

PRIMO WATER CORP /CN/

FORM 8-K (Current report filing)

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Address	4221 W. BOY SCOUT BLVD. SUITE 400 TAMPA, FL, 33607
Telephone	813-313-1732
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SIC Code	2086 - Bottled and Canned Soft Drinks and Carbonated Waters
Industry	Non-Alcoholic Beverages
Sector	Consumer Non-Cyclicals
Fiscal Year	12/28

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 1, 2014

Cott Corporation
(Exact name of registrant as specified in its charter)

Canada
(State or other jurisdiction
of incorporation)

001-31410
(Commission
File Number)

98-0154711
(IRS Employer
Identification No.)

6525 Viscount Road
Mississauga, Ontario, Canada

L4V1H6

5519 West Idlewild Avenue
Tampa, Florida, United States
(Address of Principal Executive Offices)

33634
(Zip Code)

Registrant's telephone number, including area code: (905) 672-1900
(813) 313-1800

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

On December 1, 2014, Cott Corporation (“Cott” or the “Company”) announced that its wholly owned subsidiary, Cott Beverages Inc., intends, subject to market and other customary conditions, to offer \$615 million aggregate principal amount of senior notes due 2019 (the “Offering”). In connection with the Offering, the Company intends to provide certain information to potential investors, and the Company is therefore including such information in Exhibit 99.1 to this Current Report on Form 8-K pursuant to Regulation FD. Exhibit 99.1 is furnished and shall not be deemed to be “filed” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

Item 8.01. Other Events.*Aimia Financial Statements*

On August 6, 2014, Cott filed an Amendment No. 1 to Form 8-K to provide historical and pro forma financial statements for its acquisition of Aimia Foods Holdings Limited (“Aimia”) on May 30, 2014 (the “Aimia Transaction”). The historical financial information of Aimia included in Cott’s unaudited pro forma condensed combined statement of operations for the nine months ended September 27, 2014 is derived from the unaudited historical profit and loss statement of Aimia for the five months ended May 31, 2014. The results of operations of Aimia from May 30, 2014 through and including September 27, 2014 are already reflected in Cott’s unaudited consolidated statement of operations for the nine months ended September 27, 2014.

Consent Solicitation

On December 1, 2014, DS Services of America, Inc. (“DS Services”) issued a press release announcing that it has received the Required Consents (as defined in the Consent Solicitation Statement) pursuant to its previously announced solicitation of consents from holders of its outstanding 10.000% Second-Priority Senior Secured Notes due 2021 (the “Notes”) to approve amendments to the indenture governing the Notes in connection with the previously announced merger of Delivery Acquisition, Inc., a wholly-owned indirect subsidiary of Cott, with and into DSS Group, Inc., the parent entity of DS Services (“Parent”), with Parent being the surviving corporation of the merger.

Item 9.01. Financial Statements and Exhibits.**(a) Financial Statements of Businesses Acquired.**

- (i) The unaudited interim financial statements of Aimia Foods Holdings Limited as of and for the five months ended May 31, 2014 are attached hereto as Exhibit 99.2 and are incorporated in their entirety herein by reference.

(d) Exhibits

99.1 Regulation FD Disclosure.

99.2 Unaudited interim financial statements of Aimia Foods Holdings Limited as of and for the five months ended May 31, 2014.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

December 2, 2014

Cott Corporation
(Registrant)

By: /s/ Marni Morgan Poe
Marni Morgan Poe
Vice President, General Counsel and Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Regulation FD Disclosure.
99.2	Unaudited interim financial statements of Aimia Foods Holdings Limited as of and for the five months ended May 31, 2014.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information represents the pro forma impacts of multiple transactions, each of which are described in the following paragraphs.

The DSS Acquisition

On November 6, 2014, Cott Corporation (the “Company” or “Cott”), and its newly formed, indirect wholly-owned subsidiary, Delivery Acquisition, Inc. (“Merger Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”) with DSS Group, Inc. (“DSS”) and Crestview DSW Investors, L.P., as the sellers’ representative. The Merger Agreement provides that at the effective time of the merger, Merger Sub will be merged with and into DSS, with DSS surviving the merger as a wholly-owned indirect subsidiary of Cott. DSS, headquartered in Atlanta, Georgia, provides bottled water, coffee and filtration services to commercial and residential customers across the United States.

The purchase consideration is \$1,265.9 million payable at closing in cash, the assumption of \$350 million of DSS’s 10.000% Second-Priority Senior Secured Notes, (the “Existing DSS Notes”), and through the issuance of Convertible Preferred Shares (as defined below) and Non-Convertible Preferred Shares (as defined below) to the security holders of DSS.

The Company has received committed financing from Barclays and Credit Suisse to support the acquisition. The Company intends to finance the acquisition through a combination of incremental borrowings under the Company’s asset based lending facility (“ABL Facility”) of approximately \$175.0 million, new debt issuance of approximately \$615.0 million, assumption of the Existing DSS Notes and the issuance of newly-created Series A First Preferred Shares (the “Convertible Preferred Shares”) having an aggregate value of approximately \$117.1 million and newly-created Series B First Preferred Shares (the “Non-Convertible Preferred Shares”) having an aggregate value of approximately \$41.5 million, in reliance on the exemption from registration contained in Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”) and the rules and regulations thereunder. The Company expects to amend its existing ABL Facility in connection with the acquisition to increase the amount of borrowings available thereunder.

Cott may incur approximately \$29.5 million of acquisition costs. This estimate does not include financing fees related to the equity financing, which is estimated to be approximately \$0.6 million, and the debt financing, which is estimated to be approximately \$25.5 million. The financing fees related to the debt financing were reflected in the unaudited pro forma condensed combined financial statements as debt issuance costs and equity issuance costs were deducted from Convertible Preferred Shares and Non-convertible Preferred Shares balances reflected in the unaudited pro forma condensed combined balance sheet. Hereafter, this transaction is referred to as the “DSS Acquisition.”

The Aimia Acquisition

On May 30, 2014, the United Kingdom / Europe (“U.K.”) Business Unit of Cott entered into a Share Purchase Agreement (the “SPA”) pursuant to which it acquired on that date all of the issued share capital of Aimia Foods Holdings Limited (“Aimia”). Aimia, a privately-held company headquartered in Merseyside, United Kingdom, manufactures, sells and distributes food and beverages, including hot chocolate, coffee, malt drinks, creamers/whiteners and cereals. The purchase price under the SPA, based on exchange rates in effect on the acquisition date of May 30, 2014, included the payment of approximately \$80.4 million at closing plus a \$7.2 million adjustment for working capital, \$33.5 million in deferred consideration paid in September 2014, and an on-target earnout consideration of \$20.1 million, with a minimum earnout consideration of \$13.4 million and a maximum earnout consideration of \$26.9 million, based upon the achievement of certain performance measures during the twelve months ending July 1, 2016. The SPA contained representations, warranties, covenants and conditions that the Company believes are customary for a transaction of this size and type, as well as indemnification provisions subject to specified limitations. Hereafter, this transaction is referred to as the “Aimia Acquisition.”

Basis for historical Information

The unaudited pro forma condensed combined balance sheet as of September 27, 2014 gives effect to the DSS Acquisition as if it occurred on September 27, 2014. The Aimia Acquisition is already reflected in Cott's historical unaudited consolidated balance sheet as of September 27, 2014; therefore, no pro forma balance sheet adjustments are necessary to show the pro forma impact of the Aimia Acquisition. The unaudited pro forma condensed combined statements of operations for the year ended December 28, 2013 and the nine months ended September 27, 2014 assume that the DSS Acquisition and the Aimia Acquisition were consummated on December 30, 2012.

