

ALPHA OMEGA PARTNERS, INC.

Professional Business Intermediaries

www.AlphaOmegaPartners.com

November 27, 2002

Bill McSpadden
Pacific Beverage, Inc.
12263 Deerhill Rd.
Midlothian, VA 23112

Dear Mr. McSpadden:

The enclosed valuation report has been developed for the exclusive and confidential use of *Pacific Beverage, Inc.* Although we have performed a valuation using virtually all valuation techniques which include asset based, market based, and cash flow based, the focus of this report is mainly on the Enterprise value of your firm with respect to Middle-Market Transactions in the *Food & Beverage industry*.

Our findings show that transaction multiples have come down a tad. However, Companies and Funds are still willing to pay upwards of 2x sales or about 17x adjusted EBITDA for a branded food company which is growing and has plenty of potential.

Some of the positives you have going for you include:

- Being a number one or a number two player two player in the industry
- Existing distribution channel
- Brand Identity
- Growing Company
- Great Product.
- Growing Market
- Great Management

One negative is Pacific's low sales compared to observed transactions.

We have made several assumptions to perform the cash flow based portion of this valuation. These assumptions could degrade or upgrade the value derived in this report and relate to future capital expenditures, capitalization rate of the Company, and Growth rate of the Company.

These assumptions, general yet conservative, deserve much more analysis than time allowed for this market valuation.

Some points for you to consider with this valuation include:

- Letting the market decide what the ultimate value of the Company is through an **Auctioned Sale** with a set minimum price.
- **Transaction Structure** – One way to enjoy the future returns in growth of the business is to structure a transaction so you can retain a portion of equity. Transaction structures where seller retains a portion of equity are also viewed very favorably in the eyes of financial and strategic buyers.
- How **large** could the Company realistically become? Mainly a function of the Chai Market in general.

We look forward to concluding the listing process and starting preparation of the Descriptive Offering Memo (DOM) as soon as possible. The goal is to have a DOM ready for use early in first quarter of 2003.

Sincerely Yours,

Kasra Hedayatnia
Associate

Anthony M. Vincent
President

ALPHA OMEGA PARTNERS, INC.
Professional Business Intermediaries
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Pacific Beverage, Inc.

ESTIMATE OF MARKET VALUE

November 26, 2002

***Pacific Beverage, Inc.
Market Valuation***

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I. DESCRIPTION OF ASSIGNMENT

Alpha Omega Partners, Inc. (“AOP”) has been retained by *Pacific Beverage, Inc.* to determine the fair market value of the company as of November 27, 2002. The valuation summary presented herein are subject to and contingent upon the information contained in the sections entitled *Valuation Notes, Assumptions and Limiting Conditions* which follow the company’s valuation.

II. EXECUTIVE SUMMARY

Value Conclusion

While there are a multitude of valuation techniques and rules of thumb with various levels of mathematical complexity, the fair market value of any business enterprise is the *price at which that business would likely change hands between a willing buyer and a willing seller, both being adequately informed of the relevant facts and neither being under the compulsion to enter into the transaction.* This value is best determined through actual marketing of the enterprise. All analyses set forth in this valuation is an attempt to analyze the company’s value short of actually going to market in order to assist the owners of *Pacific Beverage, Inc.* in strategic planning decisions. AOP utilizes valuation methods that are broadly classified as **asset based, market based, and cash flow based.**

Asset Based Techniques – Valuations based on the asset side of the balance sheet are popular for many reasons. Investors are aware that asset based techniques are based on “tangible” value. The problem with asset based techniques is that they don’t account for “goodwill” and other intangible assets associated with purchasing the business as a going concern. With respect to *Pacific*, these intangible assets include Management, the *Pacific Chai*[™] brand, and Distribution Channels. Also, asset based techniques are a reflection of historic performance rather than future prospects, and generally understate the value of growing companies. As such, asset based techniques are probably best used as a *lower bound* for a business valued as a going concern.

A **market-based valuation** using data from comparable companies is the preferable method to use when valuing a privately held company as a going concern. In the valuation, we have used multiples of earnings or cash flow obtained from acquisitions

of other privately held firms and values of publicly held firms to estimate the value of a company. This is because market values are based on expected future performance, as opposed to asset-based techniques that tend to rely on historical performance. We believe that this method with respect to *Pacific* is a better indicator of value.

Valuations based on **discounted cash flow (DCF)** analysis are subject to the accuracy of the expected cash flows as well as the proper assessment of the risk factor used to discount the cash flows. AOP has prepared the projected cash flows used in this valuation. AOP offers no opinion concerning the accuracy of these forecasts or whether or not they are realistic or achievable.

Based on the three methodologies considered above, AOP estimates that as of November 27, 2002 the Fair Market Value for the Enterprise of *Pacific Beverage, Inc.* is between **\$6 and \$7 Million**. We recommend an auction approach with a minimum price of **\$6.3 Million**.

Pacific Beverage, Inc.
Valuation Summary

<i>Asset Based Methodology</i>	<u>Value</u>	<u>Weight</u>
Book Value	\$ 236,852	0%
Adjusted Book Value	\$ 627,426	0%
<i>Market Based Methodology</i>		
<i>Comparable Firms, Middle Market Transactions</i>		
Price/ EBITDA	\$ 6,076,080	40%
Price/Revenue	\$ 6,238,074	40%
<i>Cash Flow Based Methodology</i>		
2002 Cash Flow, no growth	\$ 1,849,456	0%
2002 Cash Flow, constant growth	\$ 2,875,549	0%
Pro-forma Cash Flow Method A	\$ 6,967,092	20%
Pro-forma Cash Flow Method B	\$ 4,658,432	0%
Pro-forma Cash Flow Method C	\$ 4,825,615	0%

<i>Pacific Beverage, Inc. Valuation</i>	\$6,319,080
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**NOTES: 1) VALUATION BASED ON ASSUMPTION OF CURRENT LIABILITIES
(EXCEPT LONG-TERM DEBT PAYABLE: \$295,051) BY PURCHASER**

III. ADJUSTED FINANCIALS

Pacific's historical income statements have been adjusted to present the business as if it had been managed to maximize profitability. Since privately owned companies tend to keep reported profits and resulting taxes as low as possible, adjusting the financial statements is an important element to understanding the true earning capacity of the business. This allows meaningful comparisons with other investment opportunities.

