Jan-10		0%		0%	2,973	100%		0%
Feb-10		0%		0%	2,951	100%		0%
Mar-10		0%		0%	3,056	100%		0%
Apr-10		0%		0%	3,170	100%		0%
May-10		0%		0%	3,276	100%		0%
Jun-10		0%		0%	3,353	100%		0%

COMPANY XYZ

INVENTORY
Ineligible Calculation

Date: __ 6/30/2010

Customer: COMPANY XYZ

Slow moving/obsolete: _____ 195

Packaging materials: _____ 70

Supplies: _____

Other: _____

Total other: _____ 0

Total ineligible inventory: \$ _____ 265

ROLLING AVAILABILITY AND LOAN BALANCECustomer: COMPANY XYZ

Date	A/R Balance	Ineligibles	Eligible	%	Available	Inventory	Ineligible	Eligible	%	Available	Total Available	Loan Balance	Over <Short>
Jul-09	\$ 3,420.9	\$ 404.4	\$ 3,016.4	85%	\$ 2,564.0	\$ 2,987.8	\$ 320.0	\$ 2,667.8	35%	\$ 933.7	\$ 3,497.7	\$ 450.0	\$ 550.0
Aug-09	\$ 2,734.2	\$ 469.0	\$ 2,265.2	85%	\$ 1,925.4	\$ 3,151.4	\$ 234.0	\$ 2,917.4	35%	\$ 1,021.1	\$ 2,946.5	\$ 670.0	\$ 330.0
Sep-09	\$ 2,715.7	\$ 465.4	\$ 2,250.3	85%	\$ 1,912.7	\$ 2,965.1	\$ 250.0	\$ 2,715.1	35%	\$ 950.3	\$ 2,863.0	\$ 710.0	\$ 290.0
Oct-09	\$ 2,803.5	\$ 474.3	\$ 2,329.2	85%	\$ 1,979.8	\$ 2,804.8	\$ 310.0	\$ 2,494.8	35%	\$ 873.2	\$ 2,853.0	\$ 870.0	\$ 130.0
Nov-09	\$ 2,814.9	\$ 626.4	\$ 2,188.5	85%	\$ 1,860.2	\$ 2,706.0	\$ 220.0	\$ 2,486.0	35%	\$ 870.1	\$ 2,730.3	\$ 750.0	\$ 250.0
Dec-09	\$ 2,944.1	\$ 560.3	\$ 2,383.8	85%	\$ 2,026.2	\$ 2,720.0	\$ 241.0	\$ 2,479.0	35%	\$ 867.7	\$ 2,893.9	\$ 640.0	\$ 360.0
Jan-10	\$ 3,268.7	\$ 562.2	\$ 2,706.5	85%	\$ 2,300.5	\$ 2,972.9	\$ 301.0	\$ 2,671.9	35%	\$ 935.2	\$ 3,235.7	\$ 538.0	\$ 462.0
Feb-10	\$ 3,274.4	\$ 564.6	\$ 2,709.8	85%	\$ 2,303.4	\$ 2,950.8	\$ 214.0	\$ 2,736.8	35%	\$ 957.9	\$ 3,261.2	\$ 478.0	\$ 522.0
Mar-10	\$ 3,690.5	\$ 589.3	\$ 3,101.2	85%	\$ 2,636.0	\$ 3,056.5	\$ 275.0	\$ 2,781.5	35%	\$ 973.5	\$ 3,609.5	\$ 615.0	\$ 385.0
Apr-10	\$ 3,875.6	\$ 544.8	\$ 3,330.8	85%	\$ 2,831.2	\$ 3,169.5	\$ 320.0	\$ 2,849.5	35%	\$ 997.3	\$ 3,828.5	\$ 530.0	\$ 470.0
May-10	\$ 3,889.9	\$ 462.6	\$ 3,427.3	85%	\$ 2,913.2	\$ 3,276.0	\$ 295.0	\$ 2,981.0	35%	\$ 1,043.4	\$ 3,956.6	\$ 710.0	\$ 290.0
Jun-10	\$ 3,164.4	\$ 514.5	\$ 2,649.9	85%	\$ 2,252.4	\$ 3,352.5	\$ 265.0	\$ 3,087.5	35%	\$ 1,080.6	\$ 3,333.1	\$ 690.0	\$ 310.0

LOAN YIELD ANALYSIS

1) **Interest Calculation**

Average Daily Balance x Rate

2) **Yield Calculation Module**

Interest + Float + Fees
Average Loan Balance

COMPANY XYZ

(In 000's)