Cott's historical financial information for the year ended December 28, 2013 and as of and for the nine month period ended September 27, 2014 is derived from the Company's Form 10-K and 10-Q filed with the U.S. Securities and Exchange Commission ("SEC") on February 24, 2014 and November 4, 2014, respectively. The historical financial information for DSS for the year ended December 27, 2013 is derived by adding the financial data from DSS's audited consolidated financial statements for the predecessor period beginning December 29, 2012 through and including August 30, 2013 and the successor period beginning June 29, 2013 through and including December 27, 2013, respectively. In connection with the acquisition of DSS by Crestview DSW Investors, L.P. (the "Crestview Acquisition"), Crestview DS Merger Sub II, Inc. (the "Crestview Merger Sub") was formed to facilitate the Crestview acquisition. The Crestview Merger Sub did not survive the Crestview Acquisition. Prior to the incorporation of Crestview Merger Sub, DSS incurred costs on Crestview Merger Sub's behalf beginning on June 29, 2013, which is the beginning of the successor period. The historical financial data for DSS for the nine month period ended September 26, 2014 is derived from its unaudited condensed consolidated financial statements for the nine months ended September 26, 2014.

The historical financial information of Aimia in the unaudited pro forma condensed combined statements of operations for the twelve months ended December 28, 2013 is calculated by adding the unaudited historical financial information of Aimia in the consolidated profit and loss account for the six months ended December 31, 2013 and the audited historical financial information of Aimia in the consolidated profit and loss account for the year ended June 30, 2013, and subtracting the unaudited historical financial information of Aimia in the consolidated profit and loss account for the six months ended December 31, 2012. The historical financial information of Aimia included in the unaudited pro forma condensed combined statement of operations for the nine months ended September 27, 2014 is derived from the unaudited historical profit and loss of Aimia for the five months ended May 31, 2014. The results of operations of Aimia from May 30, 2014 through and including September 27, 2014 is already reflected in Cott's unaudited consolidated statement of operations for the nine months ended September 27, 2014.

The historical financial information has been adjusted to give effect to matters that are (i) directly attributable to the DSS Acquisition and the Aimia Acquisition, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the operating results of the combined company.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial information;
- the separate historical audited consolidated financial statements of Cott as of and for the year ended December 28, 2013, included in Cott's Annual Report on Form 10-K filed with the SEC on February 24, 2014 and included herein;
- the separate historical unaudited condensed consolidated financial statements of Cott as of and for the nine months ended September 27, 2014, included in Cott's Quarterly Report on Form 10-Q for the quarter ended September 27, 2014, filed with the SEC on November 4, 2014 and included herein;
- the separate historical audited consolidated financial statements of DSS as of December 27, 2013 and for the periods from June 29, 2013 to December 27, 2013 (Successor) and from December 29, 2012 to August 30, 2013 (Predecessor), and for each of the two years in the period ended December 28, 2012 (Predecessor) included herein;

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- the separate historical unaudited condensed consolidated financial statements of DSS as of and for the nine months ended September 26, 2014, included herein;
 - the audited historical financial statements of Aimia as of and for the year ended June 30, 2013, included in Cott's Current Report on Form 8-K/A, filed with the SEC on August 6, 2014 and incorporated herein by reference;
 - the unaudited historical financial statements of Aimia as of and for the six months ended December 31, 2013 and 2012 and as of and for the three months ended March 31, 2014, included in Cott's Current Report on Form 8-K/A filed with the SEC on August 6, 2014 and incorporated herein by reference; and
 - the unaudited historical financial statements of Aimia as of and for the five months ended May 31, 2014, included in Cott's Current Report on Form 8-K, filed with the SEC on December 2, 2014 and incorporated herein by reference.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with the business combination accounting guidance as provided in Accounting Standards Codification 805, *Business Combinations*, with Cott treated as the accounting acquirer. The unaudited pro forma condensed combined financial information will differ from the final acquisition accounting for a number of reasons, including the fact that the estimates of fair values of assets and liabilities acquired are preliminary and subject to change when the formal valuation and other studies are finalized. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results that would have occurred if the DSS Acquisition and the Aimia Acquisition had been completed as of the dates set forth above, nor is it indicative of the future results of the combined company. The unaudited pro forma condensed combined financial information does not purport to project the future operating results or financial position of the combined company following the DSS Acquisition. The unaudited pro forma condensed combined statements of operations do not reflect any revenue or cost savings from synergies that may be achieved with respect to the combined companies, or the impact of non-recurring items, including synergies, directly related to the DSS Acquisition and Aimia Acquisition.

Unaudited Pro Forma Condensed Combined Balance Sheet
(dollars in millions, except per share amounts)

	Historical		Pro Forma Adjustments				As of
	As of	As of					Sept 27, 2014
	Sept 27, 2014	Sept 26, 2014					Pro Forma
	Cott	DSS	Financing			Purchase	Combined
			Adjustments			Price	
						Allocation	
ASSETS							
<i>Current assets</i>							
Cash and cash equivalents				3			
	\$ 47.4	\$ 19.6	\$ 744.4	(a)	\$ (767.3)	3(b)	\$ 44.1
Accounts receivable, net of allowance	250.2	109.9	—		—		360.1
Income taxes recoverable	1.0	0.9	—		—		1.9
Inventories	230.9	41.4	—		4.5	3(c)	276.8
Prepaid expenses and other current assets				3			
	24.1	8.3	3.5	(a)	—		35.9
Deferred income taxes	—	26.1	—		—		26.1
Total current assets	<u>553.6</u>	<u>206.2</u>	<u>747.9</u>		<u>(762.8)</u>		<u>744.9</u>
Property, plant & equipment, net	462.5	412.2	—		—	3(c)	874.7
Goodwill	187.1	200.1	—		(200.1)	3(c)	774.3
					587.2	3(c)	
Intangibles and other assets, net				3			
	364.6	385.9	11.6	(a)	(0.8)	3(d)	767.9
					(24.9)	3(d)	
					(354.2)	3(c)	
					385.7	3(c)	
Deferred income taxes	5.4	—	—		1.3	3(e)	6.7
Other tax receivable	0.3	—	—		—		0.3
Total assets	<u>\$ 1,573.5</u>	<u>\$ 1,204.4</u>	<u>\$ 759.5</u>		<u>\$ (368.6)</u>		<u>\$ 3,168.8</u>
LIABILITIES AND EQUITY							
<i>Current liabilities</i>							
Short-term borrowings				3			
	\$ 69.3	\$ —	\$ 175.0	(a)	\$ —		\$ 244.3
Current maturities of long-term debt	4.1	3.2	—		(3.2)	3(f)	4.1
Accounts payable and accrued liabilities	297.5	123.7	—		(2.5)	3(f)	414.5
					(4.2)	3(g)	
Total current liabilities	<u>370.9</u>	<u>126.9</u>	<u>175.0</u>		<u>(9.9)</u>		<u>662.9</u>
Long-term debt				3			
	535.5	654.2	615.0	(a)	10.2	3(f)	1,539.9
					39.4	3(f)	
					(314.4)	3(f)	
Deferred income taxes	63.1	161.7	—		—		224.8
Other long-term liabilities	38.8	19.8	—		(0.7)	3(g)	57.9
Total liabilities	<u>1,008.3</u>	<u>962.6</u>	<u>790.0</u>		<u>(275.4)</u>		<u>2,485.5</u>
Convertible Preferred A Shares, \$0.01 par value, 117,100 shares issued					116.8	3(h)	116.8
Non-convertible Preferred B shares, \$0.01 par value, 41,500 shares issued					41.2	3(h)	41.2
<i>Equity</i>							
Capital stock	389.4	—	—		—		389.4
Additional paid-in capital	47.9	263.4	—		(263.4)	3(i)	47.9
Retained earnings				3			
	147.4	(21.9)	(30.5)	(a)	21.9	3(i)	107.5
					(9.4)	3(j)	
Accumulated other comprehensive (loss) income	(26.0)	0.3	—		(0.3)	3(i)	(26.0)
Non-controlling interests	6.5	—	—		—		6.5
Total equity	<u>565.2</u>	<u>241.8</u>	<u>(30.5)</u>		<u>(251.2)</u>		<u>525.3</u>
Total liabilities and equity	<u>\$ 1,573.5</u>	<u>\$ 1,204.4</u>	<u>\$ 759.5</u>		<u>\$ (368.6)</u>		<u>\$ 3,168.8</u>