The following income statement Adjusted EBITDA were used in the valuation:

<i>Pacific Beverage, Inc.</i>					
<i>Adjusted Income Statement</i>					
	12 Months Annualized Ending 12-31-02	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99
Revenues	\$3,119,037	\$2,599,197	\$1,879,541	\$741,027	\$480,208
Cost of Goods Sold	1,493,357	1,244,464	1,003,087	370,810	249,957
Gross Profit	1,625,680	1,354,733	876,454	370,217	230,251
Operating Expense	1,245,925	1,038,271	745,760	312,456	243,285
Operating EBITDA	379,755	316,462	130,694	57,761	(13,034)
Depreciation	0	0	20,814	11,920	7,115
Operating EBIT	379,755	316,462	109,880	45,841	(20,149)
Non recurring (expense)/income	(88,533)	(88,533)			101,920
Interest Expense	18,775	15,646	20,017	8,922	3,293
Net Income/(Loss)	\$272,447	\$212,283	\$89,863	\$36,919	\$78,478
Operating EBITDA	\$379,755	\$316,462	\$130,694	\$57,761	(13,034)

V. VALUATION ANALYSIS

Asset Based Approach

For *Pacific Beverages, Inc.* two forms of asset based techniques are utilized: book value; and adjusted book value (Schedule A). Book value is simply the value of the operating assets as recorded on the balance sheet, net any accumulated depreciation. Adjusted book value is similar to book value, the difference being assets that have been appraised with market value other than book value are listed at their fair market value. Adjusted book value recognizes that fully depreciated or undervalued assets such as equipment and real estate have market value that usually exceed their historical basis. For both methods, the value of the current liabilities and long term debt are subtracted from the asset value to determine the equity book value. Because *Pacific Beverage* is a profitable company, experiencing growth, AOP believes that Asset Based techniques substantially understate the market value of the Company.

Market Based Approach

For *Pacific*, we have utilized Middle Market transactions of other privately held firms as comparables (Schedule B). Generally, a composite multiple is derived based on observed transactions. For example, the price/EBITDA (Earnings Before Interest Taxes Depreciation and Amortization) composite ratio is 16, which is the median of 13 comparable transactions. Multiplying 16 by *Pacific's* 2002 annualized EBITDA of \$379,755 yields a value of **\$6,076,080**. The price/revenue composite ratio is 2, which also is the median of 13 comparable transactions. Multiplying 2 by *Pacific's* revenue yields a value of **\$6,238,074**.

Cash Flow Based Techniques

In theory, the value of any asset can be determined by the following general discounted cash flow (DCF) equation:

$$V_0 = \sum_{t=1}^{\infty} \frac{E[CF_t]}{(1+k)^t}$$

The equation states that the present value of an asset is equal to the expected future cash flows generated by the asset discounted at the appropriate risk (k) of the asset class. Risk

is measured in a linear fashion, with U.S. government securities (bonds, bills, etc.) regarded as low risk assets (low k) and, for example, Biotechnology stocks regarded as high risk (high k) assets. The formula has many variants, two of the most widely recognized being the “no growth model” or perpetuity, and the “constant growth model”. Growth in this case refers to growth in cash flows. The no growth variant is also very similar to the “capitalization” method. The general DCF model collapses to the following closed-form solution under scenarios of constant growth:

$$V_0 = \frac{CF_1}{(k - g)}$$

Thus, the value of asset today is simply next year’s expected operating cash flow divided by the difference between the risk of the operating cash flows (or “discount” rate) and the growth of the operating cash flows. We have estimated g to be 5% (Real GDP growth plus Inflation), a conservative estimate. Note that this model is often associated with dividends and equity; it is equally applicable to operating assets and cash flows if used consistently. The model reduces to the no growth or capitalization model if the value ($g = 0$) or the difference of ($k-g$) is substituted into the equation.

Due to Pacific’s position in the corporate life cycle (start-up), we have added a third model, namely a “Variable Growth” model, where growth is modeled exponentially with majority of growth achieved in the earlier stages of the firms life. We have also deviated from focusing on the growth of earnings to varying the growth of sales and simply deriving at an adjusted EBITDA number by applying a factor of 15% to sales.

These models work well if all investors have the same expectations regarding risk, cash flows, and growth in cash flows, which coincidentally, never occurred in practice when the asset in question happens to be a privately-held company. Nevertheless, DCF techniques are economically sound and are widely used in the academic, business, and legal communities.

For *Pacific Beverage*, several cash flow based valuations are presented based on various expectations of investors (Schedules C and D). Throughout the analysis, a discount rate (k) of 15.4% is used. This discount rate includes the risk for equity of small publicly traded company obtained from Ibbotson Associates Cost of Capital Quarterly,

but does not account for the liquidity risk inherent in the equity of a closely held company. The no growth model understates the market value of the operating assets because *Pacific* is experiencing growth in adjusted EBITDA; however we have derived it for reference purposes. With investor expectations of no growth, the value of the operating assets of *Pacific Beverage* is: **\$1,849,456**. This value is calculated by dividing the adjusted EBITDA less CAPEX for 2002 by the discount rate of 15.4%. The capital liquidity discount is always deducted from estimates based on the risk of publicly traded firms.

With investor expectations of constant growth, the value of the operating assets of *Pacific Beverage* is **\$2,875,549**. This value is calculated by multiplying the adjusted EBITDA less CAPEX for 2002 by the long term expected growth rate (g) of 5%, then dividing the result by ($k-g$).

Finally using very crude pro-forma cash flow estimates, and a terminal or residual value based on constant growth model (estimated cash flow for 2002, g of 5% and discount rate of 14.5%), we obtain the following values for *Pacific's* operating assets with various growth rates in sales:

	Growth Rate (Revenue)					Value
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<i>(after liquidity discount)</i>
Method A	50%	40%	30%	20%	10%	\$ 6,967,092
Method B	20%	20%	20%	20%	20%	4,658,432
Method C	40%	30%	20%	10%	0%	4,825,615

Note that the valuation models are consistent only to the extent that investor expectations are consistent. For example, even if all investors agree on a discount rate and a growth rate (i.e. k and g), substituting different estimates of cash flow still results in a wide range of values for the Company. Realistically, when valuating an illiquid asset such as a privately held company, bargaining and negotiations based on cash flow models are significant determinants of transactional value.

AOP estimates that *Pacific Beverage, Inc.* has a fair market value (for the enterprise) of **\$7,000,000** primarily based on pro-forma projections.

VI. Valuation Notes, Assumptions and Limiting Conditions

- (a) This report reviews the market value of the enterprise and 100% of the stock of Pacific Beverage, Inc. This is not an accounting report and it should not be relied upon to disclose hidden assets, liabilities, expenses or accounting anomalies. This report is an opinion of value of the specific assets and liabilities reported by the Company's management as considered by AOP.
- (b) AOP has accepted the financial statements of Pacific Beverage, Inc. without additional verification. These statements, which were compiled by Bill McSpadden, detail the income statement and balance sheet items of Pacific Beverage, Inc. for 3 fiscal years and 10 months ending October 30, 2002. As such, the statements reflect, on a historical basis, the results of operations and the financial condition of Pacific Beverage, Inc. AOP has not audited the statements, and their accuracy is the sole responsibility of the Company's management.
- (c) AOP has relied on representations made by Management about the background, history, operations, assets and potential performance of the business. These representations are believed to be reliable, but no responsibility is assumed for their accuracy.
- (d) This Valuation was prepared for the sole use of the Management of Pacific Beverage, Inc. to determine the marketability of Pacific Beverage, Inc. and remains the property of AOP. No reproduction, publications, distribution, other use of this Report is authorized without the prior express written consent of AOP.
- (e) All facts and data set forth in this report are true and accurate to the best of AOP's knowledge and belief.
- (f) The report and its conclusions are subject to review upon the presentation of data which may have been undisclosed or not available at this writing. Furthermore, AOP, and its principals and its employees accept no liability for claims or damages resulting from reliance by any party on the information or opinions contained herein.

