

Exhibit 1

Exhibit 1 Kings Mountain Distillery, Inc., Balance Sheet as of June 30, 1995 and 1996 (\$ thousands)

	1995	1996
Current Assets		
Cash	\$ 3,560	\$ 942
Accounts receivable—(net of allowance for doubtful accounts)	3,996	5,127
Inventories:		
Bulk whiskey in barrels at average production cost (no excise tax included)	12,625	14,093
Bottled and cased whiskey, 175,000 gallons in each year at an average cost of \$31.50 per gallon (including excise tax)	5,513	5,513
Inventory in process	283	283
Raw materials and supplies	1,120	661
Prepaid expenses	1,233	1,088
Total current assets	<u>\$28,330</u>	<u>\$27,707</u>
Fixed Assets		
Cash surrender value of insurance	90	98
Land	84	84
Building ^a	5,348	5,908
Less: accumulated depreciation	<u>2,240</u>	<u>2,495</u>
Equipment	322	402
Less: accumulated depreciation	<u>140</u>	<u>202</u>
Total fixed assets	<u>3,464</u>	<u>3,795</u>
Total assets	<u>\$31,794</u>	<u>\$31,502</u>
Current Liabilities		
Notes payable:		
Short-term to banks	\$3,080	\$4,200
Current maturities of long-term debt	644	1,352
Accounts payable	2,408	1,173
Accrued liabilities	557	322
Federal excise taxes payable	1,148	-
Total current liabilities	<u>\$7,837</u>	<u>\$7,047</u>
Noncurrent Liabilities		
Notes payable (7-1/2%) secured by deed of trust on warehouse property (less current maturities of \$644,000 for 1995 and \$1,352,000 for 1996)	9,800	11,480
Stockholders' Equity		
Common stock held principally by members of the Hager and Harmon families	5,040	5,040
Earnings retained in the business	9,117	7,935
Total liabilities and capital	<u>\$31,794</u>	<u>\$31,502</u>

^aIn June 1996, payment was made for work that had been performed during the year in adding to and improving the warehousing space in the building owned by Kings Mountain Distillery

Exhibit 2

Exhibit 2 Kings Mountain Distillery, Inc., Statement of Income for the Years Ended June 30, 1995 and 1996 (\$ thousands)

	1995	1996
Net sales		
Sale of whiskey to wholesalers	<u>\$58,800</u>	<u>\$58,800</u>
Cost of goods sold:		
Federal excise taxes—on barrels sold	44,247	44,247
Cost of product charged to sales:		
Bulk whiskey inventory July 1, of each year—172,000 barrels	12,625	12,625
Plus: Cost of whiskey produced to inventory (43,000 barrels in 1995 and 63,000 barrels in 1996 at an average cost of \$73.40/50 gallon barrel in both years)	<u>3,156</u>	<u>4,624</u>
	15,781	17,249
Less: Bulk whiskey inventory June 30 of respective year. (172,000 and 192,000 barrels, at average production cost)	<u>12,625</u>	<u>14,093</u>
	3,156	3,156
Cased goods and in process July 1, of respective year	5,796	5,796
Cased goods and in process June 30, of respective year	<u>5,796</u>	<u>-</u>
	\$47,403	\$47,403
Other costs charged to Cost of Goods Sold:		
Cost of barrels used during year at \$89.00 per barrel	3,827	5,607
Occupancy costs: factory building	371	416
rented buildings	380	791
Warehouse labor and warehouse supervisor	263	468
Labor and supplies expense of chemical laboratory	190	232
Depreciation: factory equipment	34	34
warehouse equipment	17	27
Cost of government supervision and bonding facilities	8	20
Cost of bottling liquor (labor, glass, and miscellaneous supplies)	641	641
Total cost of goods sold	<u>\$53,134</u>	<u>\$55,639</u>
Gross profit from operations	\$ 5,666	\$ 3,161
Less: Selling, distribution, and advertising expenses	2,195	2,624
Administrative and general expense including income taxes	<u>1,400</u>	<u>1,719</u>
Net profit (loss)	<u>\$2,071</u>	<u>\$(1,182)</u>