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Twelve Months Ended December 28, 2013
(dollars in millions, except per share amounts)

	Historical		Historical			Pro Forma Adjustments		Twelve Months Ended December 28, 2013	
	Twelve Months Ended December 28, 2013	Twelve Months Ended December 28, 2013	Predecessor December 29, 2012 to August 30, 2013	Successor June 29, 2013 to December 27, 2013	DSS	Financing Adjustments	Purchase Price Allocation	Pro Forma Combined	
	Cott	Proforma Aimia	Cott Proforma including Aimia						
Revenue, net	\$ 2,094.0	\$ 98.4	\$2,192.4	\$ 627.4	\$ 298.2	\$ —	\$ —	\$ 3,118.0	
Cost of sales	1,842.0	78.1	1,920.1	241.2	118.1	—	11.4 4(b)	2,295.3	
							4.5 4(c)		
Gross profit	252.0	20.3	272.3	386.2	180.1	—	(15.9)	822.7	
Selling, general, and administrative expenses	160.4	14.1	174.5	358.4	172.2	4(i) —	38.9 4(d)	751.7	
							6.1 4(b)		
							(0.7) 4(e)		
							2.3 4(f)		
Loss on disposal of property, plant, and equipment	1.0	—	1.0	—	—	—	—	1.0	
Restructuring	2.0	—	2.0	—	—	—	—	2.0	
Operating income	88.6	6.2	94.8	27.8	7.9	—	(62.5)	68.0	
Other expense (income), net	12.8	(0.1)	12.7	0.1	0.1	—	—	12.9	
Interest expense, net	51.6	(2.1)	49.5	67.2	25.5	4(i) (92.7)	4(a) —	132.1	
						82.6 4(a)			
Income (loss) before income taxes	24.2	8.4	32.6	(39.5)	(17.7)	10.1	(62.5)	(77.0)	
Income tax expense (benefit)	2.2	1.7	3.9	(1.0)	(6.8)	4.0 4(g)	(24.4) 4(g)	(24.3)	
Net income (loss)	22.0	6.7	28.7	(38.5)	(10.9)	6.1	(38.1)	(52.7)	
Less: Net income attributable to non-controlling interests	5.0	—	5.0	—	—	—	—	5.0	
Less: Cumulative dividends on preferred stock	—	—	—	43.7 4(j)	—	—	(43.7) 4(j)	14.7 4(j)	
Net income (loss) attributable to Cott	\$ 17.0	\$ 6.7	\$ 23.7	\$ (82.2)	\$ (10.9)	\$ 6.1	\$ (67.1)	\$ (72.4)	
Net income (loss) per common Cott share attributable to Cott:									
Basic	\$ 0.18		\$ 0.25					\$ (0.76) 4(h)	
Diluted	\$ 0.18		\$ 0.25					\$ (0.76) 4(h)	
Weighted average shares outstanding (in thousands):									
Basic	94,750		94,750					94,750 4(h)	
Diluted	95,633		95,633					94,750 4(h)	

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Nine Months Ended September 27, 2014
(dollars in millions, except per share amounts)

	<u>Historical</u> Nine Months Ended Sept 27, 2014	Five Months Ended May 29, 2014	Cott Proforma		<u>Historical</u> Nine Months Ended Sept 26, 2014	Pro Forma Adjustments		Nine Months Ended Sept 27, 2014
	Cott	Aimia Note 5	including Aimia	DSS	Financing Adjustments	Purchase Price Allocation	Pro Forma Combined	
Revenue, net	\$ 1,561.0	\$ 46.8	\$ 1,607.8	\$ 741.7	\$ —	\$ —		\$ 2,349.5
Cost of sales	1,373.4	35.4	1,408.8	301.4	—	(0.7)	4(b)	1,709.5
Gross profit	187.6	11.4	199.0	440.3	—	0.7		640.0
Selling, general, and administrative expenses	134.2	4.9	139.1	409.4	—	(0.4)	4(b)	567.4
						19.3	4(d)	
						(1.7)	4(e)	
						1.7	4(f)	
Loss on disposal of property, plant, and equipment	1.2	—	1.2	—	—	—		1.2
Restructuring	2.4	—	2.4	—	—	—		2.4
Asset impairments	1.7	—	1.7	—	—	—		1.7
Operating income	48.1	6.5	54.6	30.9	—	(18.2)		67.3
Other expense (income), net	22.9	(0.1)	22.8	(0.3)	—	—		22.5
Interest expense, net	27.2	(1.2)	26.0	45.0	(45.0)	—	4(a)	87.9
					61.9	—	4(a)	
Income (loss) before income taxes	(2.0)	7.8	5.8	(13.8)	(16.9)	(18.2)		(43.1)
Income tax expense (benefit)	3.4	1.8	5.2	(2.8)	(6.6)	(7.1)	4(g)	(11.3)
Net income (loss)	(5.4)	6.0	0.6	(11.0)	(10.3)	(11.1)		(31.8)
Less: Net income attributable to non-controlling interests	4.1	—	4.1	—	—	—		4.1
Less: Cummulative dividends on preferred stock	—	—	—	—	—	12.2	4(j)	12.2
Net income (loss) attributable to Cott	\$ (9.5)	\$ 6.0	\$ (3.5)	\$ (11.0)	\$ (10.3)	\$ (23.3)		\$ (48.1)
Net loss per common share attributable to Cott:								
Basic	\$ (0.10)		\$ (0.04)					\$ (0.51) 4(h)
Diluted	\$ (0.10)		\$ (0.04)					\$ (0.51) 4(h)

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

1. Basis of Presentation

The unaudited pro forma condensed combined financial information presented above gives effect to multiple transactions, namely the DSS Acquisition and the Aimia Acquisition. The historical financial information of Cott and DSS is presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The historical financial information of Aimia is presented in accordance with accounting principles generally accepted in the United Kingdom, or U.K. GAAP. Such financial information has been subject to pro forma adjustments to align with U.S. GAAP.