Schedule A**Pacific Beverage, Inc.
Asset Based Valuation**

	2002 Book Value	Fair Market Adjustment	Estimated Market Value	
<u>ASSETS</u>				
Current Assets				
Cash	46,401	0 0%	46,401	
Accounts Receivable	553,310	-27,666 -5%	525,645	
Inventory	201,334	-50,334 -25%	151,001	
Total Current Assets	\$ 801,045		\$ 723,046	
Fixed Assets				
Machinery & Equipment	228,726	-45,745 -20%	182,981	
FF&E	20,563	-4,113 -20%	16,450	
Accumulated Depreciation	(115,023)	115,023 -100%	0	
Total Fixed Assets	\$ 134,266		\$ 199,431	
TOTAL ASSET	\$ 935,311		\$ 922,477	
<u>LIABILITIES</u>				
Current Liabilities				
Accounts Payable	196,304	-196,304 -100%	0	<i>Assumed by purchaser</i>
Other Current Liabilities	207,104	-207,104 -100%	0	<i>Assumed by purchaser</i>
Total Current Liabilities	403,408		0	
Long Term Liabilities	295,051	0 0%	295,051	
TOTAL LIABILITIES	\$ 698,459		\$ 295,051	
<u>EQUITY</u>				
Owners Equity	24,568		-	
Current Years Income	212,284		-	
TOTAL EQUITY	\$ 236,852		\$ -	
Total Liabilities and Equity	\$ 935,311		-	
Net Equity Value	\$ 236,852		\$ 627,426	

NOTES: 1) OPERATING ASSET VALUATION BASED ON ASSUMPTION OF CURRENT LIABILITIES (EXCEPT DEBT PAYABLE: \$295,051) BY PURCHASER

Schedule B**Pacific Beverage, Inc.
Mid-Market Comparables****Middle Market Transactions***..\$ figures in 000,000's*

<u>Seller</u>	<u>SIC</u>	<u>date</u>	<u>Deal Value</u>	<u>Annual Rev</u>	<u>EBITDA</u>	<u>EV/EBITDA</u>	<u>EV/Rev</u>
TEA & BEVERAGE							
Odwalla, inc. Branded super-premium natural beverage company.	2086	Dec-01	\$186	\$133	\$12	16.03	1.40
Mad River Traders Teas, juices and premium carbonated soft drinks. 1996 Sales of \$4MM	2086	May-01	7	-	-	<i>NA</i>	<i>NA</i>
Tazo Tea, LLC Tea infused with botanicals, herbs, and roots.	2086	Jan-99	9	-	-	<i>NA</i>	<i>NA</i>
South Beach Beverage Makes and bottles exotic teas, fruit juices, blends, elixers, and sports drinks.	2086	Jan-01	370	168	28.46	13.00	2.20
Fantasia Fresh Juices.	2086	Dec-00	14	7	0.61	22.95	2.00
Saratoga Beverage Markets and distributes citrus and organic juices, fruit smoothies and spring	2086	Jun-00	60	55	5.45	11.01	1.10
Fresh Samantha Maker of premium juice brands.	2086	Feb-99	27	34	<i>Neg</i>	<i>Neg</i>	0.80
FOOD BRANDS							
Yves Products currently include a full line of meat alternatives and cheese substitutes.	2013	Jun-01	36	36	4.23	8.51	1.00
Meadow Farms Organic Milk in U.K.	2026	Jun-00	24	22	1.17	20.51	1.10
Fruit Chips, B.V. Manufactures fruit, vegetable and potato chips.	2096	Jan-01	10	5	1.3	7.54	1.96
Heinz Sold Earth's Best brand	2099	Sep-99	22	17	<i>NA</i>	<i>NA</i>	1.29
Natural Nutrition Group Sold Health Valley, Bradshop's, Sahara	2099	May-99	80	67	4.4	18.18	1.19
Shansby Group Sold Arrowhead Mills, DeBole's, Garden of Eatin, and Terra	2099	Jul-98	80	53	6.5	12.31	1.51
<i>Composite estimate</i>						16	2
<i>Pacific Beverage, Inc. Values</i>						379,755	3,119,037
Pacific Beverage, Inc., valuation Private Transaction Comparables						\$ 6,076,080	\$ 6,238,074

NOTE:**1. Large transactions (greater than \$400MM) have been omitted.**

Schedule C

Pacific Beverage, Inc.
Discounted Cash Flow Valuation
Historic Cash Flows

Assumptions

Operating Asset Discount Rate (k):	15.4%	<i>Ibbotson's Cost of Capital Quarterly 2002, SIC 209, CAPM + Small Prem</i>
Long Term Cash Flow Growth Rate (g)	5.0%	<i>Real Growth (GDP) and Inflation</i>
Liquidity Discount:	25.0%	

Historic Cash Flows**2002**

Adjusted EBITDA, less CAPEX \$379,755

No Growth Model

$$V_0 = \frac{CF_0}{(k)}$$

\$	2,465,942	<i>Discounted Cash Flow Valuation, 2001 Cash Flow</i>
	(616,485)	<i>Liquidity Discount</i>
	<u>1,849,456</u>	<i>Discounted Cash Flow Valuation, Less Liquidity Discount</i>

Constant Growth Model

$$V_0 = \frac{CF_0(1+g)}{(k-g)}$$

\$	3,834,065	<i>Discounted Cash Flow Valuation, 2001 Cash Flow</i>
	(958,516)	<i>Liquidity Discount</i>
	<u>2,875,549</u>	<i>Discounted Cash Flow Valuation, less Liquidity Discount</i>

Schedule D

Pacific Beverage, Inc.
Discounted Cash Flow Valuation
Pro-forma Cash Flows

Assumptions

Operating Asset Discount Rate (k):	15.4%	<i>Ibbotson's Cost of Capital Quarterly 2002, SIC 209, CAPM + Small Prem</i>
Long Term Cash Flow Growth Rate (g)	5.0%	<i>Real Growth (GDP) and Inflation</i>
Liquidity Discount:	25.0%	

Pro-forma Cash Flows

	Growth Assumption	50%	40%	30%	20%	10%		
	2002	2003F	2004F	2005F	2006F	2007F	CAGR	
Sales	3,129,004	4,693,506	6,570,908	8,542,181	10,250,617	11,275,679	19.2%	
Adjusted EBITDA	469,351	704,026	985,636	1,281,327	1,537,593	1,691,352	19.2%	
Less CAPEX	<u>(100,000)</u>	<u>(200,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(400,000)</u>	14.9%	
Adjusted EBITDA Less CAPEX	\$369,351	\$504,026	\$685,636	\$981,327	\$1,237,593	\$1,291,352	20.7%	
Terminal Value						\$13,037,687		
PV (Cash Flows)	\$2,918,986							
PV (Terminal Value)	<u>6,370,470</u>							
		9,289,456	<i>Discounted Cash Flow Valuation</i>					
		<u>(2,322,364)</u>	<i>Liquidity Discount</i>					
		\$6,967,092	<i>Discounted Cash Flow Valuation, less Liquidity Discount</i>					

$$V_0 = \sum_{t=1}^{\infty} \frac{E(CF_t)}{(1+k)^t}$$

Schedule D
(Continued)