FINANCIALS AS OF:	DATES			
	06/30/10	06/30/09	12/31/09	12/31/08
CASH	\$80.7	\$50.0	\$47.1	\$9.0
Accounts Receivable	\$3,164.4	\$3,102.6	\$2,944.0	\$3,025.0
Loans Receivable	\$43.0	\$43.0	\$59.0	\$46.0
Inventory	\$3,353.0	\$2,923.0	\$2,720.0	\$3,245.0
Prepays	\$121.7	\$143.0	\$155.0	\$120.0
Deposits	\$12.2	\$4.5	\$12.2	\$12.2
Current Assets	\$6,775.0	\$6,266.1	\$5,937.3	\$6,457.2
Fixed Assets	\$729.4	\$729.4	\$701.3	\$630.0
Accumulated Depreciation	\$694.0	\$590.4	\$686.1	\$528.0
Net Fixed Assets	\$35.4	\$139.0	\$15.2	\$102.0
Other Assets	\$21.7	\$21.7		
Intangible Assets				
Total Assets	\$6,832.1	\$6,426.8	\$5,952.5	\$6,559.2
Bank Revolver	\$675.8	\$566.5	\$640.0	\$950.8
Current Portion Long Term Debt		\$222.2		
Accounts Payable	\$2,147.2	\$1,987.2	\$1,347.0	\$1,956.0
Notes Payable	\$41.3	\$54.3	\$41.3	\$41.3
Accrued Expenses	\$296.8	\$235.6	\$282.6	\$250.9
Income Tax Payable				
Current Liabilities	\$3,161.2	\$3,065.8	\$2,311.0	\$3,199.0
Long Term Debt	\$1,059.3	\$1,197.4	\$1,196.6	\$1,196.6
Total Long Term Debt	\$1,059.3	\$1,197.4	\$1,196.6	\$1,196.6
Subordinated Debt	\$540.9	\$540.9	\$540.9	\$540.9
Other Long Term Liabilities				
Total liabilities	\$4,761.4	\$4,804.1	\$4,048.4	\$4,936.5
Preferred Stock				
Capital Stock				
Capital Surplus	\$40.0	\$40.0	\$40.0	\$40.0
Treasury Stock				
Retained Earnings	\$2,030.7	\$1,582.7	\$1,864.0	\$1,582.7
Net Worth	\$2,070.7	\$1,622.7	\$1,904.0	\$1,622.7
Total Liabilities and Net Worth	\$6,832.1	\$6,426.8	\$5,952.5	\$6,559.2

Company XYZ

FINANCIALS AS OF:	DATES			
	06/30/10	06/30/09	12/31/09	12/31/08
Sales	\$12,749.0	\$13,938.0	\$23,589.2	\$25,546.0
Cost Of Sales	\$11,112.1	\$12,174.7	\$17,135.1	\$19,044.0
Gross Profit	\$1,636.9	\$1,763.3	\$6,454.1	\$6,502.0
Selling, General & Admin. Expenses	\$1,336.2	\$1,565.4	\$5,567.1	\$5,821.0
Depreciation (-)	\$7.9	\$8.5	\$57.0	\$65.0
Net Operating Profit	\$292.9	\$189.4	\$830.0	\$501.0
Interest Expense	\$26.5	\$27.5	\$122.3	\$115.0
Interest Exp. on Subordinated Debt				
Other Expense				
Other Income				
Profit Before Tax	\$266.5	\$161.9	\$707.7	\$386.0
Provision for Income Tax				
Other				
Net Profit	\$266.5	\$161.9	\$707.7	\$386.0

Fact Sheet				
Current Assets	\$6,775.0	\$6,266.1	\$5,937.3	\$6,457.2
Current Liabilities	\$3,161.2	\$3,065.8	\$2,311.0	\$3,199.0
Working Capital	\$3,613.8	\$3,200.3	\$3,626.4	\$3,258.2
Fixed Assets	\$35.4	\$139.0	\$15.2	\$102.0
Long Term Debt	\$1,059.3	\$1,197.4	\$1,196.6	\$1,196.6
Subordinated Debt	\$540.9	\$540.9	\$540.9	\$540.9
Tangible Net Worth (TNW)	\$1,927.3	\$1,622.7	\$1,904.0	\$1,622.7
TNW + Subordinated Debt	\$2,468.2	\$2,163.6	\$2,444.9	\$2,163.6
Current Ratio	2.1	2.0	2.6	2.0
Quick Ratio	1.0	1.0	1.3	0.9
Net Worth Ratio	2.5	3.0	2.1	3.0
TNW + Subordinated Debt Ratio	1.9	2.2	1.7	2.3
GPM/Sales	12.8%	12.7%	27.4%	25.5%
CGS/Sales	87.2%	87.3%	72.6%	74.5%
SGA/Sales	10.5%	11.2%	23.6%	22.8%
NOP/Sales	2.3%	1.4%	3.5%	2.0%
NPAT/Sales	2.1%	1.2%	3.0%	1.5%
AR/DOH	44.9	40.3	45.6	43.2
INV/DOH	54.6	43.5	57.9	62.2
AP/DOH	35.0	29.5	28.7	37.5
AE/DOH	4.8	3.5	6.0	4.8
EBITDA	\$300.8	\$197.9	\$887.0	\$681.0