The unaudited pro forma condensed combined balance sheet at September 27, 2014 was prepared using the historical unaudited consolidated balance sheets of Cott and DSS as of September 27, 2014 and September 26, 2014, respectively. The Aimia Acquisition is already reflected in Cott's historical unaudited consolidated balance sheet as of September 27, 2014; therefore, no pro forma balance sheet adjustments are necessary to show the pro forma impact of the Aimia Acquisition.

Cott's historical financial information for the year ended December 28, 2013 and as of and for the nine month period ended September 27, 2014 is derived from the Company's Form 10-K and 10-Q filed with the U.S. Securities and Exchange Commission ("SEC") on February 24, 2014 and November 4, 2014, respectively. The historical financial information for DSS for the year ended December 27, 2013 is derived by adding the financial data from DSS's' audited consolidated financial statements for the predecessor period beginning December 29, 2012 through and including August 30, 2013 and the successor period beginning June 29, 2013 through and including December 27, 2013. Prior to the incorporation of Crestview Merger Sub, DSS incurred costs on Crestview Merger Sub's behalf beginning on June 29, 2013, which is the beginning of the successor period. The historical financial data for DSS for the nine month period ended September 26, 2014 is derived from its unaudited condensed consolidated financial statements for the nine months ended September 26, 2014.

The historical financial information of Aimia in the unaudited pro forma condensed combined statements of operations for the twelve months ended December 28, 2013 is calculated by adding the unaudited historical financial information of Aimia in the consolidated profit and loss account for the six months ended December 31, 2013 and the audited historical financial information of Aimia in the consolidated profit and loss account for the year ended June 30, 2013, and subtracting the unaudited historical financial information of Aimia in the consolidated profit and loss account for the six months ended December 31, 2012. The historical financial information of Aimia included in the unaudited pro forma condensed combined statement of operations for the nine months ended September 27, 2014 is derived from the unaudited historical profit and loss of Aimia for the five months ended May 31, 2014. The results of operations of Aimia from May 30, 2014 through and including September 27, 2014 is already reflected in Cott's unaudited consolidated statement of operations for the nine months ended September 27, 2014.

Management has made certain adjustments to Aimia's historical financial statements prepared under U.K. GAAP to conform to Cott's accounting policies under U.S. GAAP used in the preparation of these unaudited pro forma condensed combined financial information. Additionally, management has determined that no significant adjustments are necessary to conform DSS's financial statements to the accounting policies used by Cott in the preparation of this unaudited pro forma condensed combined financial information. Certain historical financial information of DSS and Aimia has been reclassified to conform to the presentation of historical financial information of Cott. However, the pro forma financial statements may not reflect all the adjustments necessary to conform the accounting policies of DSS to those of Cott due to limitations on the availability of information as of the date of this offering memorandum.

The historical financial information has been adjusted to give effect to matters that are (i) directly attributable to the DSS Acquisition and the Aimia Acquisition, (ii) factually supportable, and (iii) with respect to the statements of operations, expected to have a continuing impact on the operating results of the combined company. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the DSS

Acquisition and Aimia Acquisition and certain other adjustments. The final determination of the purchase price allocation will be based on the fair values of assets acquired and liabilities assumed as of the date the respective acquisitions close, and could result in a significant change to the unaudited pro forma condensed combined financial information, including goodwill.

2. Calculation of Purchase Consideration and Preliminary Purchase Price Allocation of the DSS Acquisition

The fair value of consideration expected to be transferred on the closing date includes the value of the estimated cash consideration, the estimated fair value of the preferred equity transferred as part of the DSS Acquisition, and the repayment of DSS's term loan. A preliminary estimate of the purchase consideration is as follows:

(US dollars in millions)	
Estimated aggregate purchase consideration ⁽¹⁾	\$1,265.9
Less: Existing DSS Notes assumed by Cott	(350.0)
Estimated purchase consideration	\$ 915.9
Estimated cash paid to sellers ⁽¹⁾⁽²⁾	\$ 439.7
Estimated cash paid on behalf of DSS to retire existing term loan	317.6
Estimated Convertible Preferred Shares, issued at par	117.1
Estimated Non-Convertible Preferred Shares, issued at par	41.5
Estimated purchase consideration	\$ 915.9

- (1) DSS is contemplating entering into a sale-leaseback agreement prior to or concurrent with the consummation of the DSS Acquisition. Pursuant to the Merger Agreement if such a sale-leaseback is not consummated prior to the closing of the DSS Acquisition, then the purchase consideration will be increased by \$22.9 million. For the purpose of this unaudited pro forma condensed combined financial information, the Company does not consider the sale-leaseback transaction as factually supportable because there is not a signed binding agreement in place, although the Company believes it is probable that the sale-leaseback transaction will be consummated prior to closing of the DSS Acquisition based on current negotiations. In the event that such a sale-leaseback is consummated prior to the consummation of the DSS Acquisition, then the purchase consideration shall be reduced by \$22.9 million.
- (2) Pursuant to the Merger Agreement,
- (i) the estimated cash paid to sellers shall be increased or decreased by the amount by which the estimated net working capital is more or less than \$34.4 million. For the purposes of this unaudited pro forma condensed combined financial information, it has been assumed that the difference between target net working capital and estimated net working capital is zero.
 - (ii) the estimated cash paid to sellers shall be increased or decreased by the amount by which estimated net indebtedness is less or greater than zero. For the purposes of this unaudited pro forma condensed combined financial information, it has been assumed that the net indebtedness is zero.

Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of DSS are recorded at the acquisition date fair values and added to those of Cott. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed as of September 27, 2014 and have been prepared to illustrate the estimated effect of the DSS Acquisition. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma purchase price allocation is subject to further adjustment as additional information becomes available and as additional analyses and final valuations are completed. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The following table sets forth a preliminary allocation of the estimated purchase consideration to the identifiable tangible and intangible assets acquired and liabilities assumed of DSS based on DSS's September 26, 2014 balance sheet, with the excess recorded as goodwill (dollars in millions):

Cash and cash equivalents	\$ 19.6
Accounts receivable	109.9
Inventories	45.9
Prepaid expenses and other current assets	9.2
Deferred income taxes	27.4
Property, plant & equipment	412.2
Intangibles and other assets	391.7
Total assets	\$1,015.9
Accounts payable and accrued liabilities	(117.0)
Long-term debt	(389.4)
Deferred income taxes	(161.7)
Other long-term liabilities	(19.1)
Total liabilities	\$ (687.2)
Net assets acquired ^(a)	328.7
Estimated purchase consideration ^(b)	915.9
Estimated goodwill (b) - (a)	\$ 587.2

Preliminary identifiable intangible assets in the pro forma financial statements consist of anticipated intangibles derived from customer relationships, trademarks and trade names, and covenants not to compete. All intangible assets have definite lives. The amortization related to these definite lived intangible assets is reflected as a pro forma adjustment, as further described in Note 4(d). The identifiable intangible assets' estimated fair value and related amortization estimates are preliminary and are based on management's estimates after consideration of similar transactions. As discussed above, the amount that will ultimately be allocated to identifiable intangible assets and liabilities, and the related amount of amortization, may differ materially from this preliminary allocation. In addition, the periods in which the amortization expense is recorded will be ultimately based upon the periods in which the associated economic benefits or detriments are expected to be derived, or where appropriate, based on the use of a straight-line method. Therefore, the amount of amortization following the DSS Acquisition may differ significantly between periods based upon the final value assigned, and amortization methodology used, for each identifiable intangible asset.