Pro-forma Cash Flows

	Growth Assumption						
	20%	20%	20%	20%	20%	20%	
	2002	2003F	2004F	2005F	2006F	2007F	CAGR
Sales	3,129,004	3,754,805	4,505,766	5,406,919	6,488,303	7,785,963	15.7%
Adjusted EBITDA	469,351	563,221	675,865	811,038	973,245	1,167,894	15.7%
Less CAPEX	(100,000)	(200,000)	(200,000)	(200,000)	(200,000)	(300,000)	8.4%
Adjusted EBITDA Less CAPEX	\$369,351	\$363,221	\$475,865	\$611,038	\$773,245	\$867,894	19.0%
Terminal Value						\$8,762,396	
PV (Cash Flows)	\$1,929,763						
PV (Terminal Value)	4,281,479						
	6,211,243	<i>Discounted Cash Flow Valuation</i>					
	(1,552,811)	<i>Liquidity Discount</i>					
	\$4,658,432	<i>Discounted Cash Flow Valuation, less Liquidity Discount</i>					

$$V_0 = \sum_{t=1}^{\infty} \frac{E(CF_t)}{(1+k)^t}$$

Pro-forma Cash Flows

	Growth Assumption						
	40%	30%	20%	10%	0%		
	2002	2003F	2004F	2005F	2006F	2007F	CAGR
Sales	3,129,004	4,380,606	5,694,787	6,833,745	7,517,119	7,517,119	11.4%
Adjusted EBITDA	469,351	657,091	854,218	1,025,062	1,127,568	1,127,568	11.4%
Less CAPEX	(100,000)	(200,000)	(200,000)	(200,000)	(200,000)	(300,000)	8.4%
Adjusted EBITDA Less CAPEX	\$369,351	\$457,091	\$654,218	\$825,062	\$927,568	\$827,568	12.6%
Terminal Value						\$8,355,253	
PV (Cash Flows)	\$2,351,613						
PV (Terminal Value)	4,082,541						
	6,434,154	<i>Discounted Cash Flow Valuation</i>					
	(1,608,538)	<i>Liquidity Discount</i>					
	\$4,825,615	<i>Discounted Cash Flow Valuation, less Liquidity Discount</i>					

$$V_0 = \sum_{t=1}^{\infty} \frac{E(CF_t)}{(1+k)^t}$$

*Schedule E****Pacific Beverage, Inc.
Valuation Summary***

<i>Asset Based Methodology</i>		Net <u>Equity Value</u>
Book Value		\$ 236,852
Adjusted Book Value		\$ 627,426
<i>Market Based Methodology</i>	<u>Operating Asset Valuation</u>	<u>Net of Debt Payable</u>
Comparable Firms, Middle Market Transactions		
Price/EBITDA	6,076,080	\$ 5,781,029
Price/Revenue	6,238,074	\$ 5,943,023
<i>Capitalization of Earnings Based Methodology</i>	<u>Operating Asset Valuation</u>	<u>Net of Debt Payable</u>
2002 Cash Flow, no growth	1,849,456	\$ 1,554,405
2002 Cash Flow, constant growth	2,875,549	\$ 2,580,498
Pro-forma Cash Flow Method A	6,967,092	\$ 6,672,041
Pro-forma Cash Flow Method B	4,658,432	\$ 4,363,381
Pro-forma Cash Flow Method C	4,825,615	\$ 4,530,564

NOTES: 1) OPERATING ASSET VALUATION BASED ON ASSUMPTION OF CURRENT LIABILITIES (EXCEPT DEBT PAYABLE: \$295,051) BY PURCHASER

2) REALIZATION OF THE ESTIMATED ENTERPRISE VALUE COULD INCLUDE MULTIPLE FORMS OF CONSIDERATION, INCLUDING CASH, SELLER NOTES, AND EARN-OUTS.

Pacific Beverage, Inc.
Market Valuation

FINANCIALS

- a. Historical Income Statement
- b. Historical Balance Sheet
- c. Common Size Income Statement
- d. Common Size Balance Sheet
- e. Income Statement Adjustments
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- h. Financial Ratios

Income Statement

ALPHA OMEGA PARTNERS

	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99	Growth Rate 1999-2001	Growth Rate 2000-2001
Revenues						
Sales	2,607,503	1,899,162	746,354	483,484	98%	154%
LESS Returns	-8,306	-19,621	-5,327	-3,276	145%	268%
Total Revenues	2,599,197	1,879,541	741,027	480,208	98%	154%
Cost of Goods Sold						
Cost of Goods Sold	1,082,578	876,981	322,629	223,647	98%	172%
Inventory Change	-116,224	-19,411	-24,186	-8,810	48%	-20%
Packaging	278,110	145,517	72,367	35,120	104%	101%
Total Cost of Goods Sold	1,244,464	1,003,087	370,810	249,957	100%	171%
Gross Profit	1,354,733	876,454	370,217	230,251	95%	137%
Operating Expenses						
Salaries and Wages	184,789	79,583	41,568	29,274	65%	91%
Subcontract Labor	27,020	0	0	0	NA	NA
Payments to partners	0	60,000	24,000	30,000	41%	150%
Repairs & Maintenance	13,512	24,587	13,672	6,965	88%	80%
Bad Debts	1,178	853	2,830	376	51%	-70%
Rent	21,339	27,092	20,470	16,157	29%	32%
Taxes & Licenses	4,679	4,526	3,016	749	146%	50%
Accounting	0	444	0	0	NA	NA
Advertising	324,224	228,284	31,014	7,213	463%	636%
Auto & Truck Expense	13,480	7,423	6,984	10,544	-16%	6%
Bank Charges	295	0	0	5,707	NA	NA
Commissions	32,723	30,834	8,720	1,724	323%	254%
Credit Card Fees	8,125	14,497	16,610	0	NA	-13%
Damage or Shortage	3,928	1,285	0	0	NA	NA
Dues & Subscriptions	1,731	650	325	0	NA	100%
Equipment Rental	5,908	0	0	0	NA	NA
Insurance	18,479	2,852	2,245	1,982	20%	27%
Legal & Professional	8,049	4,347	1,500	2,190	41%	190%
Meals & Entertainment	0	1,538	505	422	91%	205%
Miscellaneous	0	0	18	5,386	NA	NA
Outside Services	0	13,478	2,095	0	NA	543%
Office Expense	0	0	0	7,813	NA	NA
Package Development Costs	7,957	0	0	0	NA	NA
Postage, Freight, & Delivery	176,715	119,213	50,618	35,046	84%	136%
Printing	0	0	0	491	NA	NA
Sample Expense	638	6,020	0	0	NA	NA
Storage	0	0	0	5,042	NA	NA
Supplies	62,733	32,463	28,503	41,247	-11%	14%
Telephone	17,410	13,727	11,346	9,027	23%	21%
Timely Payment Discount	8,273	2,949	0	0	NA	NA
Trade Shows	43,494	44,411	31,747	19,970	49%	40%
Travel	41,756	16,591	9,221	1,812	203%	80%
Utilities	9,837	8,113	5,449	4,148	40%	49%
Total Operating Expenses	1,038,271	745,760	312,456	243,285	75%	139%
Officers' Compensation						
Salaries	0	0	0	0	NA	NA
Bonuses	0	0	0	0	NA	NA
Total Officers' Compensation	0	0	0	0	NA	NA
Operating EBITDA	316,462	130,694	57,761	-13,034	NA	126%
Depreciation and Amortization	0	20,814	11,920	7,115	71%	75%
Operating Income/(Loss) - EBIT	316,462	109,880	45,841	-20,149	NA	140%
Miscellaneous Income/(Expense)						
Moving Expense	-82,950	0	0	0	NA	NA
Refinancing Charge	-5,583	0	0	0	NA	NA
Consulting Income	0	0	0	101,920	NA	NA
Total Miscellaneous Income/(Expense)	-88,533	0	0	101,920	NA	NA
Interest Expense	15,646	20,017	8,922	3,293	147%	124%
Pre-Tax Income	212,283	89,863	36,919	78,478	7%	143%
Less: Income Taxes	0	0	0	0	NA	NA
Net Income/(Loss)	212,283	89,863	36,919	78,478	7%	143%

Balance Sheet

ALPHA OMEGA PARTNERS

	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99	Growth Rate 1999-2002	Growth Rate 2001-2002
Assets:						
Current Assets						
Cash	46,401	45,009	31,902	25,918	21%	3%
Accounts Receivable	553,310	207,448	61,640	45,671	130%	167%
Inventory	201,334	85,110	65,699	41,513	69%	137%
Total Current Assets	801,045	337,567	159,241	113,102	92%	137%
Fixed Assets - Net						
Fixed Assets - Cost						
Machinery & Equipment	228,726	188,863	81,445	61,626	55%	21%
FF&E	20,563	15,775	15,775	13,325	16%	30%
Total Fixed Assets - Cost	249,289	204,638	97,220	74,951	49%	22%
Accumulated Depreciation	-115,023	-115,022	-70,208	-38,470	44%	0%
Total Fixed Assets - Net	134,266	89,616	27,012	36,481	54%	50%
Other Assets	0	0	0	0	NA	NA
Total Assets:	935,311	427,183	186,253	149,583	84%	119%
Liabilities and Equity:						
Liabilities						
Current Liabilities						
Accounts Payable	196,304	0	12,342	0	NA	NA
Expense Clearing Mike Milazzo	-500	0	0	0	NA	NA
Loan from Lanlord	33,106	0	0	0	NA	NA
Peoples Cash Revolver	102,400	0	0	0	NA	NA
Nations Bank Cash Line Loan	0	50,000	40,511	25,511	NA	NA
Reserve Slotting Payable	72,047	56,739	0	0	NA	27%
Sales Tax Payable	50	0	0	0	NA	NA
SBA Loan	0	85,000	0	0	NA	NA
Total Current Liabilities	403,408	191,739	52,853	25,511	151%	110%
Long-Term Liabilities						
Bagger Loan (Nations)	0	17,282	22,898	27,617	NA	NA
Partner Loan	0	40,000	40,000	40,000	NA	NA
Fork Lift Loan	0	12,490	15,417	0	NA	NA
Nations Urbania Bagger Loan	66,638	80,296	0	0	NA	-17%
Peoples Term Loan	228,413	0	0	0	NA	NA
Scale Loan (Nations)	0	11,459	15,768	19,795	NA	NA
Total Long-Term Liabilities	295,051	161,528	94,083	87,413	50%	83%
Total Liabilities	698,459	353,267	146,936	112,924	84%	98%
Equity						
Owners Capital B&J	182,198	62,200	38,216	36,659	71%	193%
Owners Capital DV	11,716	11,716	1,101	0	NA	0%
Retained Earnings	-169,345	-89,863	-36,919	-78,478	29%	88%
Net Income	212,284	89,863	36,919	78,478	39%	136%
Total Equity	236,852	73,916	39,317	36,659	86%	220%
Total Liabilities and Equity:	935,311	427,183	186,253	149,583	84%	119%

Common Size Income Statement

ALPHA OMEGA PARTNERS

	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99
Revenues				
Sales	100.3%	101.0%	100.7%	100.7%
LESS Returns	-0.3%	-1.0%	-0.7%	-0.7%
Total Revenues	100.0%	100.0%	100.0%	100.0%
Cost of Goods Sold				
Cost of Goods Sold	41.7%	46.7%	43.5%	46.6%
Inventory Change	-4.5%	-1.0%	-3.3%	-1.8%
Packaging	10.7%	7.7%	9.8%	7.3%
Total Cost of Goods Sold	47.9%	53.4%	50.0%	52.1%
Gross Profit	52.1%	46.6%	50.0%	47.9%
Operating Expenses				
Salaries and Wages	7.1%	4.2%	5.6%	6.1%
Subcontract Labor	1.0%	0%	0%	0%
Payments to partners	0%	3.2%	3.2%	6.2%
Repairs & Maintenance	0.5%	1.3%	1.8%	1.5%
Bad Debts	0.0%	0.0%	0.4%	0.1%
Rent	0.8%	1.4%	2.8%	3.4%
Taxes & Licenses	0.2%	0.2%	0.4%	0.2%
Accounting	0%	0.0%	0%	0%
Advertising	12.5%	12.1%	4.2%	1.5%
Auto & Truck Expense	0.5%	0.4%	0.9%	2.2%
Bank Charges	0.0%	0%	0%	1.2%
Commissions	1.3%	1.6%	1.2%	0.4%
Credit Card Fees	0.3%	0.8%	2.2%	0%
Damage or Shortage	0.2%	0.1%	0%	0%
Dues & Subscriptions	0.1%	0.0%	0.0%	0%
Equipment Rental	0.2%	0%	0%	0%
Insurance	0.7%	0.2%	0.3%	0.4%
Legal & Professional	0.3%	0.2%	0.2%	0.5%
Meals & Entertainment	0%	0.1%	0.1%	0.1%
Miscellaneous	0%	0%	0.0%	1.1%
Outside Services	0%	0.7%	0.3%	0%
Office Expense	0%	0%	0%	1.6%
Package Development Costs	0.3%	0%	0%	0%
Postage, Freight, & Delivery	6.8%	6.3%	6.8%	7.3%
Printing	0%	0%	0%	0.1%
Sample Expense	0.0%	0.3%	0%	0%
Storage	0%	0%	0%	1.0%
Supplies	2.4%	1.7%	3.8%	8.6%
Telephone	0.7%	0.7%	1.5%	1.9%
Timely Payment Discount	0.3%	0.2%	0%	0%
Trade Shows	1.7%	2.4%	4.3%	4.2%
Travel	1.6%	0.9%	1.2%	0.4%
Utilities	0.4%	0.4%	0.7%	0.9%
Total Operating Expenses	39.9%	39.7%	42.2%	50.7%
Officers' Compensation				
Salaries	0%	0%	0%	0%
Bonuses	0%	0%	0%	0%
Total Officers' Compensation	0%	0%	0%	0%
Operating EBITDA	12.2%	7.0%	7.8%	-2.7%
Depreciation and Amortization	0%	1.1%	1.6%	1.5%
Operating Income/(Loss) - EBIT	12.2%	5.8%	6.2%	-4.2%
Miscellaneous Income/(Expense)				
Moving Expense	-3.2%	0%	0%	0%
Refinancing Charge	-0.2%	0%	0%	0%
Consulting Income	0%	0%	0%	21.2%
Total Miscellaneous Income/(Expense)	-3.4%	0%	0%	21.2%
Interest Expense	0.6%	1.1%	1.2%	0.7%
Pre-Tax Income	8.2%	4.8%	5.0%	16.3%
Less: Income Taxes	0%	0%	0%	0%
Net Income/(Loss)	8.2%	4.8%	5.0%	16.3%