The deferred income tax assets have been adjusted to tax effect the difference between the carrying value and fair value of DSS's assets acquired and liabilities assumed by Cott. This determination is preliminary and subject to change based upon the final determination of the fair value of the identifiable intangible assets and liabilities.

Goodwill represents the excess of the preliminary estimated purchase consideration over the fair value of the net assets acquired. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. Goodwill recognized in the DSS Acquisition is not expected to be deductible for tax purposes.

The final determination of the purchase price allocation upon the closing of the DSS Acquisition will be based on DSS's net assets acquired as of that date and will depend on a number of factors, which cannot be predicted with any certainty at this time. The purchase price allocation may change materially based on the receipt of more detailed information. Therefore, the actual allocations will differ from the pro forma adjustments presented.

3. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

- (a) These amounts represent the issuance of new senior notes and additional borrowings on Cott's existing ABL Facility to fund the DSS Acquisition, less consent solicitation fees for the Existing DSS Notes and related debt financing costs.

(dollars in millions)	
Anticipated new Senior Notes	\$615.0
Anticipated draw down from existing ABL Facility	175.0
Consent solicitation fees	(20.1)
Bridge financing commitment fee	(10.4)
Debt financing costs associated with the ABL Facility amendment	(1.1)
Debt financing costs associated with the Senior Note issuance	(14.0)
Net cash inflow	\$744.4
Debt financing costs are classified as:	
Prepaid expenses and other current assets	\$ 3.5
Intangibles and other assets, net	11.6
	\$ 15.1
Additional borrowings are classified as:	
Short-term borrowings	175.0
Long-term debt	615.0
	\$790.0

The consent solicitation fees incurred for the Existing DSS Notes and the bridge financing commitment fee are treated as acquisition costs and are adjusted to retained earnings.

The following key assumptions were made to reflect the interest expense for the additional borrowings to finance the DSS Acquisition

	<u>Interest rate</u>	<u>Maturity</u>	<u>Payments</u>
			Interest paid annually when
			due and
New Senior Notes	7.50%	5 years	principal
ABL Facility	1.91%	5 years	on maturity

The 1.91% interest rate on ABL Facility is based on the 1-Month LIBOR rate of 16 bps plus a LIBOR spread of 175 bps. The 7.50% interest rate on new senior notes is the Company's best estimate based on current market conditions.

- (b) Represents the use of the additional borrowings, discussed in 3(a) above, to fund a portion of the estimated purchase consideration, as described in Note 2—Calculation of Purchase Consideration and Preliminary Purchase Price Allocation of the DSS Acquisition; Cott's equity financing and certain other anticipated acquisition costs anticipated to be paid prior to, or concurrent with, closing the DSS Acquisition.

(dollars in millions)	
Cash paid to sellers	\$439.7
Repayment of DSS Term Loan	317.6
Equity financing costs	0.6
Other transaction costs paid	9.4
Net cash outflow	\$767.3

- (c) Reflects the acquisition method of accounting based on the estimated fair value of the assets of DSS as discussed in Note 2 above. For the purposes of this preliminary valuation analysis, it was assumed that the carrying value of DSS's property, plant and equipment ("PP&E") approximates fair value as such assets were most recently valued as a part of the Crestview Acquisition on August 30, 2013. Upon consummation of the DSS Acquisition such PP&E will be valued separately. Additional information regarding the estimated fair value of identifiable intangible assets acquired and tax effect of the purchase accounting is discussed in Note 4(d) and 3(e), respectively.

(dollars in millions)	
Inventories	\$ 4.5
Goodwill—Elimination	(200.1)
Goodwill—Addition	587.2
Intangibles—Elimination	(354.2)
Intangibles—Addition	\$ 385.7

- (d) Reflects the elimination of DSS's certain capitalized diligence costs of \$0.8 million and capitalized debt financing fees of \$24.9 million as a purchase accounting adjustment.
- (e) To record a deferred tax asset ("DTA") at an estimated statutory rate of 39% associated with the fair value adjustment for inventories, intangible assets, long-term debt less current portion and discounts associated with the temporary difference arising as a result of purchase accounting. For the purposes of preparing this unaudited pro forma condensed combined financial information it has been assumed that the deferred tax assets and liabilities ("DTL") can be netted.

(dollars in millions)	<u>DTA</u>	<u>(DTL)</u>
Inventories		\$ (1.8)
Intangibles and other assets, net		(12.3)
Long-term debt, less current portion, less discounts	15.4	
Deferred Tax Asset	\$ 1.3	

- (f) Reflects an adjustment to record Existing DSS Notes of DSS being assumed by Cott at fair value of \$389.4 million as of September 27, 2014. The carrying amount of accrued interest on these Existing DSS Notes is also adjusted, as the fair value is based on the remaining contractual cash flows of the Existing DSS Notes, including any unpaid interest thereon. Also, reflects adjustments to eliminate DSS's term loan including the current and long-term balances and the unamortized debt discount associated with the Existing DSS Notes and term loan.

(dollars in millions)	
Adjustment for the fair value of assumed Existing DSS Notes	\$ 39.4
Elimination of accrued interest included in fair value of assumed Existing DSS Notes	(2.5)
Retirement of the current portion of DSS term loan debt	(3.2)
Retirement of the long term portion of DSS term loan debt	(314.4)
Elimination of debt issuance discounts associated with Existing DSS Notes and DSS term loan debt	\$ 10.2

- (g) Represents adjustments of \$4.2 million in accounts payable and accrued liabilities and \$0.7 million in other long-term liabilities to reflect the appropriate purchase accounting adjustments related to deferred rent and deferred equipment rental income as they do not represent a present obligation at the acquisition date.

(dollars in millions)	
Elimination of current portion of deferred rent	\$(0.6)
Elimination of deferred equipment rental income	(3.6)
Total adjustment to accounts payable and accrued liabilities	\$(4.2)
Elimination of long term portion of deferred rent	\$(0.7)

- (h) Reflects issuance of new \$117.1 million of Convertible Preferred Shares (\$0.01 par value) and \$41.5 million of Non-Convertible Preferred Shares (\$0.01 par value) being issued to the sellers as purchase consideration, which are shown net of equity financing costs of \$0.3 million and \$0.3 million, respectively.
- (i) Reflects the elimination of DSS's historical equity accounts, including additional paid-in capital of \$263.4 million, retained earnings of (\$21.9) million and accumulated other comprehensive income of \$0.3 million.
- (j) Represents adjustments to Cott's retained earnings for \$9.4 million of expected acquisition costs to be incurred in relation to the DSS Acquisition.

4. Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

- (a) To reverse historical interest expense of DSS and record estimated interest expense and amortization of debt financing fees associated with anticipated borrowings, as described in Note 3(a).

(dollars in millions)	Twelve Months Ended December 28, 2013	Nine Months Ended September 27, 2014
	Reversal of DSS interest expense and amortization of deferred debt financing fees	\$ (92.7)
Estimated interest expense on new financing	82.6	61.9
Pro forma interest expense adjustment	\$ (10.1)	\$ 16.9

A sensitivity analysis on interest expense for the year ended December 28, 2013 and the nine month period ended September 27, 2014 has been performed for the ABL Facility and the \$615 million in senior notes to assess the effect that a change of 12.5 basis points of the hypothetical interest rates would have on the debt financing.