Common Size Balance Sheet

ALPHA OMEGA PARTNERS

	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99
Assets:				
Current Assets				
Cash	5.0%	10.5%	17.1%	17.3%
Accounts Receivable	59.2%	48.6%	33.1%	30.5%
Inventory	21.5%	19.9%	35.3%	27.8%
Total Current Assets	85.6%	79.0%	85.5%	75.6%
Fixed Assets - Net				
Fixed Assets - Cost				
Machinery & Equipment	24.5%	44.2%	43.7%	41.2%
FF&E	2.2%	3.7%	8.5%	8.9%
Total Fixed Assets - Cost	26.7%	47.9%	52.2%	50.1%
Accumulated Depreciation	-12.3%	-26.9%	-37.7%	-25.7%
Total Fixed Assets - Net	14.4%	21.0%	14.5%	24.4%
Other Assets	0%	0%	0%	0%
Total Assets:	100.0%	100.0%	100.0%	100.0%
Liabilities and Equity:				
Liabilities				
Current Liabilities				
Accounts Payable	21.0%	0%	6.6%	0%
Expense Clearing Mike Milazzo	-0.1%	0%	0%	0%
Loan from Lanlord	3.5%	0%	0%	0%
Peoples Cash Revolver	10.9%	0%	0%	0%
Nations Bank Cash Line Loan	0%	11.7%	21.8%	17.1%
Reserve Slotting Payable	7.7%	13.3%	0%	0%
Sales Tax Payable	0.0%	0%	0%	0%
SBA Loan	0%	19.9%	0%	0%
Total Current Liabilities	43.1%	44.9%	28.4%	17.1%
Long-Term Liabilities				
Bagger Loan (Nations)	0%	4.0%	12.3%	18.5%
Partner Loan	0%	9.4%	21.5%	26.7%
Fork Lift Loan	0%	2.9%	8.3%	0%
Nations Urbania Bagger Loan	7.1%	18.8%	0%	0%
Peoples Term Loan	24.4%	0%	0%	0%
Scale Loan (Nations)	0%	2.7%	8.5%	13.2%
Total Long-Term Liabilities	31.5%	37.8%	50.5%	58.4%
Total Liabilities	74.7%	82.7%	78.9%	75.5%
Equity				
Owners Capital B&J	19.5%	14.6%	20.5%	24.5%
Owners Capital DV	1.3%	2.7%	0.6%	0%
Retained Earnings	-18.1%	-21.0%	-19.8%	-52.5%
Net Income	22.7%	21.0%	19.8%	52.5%
Total Equity	25.3%	17.3%	21.1%	24.5%
Total Liabilities and Equity:	100.0%	100.0%	100.0%	100.0%

Adjusted Income Statement

ALPHA OMEGA PARTNERS

	UnAdj. 10 Months Ending 10-31-02	Val. Adj. 10 Months Ending 10-31-02	Adjusted 10 Months Ending 10-31-02	Annualized 10 Months Ending 10-31-02	UnAdj. Year Ending 12-31-01	Val. Adj. Year Ending 12-31-01	Adjusted Year Ending 12-31-01	UnAdj. Year Ending 12-31-00	Val. Adj. Year Ending 12-31-00	Adjusted Year Ending 12-31-00	UnAdj. Year Ending 12-31-99	Val. Adj. Year Ending 12-31-99	Adjusted Year Ending 12-31-99
Revenues													
Sales	2,607,503	0	2,607,503	3,129,004	1,899,162	0	1,899,162	746,354	0	746,354	483,484	0	483,484
LESS Returns	-8,306	0	-8,306	-9,967	-19,621	0	-19,621	-5,327	0	-5,327	-3,276	0	-3,276
Total Revenues	2,599,197	0	2,599,197	3,119,037	1,879,541	0	1,879,541	741,027	0	741,027	480,208	0	480,208
Cost of Goods Sold													
Cost of Goods Sold	1,082,578	0	1,082,578	1,299,094	876,981	0	876,981	322,629	0	322,629	223,647	0	223,647
Inventory Change	-116,224	0	-116,224	-139,469	-19,411	0	-19,411	-24,186	0	-24,186	-8,810	0	-8,810
Packaging	278,110	0	278,110	333,732	145,517	0	145,517	72,367	0	72,367	35,120	0	35,120
Total Cost of Goods Sold	1,244,464	0	1,244,464	1,493,357	1,003,087	0	1,003,087	370,810	0	370,810	249,957	0	249,957
Gross Profit	1,354,733	0	1,354,733	1,625,679	876,454	0	876,454	370,217	0	370,217	230,251	0	230,251
Operating Expenses													
Salaries and Wages	184,789	0	184,789	221,747	79,583	0	79,583	41,568	0	41,568	29,274	0	29,274
Subcontract Labor	27,020	0	27,020	32,424	0	0	0	0	0	0	0	0	0
Payments to partners	0	0	0	0	60,000	0	60,000	24,000	0	24,000	30,000	0	30,000
Repairs & Maintenance	13,512	0	13,512	16,214	24,587	0	24,587	13,672	0	13,672	6,965	0	6,965
Bad Debts	1,178	0	1,178	1,414	853	0	853	2,830	0	2,830	376	0	376
Rent	21,339	0	21,339	25,607	27,092	0	27,092	20,470	0	20,470	16,157	0	16,157
Taxes & Licenses	4,679	0	4,679	5,615	4,526	0	4,526	3,016	0	3,016	749	0	749
Accounting	0	0	0	0	444	0	444	0	0	0	0	0	0
Advertising	324,224	0	324,224	389,069	228,284	0	228,284	31,014	0	31,014	7,213	0	7,213
Auto & Truck Expense	13,480	0	13,480	16,175	7,423	0	7,423	6,984	0	6,984	10,544	0	10,544
Bank Charges	295	0	295	353	0	0	0	0	0	0	5,707	0	5,707
Commissions	32,723	0	32,723	39,268	30,834	0	30,834	8,720	0	8,720	1,724	0	1,724
Credit Card Fees	8,125	0	8,125	9,750	14,497	0	14,497	16,610	0	16,610	0	0	0
Damage or Shortage	3,928	0	3,928	4,713	1,285	0	1,285	0	0	0	0	0	0
Dues & Subscriptions	1,731	0	1,731	2,077	650	0	650	325	0	325	0	0	0
Equipment Rental	5,908	0	5,908	7,090	0	0	0	0	0	0	0	0	0
Insurance	18,479	0	18,479	22,175	2,852	0	2,852	2,245	0	2,245	1,982	0	1,982
Legal & Professional	8,049	0	8,049	9,659	4,347	0	4,347	1,500	0	1,500	2,190	0	2,190
Meals & Entertainment	0	0	0	0	1,538	0	1,538	505	0	505	422	0	422
Miscellaneous	0	0	0	0	0	0	0	18	0	18	5,386	0	5,386
Outside Services	0	0	0	0	13,478	0	13,478	2,095	0	2,095	0	0	0
Office Expense	0	0	0	0	0	0	0	0	0	0	7,813	0	7,813
Package Development Costs	7,957	0	7,957	9,548	0	0	0	0	0	0	0	0	0
Postage, Freight, & Delivery	176,715	0	176,715	212,059	119,213	0	119,213	50,618	0	50,618	35,046	0	35,046
Printing	0	0	0	0	0	0	0	0	0	0	491	0	491
Sample Expense	638	0	638	766	6,020	0	6,020	0	0	0	0	0	0
Storage	0	0	0	0	0	0	0	0	0	0	5,042	0	5,042
Supplies	62,733	0	62,733	75,279	32,463	0	32,463	28,503	0	28,503	41,247	0	41,247
Telephone	17,410	0	17,410	20,892	13,727	0	13,727	11,346	0	11,346	9,027	0	9,027
Timely Payment Discount	8,273	0	8,273	9,928	2,949	0	2,949	0	0	0	0	0	0
Trade Shows	43,494	0	43,494	52,193	44,411	0	44,411	31,747	0	31,747	19,970	0	19,970
Travel	41,756	0	41,756	50,107	16,591	0	16,591	9,221	0	9,221	1,812	0	1,812
Utilities	9,837	0	9,837	11,804	8,113	0	8,113	5,449	0	5,449	4,148	0	4,148
Total Operating Expenses	1,038,271	0	1,038,271	1,245,925	745,760	0	745,760	312,456	0	312,456	243,285	0	243,285
Officers' Compensation													
Salaries	0	0	0	0	0	0	0	0	0	0	0	0	0
Bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Officers' Compensation	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating EBITDA	316,462	0	316,462	379,754	130,694	0	130,694	57,761	0	57,761	-13,034	0	-13,034
Depreciation and Amortization	0	0	0	0	20,814	-20,814	0	11,920	-11,920	0	7,115	-7,115	0
Operating Income/(Loss) - EBIT	316,462	0	316,462	379,754	109,880	20,814	130,694	45,841	11,920	57,761	-20,149	7,115	-13,034
Miscellaneous Income/(Expense)													
Moving Expense	-82,950	82,950	0	0	0	0	0	0	0	0	0	0	0
Refinancing Charge	-5,583	5,583	1	1	0	0	0	0	0	0	0	0	0
Consulting Income	0	0	0	0	0	0	0	0	0	0	101,920	-101,920	0
Total Miscellaneous Income/(Expense)	-88,533	88,533	1	1	0	0	0	0	0	0	101,920	-101,920	0
Interest Expense	15,646	-15,646	0	0	20,017	-20,017	0	8,922	-8,922	0	3,293	-3,293	0
Pre-Tax Income	212,283	104,179	316,462	379,755	89,863	40,831	130,694	36,919	20,842	57,761	78,478	-91,512	-13,034
Less: Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income/(Loss)	212,283	104,179	316,462	379,755	89,863	40,831	130,694	36,919	20,842	57,761	78,478	-91,512	-13,034

IS - Adjusted

ALPHA OMEGA PARTNERS

	10 Months Ending 10-31-02	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99
Revenues					
Sales	3,129,004	2,607,503	1,899,162	746,354	483,484
LESS Returns	-9,967	-8,306	-19,621	-5,327	-3,276
Total Revenues	3,119,037	2,599,197	1,879,541	741,027	480,208
Cost of Goods Sold					
Cost of Goods Sold	1,299,094	1,082,578	876,981	322,629	223,647
Inventory Change	-139,469	-116,224	-19,411	-24,186	-8,810
Packaging	333,732	278,110	145,517	72,367	35,120
Total Cost of Goods Sold	1,493,357	1,244,464	1,003,087	370,810	249,957
Gross Profit	1,625,679	1,354,733	876,454	370,217	230,251
Operating Expenses					
Salaries and Wages	221,747	184,789	79,583	41,568	29,274
Subcontract Labor	32,424	27,020	0	0	0
Payments to partners	0	0	60,000	24,000	30,000
Repairs & Maintenance	16,214	13,512	24,587	13,672	6,965
Bad Debts	1,414	1,178	853	2,830	376
Rent	25,607	21,339	27,092	20,470	16,157
Taxes & Licenses	5,615	4,679	4,526	3,016	749
Accounting	0	0	444	0	0
Advertising	389,069	324,224	228,284	31,014	7,213
Auto & Truck Expense	16,175	13,480	7,423	6,984	10,544
Bank Charges	353	295	0	0	5,707
Commissions	39,268	32,723	30,834	8,720	1,724
Credit Card Fees	9,750	8,125	14,497	16,610	0
Damage or Shortage	4,713	3,928	1,285	0	0
Dues & Subscriptions	2,077	1,731	650	325	0
Equipment Rental	7,090	5,908	0	0	0
Insurance	22,175	18,479	2,852	2,245	1,982
Legal & Professional	9,659	8,049	4,347	1,500	2,190
Meals & Entertainment	0	0	1,538	505	422
Miscellaneous	0	0	0	18	5,386
Outside Services	0	0	13,478	2,095	0
Office Expense	0	0	0	0	7,813
Package Development Costs	9,548	7,957	0	0	0
Postage, Freight, & Delivery	212,059	176,715	119,213	50,618	35,046
Printing	0	0	0	0	491
Sample Expense	766	638	6,020	0	0
Storage	0	0	0	0	5,042
Supplies	75,279	62,733	32,463	28,503	41,247
Telephone	20,892	17,410	13,727	11,346	9,027
Timely Payment Discount	9,928	8,273	2,949	0	0
Trade Shows	52,193	43,494	44,411	31,747	19,970
Travel	50,107	41,756	16,591	9,221	1,812
Utilities	11,804	9,837	8,113	5,449	4,148
Total Operating Expenses	1,245,925	1,038,271	745,760	312,456	243,285
Officers' Compensation					
Salaries	0	0	0	0	0
Bonuses	0	0	0	0	0
Total Officers' Compensation	0	0	0	0	0
Operating EBITDA	379,754	316,462	130,694	57,761	-13,034
Depreciation and Amortization	0	0	0	0	0
Operating Income/(Loss) - EBIT	379,754	316,462	130,694	57,761	-13,034
Miscellaneous Income/(Expense)					
Moving Expense	0	0	0	0	0
Refinancing Charge	1	1	0	0	0
Consulting Income	0	0	0	0	0
Total Miscellaneous Income/(Expense)	1	1	0	0	0
Interest Expense	0	0	0	0	0
Pre-Tax Income	379,755	316,462	130,694	57,761	-13,034
Less: Income Taxes	0	0	0	0	0
Net Income/(Loss)	379,755	316,462	130,694	57,761	-13,034