The following table shows the change in interest expense for the debt financing (in millions):

<u>Interest expense assuming</u>	Twelve Months Ended December 28, 2013	Nine Months Ended September 27, 2014
	Increase of 0.125%	\$ 1.0
Decrease of 0.125%	\$ (0.9)	\$ (0.7)

- (b) Represents adjustment to record elimination of historical depreciation expense and recognition of new depreciation expense based on the fair value of PP&E on a straight-line basis from December 29, 2012. The depreciation of PP&E is based on the estimated remaining useful lives of the assets. Depreciation expense is allocated between costs of sales ("COS") and selling, general and administrative expenses ("SG&A") based upon the nature of activities associated with the PP&E acquired.

(dollars in millions)	Twelve Months Ended December 28, 2013		Nine Months Ended September 27, 2014	
	COS	SG&A	COS	SG&A
Reversal of DSS historical depreciation	\$ (47.4)	\$ (25.2)	\$ (44.8)	\$ (23.9)
Depreciation of acquired property, plant & equipment	58.8	31.3	44.1	23.5
Pro forma depreciation expense adjustment	\$ 11.4	\$ 6.1	\$ (0.7)	\$ (0.4)

- (c) Represents adjustment related to the change in the fair value of inventory of \$4.5 million that is recognized in cost of sales upon sale of the finished goods inventory for the year ended December 28, 2013.
- (d) Represents adjustment to record straight line amortization expense related to identifiable intangible assets, except for customer relationships which is being amortized based upon the periods over which the economic benefits of the asset is expected to be realized.

The net adjustment to SG&A for the amortization of intangible assets is as follows:

(dollars in millions)	Twelve Months Ended December 28, 2013	Nine Months Ended September 27, 2014
Reversal of DSS historical intangible	\$ (14.1)	\$ (16.1)
Amortization of acquired identifiable intangible assets	53.0	35.4
Pro forma intangibles amortization expense adjustment	\$ 38.9	\$ 19.3

The table below indicates the estimated fair value of each of the intangibles identified and the approximate useful life of each.

Intangible Asset	Estimated Fair Value (dollars in millions)	Estimated Useful Life
Customer relationships—beverage services	\$ 256.9	16 years
Customer relationships—retail	13.1	16 years
Trademarks and trade names—beverage services	109.6	20 years
Trademarks and trade names—retail	2.5	20 years
Non-compete covenants	0.4	4 years
Software	3.2	3 years
Total	\$ 385.7	

For purposes of valuing the intangible assets, the income approach was primarily used. Specifically, the relief from royalty method was used to value the trademarks and trade names, and the MPEE method was used to value the customer relationships.

The estimated effect of amortization of the customer relationships on the operating results for the five years following the acquisition is expected to be as follows:

(dollars in millions)	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Amortization of customer relationships	\$46.2	\$39.9	\$34.3	\$27.8	\$23.3

- (e) Agreement between DSS and Crestview Partners to monitor the investment of Crestview stockholders in DSS will be terminated upon consummation of the DSS Acquisition. This represents an adjustment to remove the impact of the any fees paid to Crestview pursuant to such agreement.
- (f) Represents adjustment to record additional compensation expense that will be paid to certain executives for agreements entered into in connection with the DSS Acquisition.
- (g) Represents adjustment to income tax expense as a result of the tax impact on the pro forma adjustments related to financing and purchase price allocation adjustments based on a statutory tax rate of 39% to compute the income tax expense related to each entity's pro forma condensed combined statement of operations.
- (h) Represents pro forma basic and diluted earnings per share (EPS). The numerator for pro forma basic EPS has been computed in the manner discussed in the table below. To calculate diluted EPS, any impact of the potential dilutive instruments (i.e. stock options, performance based restricted share units ("RSU"), timed based RSU's and the Convertible Preferred Shares) will be antidilutive as these would decrease the loss per share. As such, the basic and diluted EPS are the same for the pro forma periods presented.

	Twelve Months Ended December 28, 2013	Nine Months Ended September 27, 2014
Pro Forma Basic and Diluted Earnings Per Share		
Net loss attributable to Cott (in millions)	\$ (72.4)	\$ (48.1)
Pro forma weighted average shares (basic and diluted)	94,750.0	94,053.0
Basic and diluted earnings per share	\$ (0.76)	\$ (0.51)

- (i) Certain one-time costs totaling \$46.5 million reflected in DSS's historical financial statements have not been adjusted, as they are not directly attributable to the DSS Acquisition. These represent \$19.9 million of legal and other professional service transactional costs, \$15.2 million of write-off of deferred financing costs and \$11.4 million pre-payment penalty on debt. If such costs were adjusted, the pro forma net loss would be reduced by \$28.4 million, net of tax.
- (j) Represents adjustments for dividends earned but not yet declared or paid for the Convertible Preferred Shares and Non-Convertible Preferred Shares expected to be issued as a part of the DSS Acquisition. Additionally, represents adjustment to eliminate dividends earned but not yet declared or paid for the preferred stock issued by DSS, as of December 27, 2013, as those preferred securities were eliminated as part of the Crestview Acquisition.

5. Acquisition of Aimia

As described in the section discussing the Aimia Acquisition above, Cott acquired Aimia on May 30, 2014. The following tables discuss the pro forma adjustments for the Aimia Acquisition.

Aimia Foods Holdings Limited
Unaudited Pro Forma Condensed Combined Statement of Operations
For the year ended December 28, 2013
(dollars in millions)

	<u>Historical</u>		<u>Proforma Adjustments for the Aimia Acquisition</u>				<u>Twelve Months</u>
	<u>Twelve Months</u>						<u>Twelve Months</u>
	<u>Ended</u>		<u>UK to US</u>				<u>Ended</u>
	<u>December 28,</u>		<u>GAAP</u>				<u>December 28,</u>
	<u>2013</u>	<u>5(a)</u>		<u>Bond</u>	<u>Purchase</u>	<u>2013</u>	
	<u>Aimia</u>	<u>5(a)</u>	<u>5(b)</u>	<u>Offering</u>	<u>Accounting</u>	<u>Proforma</u>	
	<u>5(a)</u>	<u>5(a)</u>	<u>5(b)</u>	<u>5(f)</u>	<u>5(a)</u>	<u>Aimia</u>	
						<u>Note 5</u>	
Revenue, net	\$ 98.3	\$ 0.1	5(b)		\$ —	\$ 98.4	
Cost of sales	75.2	0.1	5(b)		2.8	78.1	
Gross profit	23.1	—			(2.8)	20.3	
Selling, general, and administrative expenses	10.3	(0.7)	5(c)		4.5	14.1	
Loss on disposal of property, plant, and equipment	—						
Restructuring	—						
Operating Income	12.8	0.7			(7.3)	6.2	
Other expense (income), net	—	(0.1)	5(d)			(0.1)	
Interest expense, net	0.2	—		(2.1)	(0.2)	(2.1)	
Income before income taxes	12.6	0.8		2.1	(7.1)	8.4	
Income tax expense (benefit)	2.9	0.2	5(e)	0.2	(1.6)	1.7	
Net income (loss)	9.7	0.6		1.9	(5.5)	6.7	
Less: Net income attributable to non-controlling interests	—	—			—	—	
Net income (loss) attributable to Cott	<u>\$ 9.7</u>	<u>\$ 0.6</u>		<u>\$ 1.9</u>	<u>\$ (5.5)</u>	<u>\$ 6.7</u>	

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

The following adjustments were made to the unaudited pro forma condensed combined statement of operations for Aimia for the year ended December 28, 2013.

- (a) These amounts in millions of U.S. Dollars have been converted from pounds sterling at a conversion rate of 1.56433, which approximates the average exchange rate over the period from December 30, 2012 through December 28, 2013.
- (b) This adjustment is to reflect the amortization of the deferred income associated with the portion of the historical cost of machinery and equipment financed by a customer, and an increase in depreciation expense associated with the increase in historical cost of the equipment in accordance with U.S. GAAP. The machinery and equipment was historically recorded under U.K. GAAP at the portion of the historical cost of the equipment paid directly by Aimia.
- (c) This adjustment is to reflect the historical balances of Aimia in accordance with U.S. GAAP. The decrease in selling, general and administrative expenses of \$0.7 million reverses the amortization of goodwill recognized by Aimia in accordance with U.K. GAAP during the year ended December 28, 2013.
- (d) The \$0.1 million increase in other income reflects Aimia's equity in earnings of its joint venture investment in accordance with U.S. GAAP equity method of accounting for investments, which was previously accounted for at cost under U.K. GAAP.
- (e) The adjustment in the bond offering column assumes income taxes assessed at the same effective rate applicable to Cott Corporation, as those transactions are specific to the Company. The adjustments in the other pro forma adjustment columns assume income taxes based on Aimia's historical statutory income tax rate. However, the effective tax rate of the combined company could be significantly different, depending on post-acquisition activities.
- (f) This adjustment represents an interest rate savings associated with the refinancing of Cott's 8.125% Senior Notes due in 2018 (the "2018 Notes") with Cott's 5.375% Senior Notes due in 2022 (the "2022 Notes") and reducing the interest rate from 8.125% to 5.375%, including the impact of the change in amortization of deferred financing costs.
- (g) This adjustment represents an increase in amortization expense for the fair value of intangible assets acquired in the acquisition of Aimia, as well as an increase in depreciation for the step up of acquired PP&E to their fair values as of the acquisition date totaling \$6.4 million, of which \$4.7 million is related to the amortization of the customer relationships and licensing agreements intangible assets recorded as an adjustment to selling, general and administrative expenses. The adjustment to selling, general and administrative expenses was reduced by \$0.2 million to eliminate certain acquisition related costs reflected in the historical profit and loss accounts of Aimia for the year ended December 28, 2013. Those acquisition costs, which included financial and other advisory fees, are excluded from the unaudited pro forma condensed combined statement of operations for the year ended December 28, 2013, as they are considered non-recurring. The remaining \$1.1 million is attributable to an increase in cost of goods sold associated with the increase in fair value of acquired finished goods inventories sold during the year ended December 28, 2013.
- (h) This adjustment reverses the historical interest expense of Aimia, as all interest bearing liabilities were repaid by the former owners of Aimia prior to the acquisition.

Aimia Foods Holdings Limited
Unaudited Pro Forma Condensed Combined Statement of Operations
For the nine months ended September 27, 2014
(dollars in millions)

	<u>Historical</u>	<u>Proforma Adjustments for Aimia</u>				<u>Five Months</u>
	<u>Five Months</u>					<u>Ended</u>
	<u>Ended</u>	<u>UK to US</u>				<u>May 29, 2014</u>
	<u>Aimia</u>	<u>GAAP</u>		<u>Bond</u>	<u>Purchase</u>	
	<u>5(i)</u>	<u>5(i)</u>		<u>Offering</u>	<u>Accounting</u>	<u>Proforma</u>
					<u>4(i)</u>	<u>Aimia</u>
						<u>Note 5</u>
Revenue, net	\$ 46.7	\$ 0.1	5(j)	\$ —	\$ —	\$ 46.8
Cost of sales	34.6	0.1	5(j)	—	0.7	35.4
Gross profit	12.1	—		—	(0.7)	11.4
Selling, general, and administrative expenses	5.2	(0.3)	5(k)		—	4.9
Loss on disposal of property, plant, and equipment	—					—
Restructuring	—					—
Asset impairments	—					—
Operating Income	6.9	0.3		—	(0.7)	6.5
Other expense (income), net	—	(0.1)	5(l)	—		(0.1)
Interest expense, net	0.2			(1.2)	5(n)	(1.2)
Income (Loss) before income taxes	6.7	0.4		1.2		7.8
Income tax expense (benefit)	1.5	0.1	5(m)	0.3	5(m)	1.8
Net income (loss)	5.2	0.3		0.9		6.0
Less: Net income attributable to non-controlling interests	—					—
Net income (loss) attributable to Cott	\$ 5.2	\$ 0.3		\$ 0.9		\$ 6.0

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

The following adjustments were made to the unaudited pro forma condensed combined statement of operations for Aimia for the five months ended May 29, 2014. The results of operations of Aimia from May 30, 2014 through and including September 27, 2014 is already reflected in Cott's unaudited consolidated statement of operations for the nine months ended September 27, 2014.

- (i) These amounts in millions of U.S. Dollars have been converted from pounds sterling at a conversion rate of 1.66636, which approximates the average exchange rate over the period from December 29, 2013 through May 31, 2014.
- (j) This adjustment is to reflect the amortization of the deferred income associated with the portion of the historical cost of machinery and equipment financed by a customer, and an increase in depreciation expense associated with the increase in historical cost of the equipment in accordance with U.S. GAAP. The machinery and equipment was historically recorded under U.K. GAAP at the portion of the historical cost of the equipment paid by Aimia.
- (k) This adjustment is to reflect the historical balances of Aimia in accordance with U.S. GAAP. The decrease in selling, general and administrative expenses of \$0.3 million reverses the amortization of goodwill recognized by Aimia in accordance with U.K. GAAP during the five months ended May 29, 2014.
- (l) The \$0.1 million increase in other income reflects Aimia's equity in earnings of its joint venture investment in accordance with U.S. GAAP equity method of accounting for investments, which was previously accounted for at cost under U.K. GAAP.
- (m) The adjustment in the bond offering column assumes income taxes assessed at the same effective rate applicable to Cott, as those transactions are specific to Cott. The adjustments in the other pro forma adjustment columns assume income taxes based on Aimia's historical statutory income tax rate. However, the effective tax rate of the combined company could be significantly different, depending on post-acquisition activities.
- (n) This adjustment represents an interest rate savings associated with the refinancing of the 2018 Notes with the 2022 Notes and reducing the interest rate from 8.125% to 5.375%, including the impact of the change in amortization of deferred financing costs.
- (o) This adjustment represents an increase in amortization expense for the fair value of intangible assets acquired in the Aimia Acquisition, as well as an increase in depreciation for the step up of acquired PP&E to their fair values as of the acquisition date totaling \$2.8 million, of which \$2.1 million is related to the amortization of the customer relationships and licensing agreements intangible assets recorded as an adjustment to selling, general and administrative expenses. The increase in selling, general and administrative expenses of \$2.1 million noted above was completely offset by adjustments of \$1.8 million and \$0.3 million to eliminate certain acquisition related costs reflected in the unaudited consolidated statements of operations of Cott and the historical profit and loss accounts of Aimia for the nine months ended September 27, 2014, respectively. Those acquisition costs, which included financial and other advisory fees, are excluded from the unaudited pro forma condensed combined statement of operations for the nine months ended September 27, 2014, as they are considered non-recurring.
- (p) This adjustment reverses the historical interest expense of Aimia, as all interest bearing liabilities were repaid by the former owners of Aimia prior to the acquisition.