Common Size Adjusted IS

ALPHA OMEGA PARTNERS

	10 Months Ending 10-31-02	Year Ending 12-31-01	Year Ending 12-31-00	Year Ending 12-31-99
Revenues				
Sales	100.3%	101.0%	100.7%	100.7%
LESS Returns	-0.3%	-1.0%	-0.7%	-0.7%
Total Revenues	100.0%	100.0%	100.0%	100.0%
Cost of Goods Sold				
Cost of Goods Sold	41.7%	46.7%	43.5%	46.6%
Inventory Change	-4.5%	-1.0%	-3.3%	-1.8%
Packaging	10.7%	7.7%	9.8%	7.3%
Total Cost of Goods Sold	47.9%	53.4%	50.0%	52.1%
Gross Profit	52.1%	46.6%	50.0%	47.9%
Operating Expenses				
Salaries and Wages	7.1%	4.2%	5.6%	6.1%
Subcontract Labor	1.0%	0%	0%	0%
Payments to partners	0%	3.2%	3.2%	6.2%
Repairs & Maintenance	0.5%	1.3%	1.8%	1.5%
Bad Debts	0.0%	0.0%	0.4%	0.1%
Rent	0.8%	1.4%	2.8%	3.4%
Taxes & Licenses	0.2%	0.2%	0.4%	0.2%
Accounting	0%	0.0%	0%	0%
Advertising	12.5%	12.1%	4.2%	1.5%
Auto & Truck Expense	0.5%	0.4%	0.9%	2.2%
Bank Charges	0.0%	0%	0%	1.2%
Commissions	1.3%	1.6%	1.2%	0.4%
Credit Card Fees	0.3%	0.8%	2.2%	0%
Damage or Shortage	0.2%	0.1%	0%	0%
Dues & Subscriptions	0.1%	0.0%	0.0%	0%
Equipment Rental	0.2%	0%	0%	0%
Insurance	0.7%	0.2%	0.3%	0.4%
Legal & Professional	0.3%	0.2%	0.2%	0.5%
Meals & Entertainment	0%	0.1%	0.1%	0.1%
Miscellaneous	0%	0%	0.0%	1.1%
Outside Services	0%	0.7%	0.3%	0%
Office Expense	0%	0%	0%	1.6%
Package Development Costs	0.3%	0%	0%	0%
Postage, Freight, & Delivery	6.8%	6.3%	6.8%	7.3%
Printing	0%	0%	0%	0.1%
Sample Expense	0.0%	0.3%	0%	0%
Storage	0%	0%	0%	1.0%
Supplies	2.4%	1.7%	3.8%	8.6%
Telephone	0.7%	0.7%	1.5%	1.9%
Timely Payment Discount	0.3%	0.2%	0%	0%
Trade Shows	1.7%	2.4%	4.3%	4.2%
Travel	1.6%	0.9%	1.2%	0.4%
Utilities	0.4%	0.4%	0.7%	0.9%
Total Operating Expenses	39.9%	39.7%	42.2%	50.7%
Officers' Compensation				
Salaries	0%	0%	0%	0%
Bonuses	0%	0%	0%	0%
Total Officers' Compensation	0%	0%	0%	0%
Operating EBITDA	12.2%	7.0%	7.8%	-2.7%
Depreciation and Amortization	0%	0%	0%	0%
Operating Income/(Loss) - EBIT	12.2%	7.0%	7.8%	-2.7%
Miscellaneous Income/(Expense)				
Moving Expense	0%	0%	0%	0%
Refinancing Charge	0.0%	0%	0%	0%
Consulting Income	0%	0%	0%	0%
Total Miscellaneous Income/(Expense)	0.0%	0%	0%	0%
Interest Expense	0%	0%	0%	0%
Pre-Tax Income	12.2%	7.0%	7.8%	-2.7%
Less: Income Taxes	0%	0%	0%	0%
Net Income/(Loss)	12.2%	7.0%	7.8%	-2.7%

Financial Ratios

ALPHA OMEGA PARTNERS

Financial Ratios Based On Using:
An Unadjusted Balance Sheet and
An Unadjusted Income Statement

SIC Code:
RMA = 2099

	Lower RMA 2000	Pacific Beverage, Inc. Values				Growth Rates	
		2002	2001	2000	1999	2002-2001	2002-1999
LIQUIDITY RATIOS:							
Current Ratio	1.1	2	1.8	3	4.4	13%	-24%
Quick (Acid-Test) Ratio	0.4	1.5	1.3	1.8	2.8	13%	-19%
Revenue/Accounts Receivable	8.8	4.7	9.1	12	10.5	-48%	-24%
Average Collection Period	41.5	77.7	40.1	30.4	34.8	94%	31%
Inventory Turnover	3.8	6.2	11.8	5.6	6	-48%	1%
Days' Inventory	96.1	58.9	30.9	65.2	60.8	90%	-1%
COGS/Payables	4.3	0	20.1	9.2	9.8	N/A	-100%
Days' Payables	84.9	0	18.2	39.7	37.2	N/A	-100%
Revenue/Working Capital	33.3	6.5	12.9	7	5.5	-49%	6%
COVERAGE RATIOS:							
Times Interest Earned	2.8	14.6	5.5	5.1	24.8	165%	-16%
LEVERAGE RATIOS:							
Fixed Assets/Tangible Worth	72.8	0.6	1.2	0.7	1	-53%	-17%
Debt-to-Tangible Net Worth	123.2	2.9	4.8	3.7	3.1	-38%	-1%
Debt-to-Equity	2	2.9	4.8	3.7	3.1	-38%	-1%
OPERATING RATIOS:							
Gross Profit Margin	32%	52%	47%	50%	48%	12%	3%
EBT/Tangible Worth	0%	90%	122%	94%	214%	-26%	-25%
EBT/Total Assets	4%	23%	21%	20%	53%	8%	-24%
Fixed-Asset Turnover	630%	1940%	2100%	2740%	1320%	-8%	14%
Total Asset Turnover	170%	280%	440%	400%	320%	-37%	-5%
EXPENSE TO REVENUE RATIOS:							
% Deprtn., Depltn., Amort./Revenue	2.80%	0.00%	1.10%	1.60%	1.50%		

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