**Unaudited Financial Statements
AIMIA Foods Holdings Limited**

For the five months ended 31 May 2014

Company No.06201887

AIMIA Foods Holdings Limited
Unaudited Financial statements for the five months ended 31 May 2014

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Company No.06201887

AIMIA Foods Holdings Limited

Unaudited consolidated profit and loss account For the five months ended 31 May 2014

		5 months ended 31 May	5 months ended 31 May
	Note	2014 £000	2013 £000
Turnover	1,2	28,044	23,880
Cost of sales		(20,814)	(18,379)
Gross profit		7,230	5,501
Distribution costs		(570)	(446)
Administrative expenses		(2,579)	(2,173)
Operating profit	3	4,081	2,882
Interest receivable and similar income		5	—
Interest payable and similar charges	7	(117)	(59)
Profit on ordinary activities before taxation		3,969	2,823
Tax on profit on ordinary activities	8	(890)	(657)
Profit for the financial period	18	3,079	2,166

All amounts relate to continuing operations.

There were no recognised gains and losses for the current or prior period other than those included in the Profit and loss account.

The accompanying notes 1 to 30 form part of these financial statements.

AIMIA Foods Holdings Limited
Registered number: 06201887

Unaudited consolidated balance sheet
As at 31 May 2014

		31 May 2014	31 May 2013
	Note	£000	£000
Fixed assets			
Intangible assets	9	5,930	6,384
Tangible assets	10	3,485	1,897
Investments	11	672	672
		<u>10,087</u>	<u>8,953</u>
Current assets			
Stocks	12	4,685	4,196
Debtors	13	7,986	6,739
Cash at bank		5,651	3,379
		<u>18,322</u>	<u>14,314</u>
Creditors: amounts falling due within one year	14	<u>(12,909)</u>	<u>(13,362)</u>
Net current assets		<u>5,413</u>	<u>952</u>
Total assets less current liabilities		<u>15,500</u>	<u>9,905</u>
Creditors: amounts falling due after more than one year	15	<u>—</u>	<u>(1,439)</u>
Net assets		<u>15,500</u>	<u>8,466</u>
Capital and reserves			
Called up share capital	17	500	500
Capital redemption reserve	18	544	544
Profit and loss account	18	14,456	7,422
Shareholders' funds	19	<u>15,500</u>	<u>8,466</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2014.

/s/ Mr R N Unsworth
Mr R N Unsworth, Director

The accompanying notes 1 to 30 form part of these financial statements.

AIMIA Foods Holdings Limited
Registered number: 06201887

Unaudited company balance sheet
As at 31 May 2014

		31 May 2014	31 May 2013
	Note	£000	£000
Fixed assets			
Investments	11	12,403	12,403
Current assets			
Debtors	13	—	110
Creditors: amounts falling due within one year	14	—	(11,631)
Net current liabilities		—	(11,521)
Net assets		<u>12,403</u>	<u>882</u>
Capital and Reserves			
Called up share capital	17	500	500
Capital redemption reserve	18	544	544
Profit and loss account	18	11,359	(162)
Shareholders' funds	19	<u>12,403</u>	<u>882</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 November 2014

/s/ Mr R N Unsworth
Mr R N Unsworth, Director

The accompanying notes 1 to 30 form part of these financial statements.

AIMIA Foods Holdings Limited

Unaudited consolidated cash flow statement For the five months ended 31 May 2014

		5 months ended 31 May	5 months ended 31 May
	Note	2014 £000	2013 £000
Net cash flow from operating activities	20	3,223	3,502
Returns on investments and servicing of finance	21	(112)	(59)
Taxation		(793)	(452)
Capital expenditure and financial investment	21	(296)	(1,234)
Cash inflow before financing		2,022	1,757
Financing	22	(4,829)	(232)
(Decrease)/increase in cash in the period		(2,807)	1,525

Reconciliation of net cash flow to movement in net funds/(debt)

For the five months ended 31 May 2014

	5 months ended 31 May	12 months ended 31 December
	2014 £000	2013 £000
(Decrease)/increase in cash in the period	(2,807)	1,525
Decrease in debt in the period	4,829	232
Change in net debt resulting from cash flows and movement in net debt in the period	2,022	1,757
Net funds / (debt) at 1 January	3,629	(212)
Net funds at 31 May	5,651	1,545

The accompanying notes 1 to 30 form part of these financial statements.

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Principles).

1.2 Going concern

The Group has considerable financial resources together with long standing relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risk successfully despite the current uncertain economic outlook.

1.3 Basis of consolidation

The Group financial statements consolidate the accounts of the company and all of its subsidiary undertakings drawn up for the five months ended 31 May 2014.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair value reflecting their condition at that date.

1.4 Turnover

Turnover is the total amount receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts. Revenue from the supply of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is at the point of despatch.

1.5 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business or a company and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.6 Investments

Investments are included at cost less provision for impairment.

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and less any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	3 - 10 years
Plant and machinery	-	3 - 10 years
Motor vehicles	-	3 years
Fixtures & fittings	-	5 years
Computer equipment	-	3 - 5 years

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes materials, direct labour, other direct overheads and royalties payable. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

1.9 Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

1.10 Operating leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

1.11 Lease income

Payments received under operating leases are credited to the profit and loss account on a straight line basis over the lease term.

1.12 Current tax

The current tax charge is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to gain or loss that is, or has been, recognised directly in the statement of total recognised gains and losses.

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

1. Accounting policies (continued)**1.13 Deferred taxation**

Deferred tax is recognised in respect of all timing differences that had originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception, deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.15 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the period.

1.16 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

2. Turnover

An analysis of turnover by class of business is as follows:

	5 months ended 31 May	5 months ended
	2014 £000	31 May 2013 £000
United Kingdom	27,829	23,690
Europe	215	190
	<u>28,044</u>	<u>23,880</u>

The turnover and profit on ordinary activities before taxation is attributable to the manufacture and distribution of food and beverage supplies into the retail, cash and carry, foodservice and vending sectors and the provision of manufacturing and packing services to the food industry

3. Operating profit

The operating profit is stated after charging:

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
Amortisation - intangible fixed assets	189	189
Depreciation of tangible fixed assets:		
- owned by the group	253	68
- held under finance leases	—	97
Operating lease rentals:		
- land and buildings	<u>393</u>	<u>393</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

4. Auditors' remuneration

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
Fees payable to the company's auditor and its associates for the UK statutory audit of the company's annual accounts	7	1
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	<u>2</u>	<u>2</u>

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
Wages and salaries	3,671	2,529
Social security costs	543	476
Other pension costs	116	108
	<u>4,330</u>	<u>3,113</u>

The average monthly number of employees, including the directors, during the period was as follows:

	5 months ended 31 May	5 months ended 31 May
	2014 No.	2013 No.
Production	190	159
Administration	106	101
	<u>296</u>	<u>260</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

6. Directors' remuneration

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
Remuneration	<u>302</u>	<u>298</u>
Company pension contributions to defined contribution pension schemes	<u>24</u>	<u>24</u>

During the period retirement benefits were accruing to 5 directors (2013 - 5 in respect of defined contribution pension schemes. The highest paid director received remuneration of £55k (2013 - £55k). Management and consultancy fees of £28,333 (2013 - £28,333) were paid which comprised charges for the services of I Unsworth and G Unsworth.

7. Interest payable

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
On bank loans and overdrafts	<u>11</u>	<u>24</u>
On finance leases and hire purchase contracts	<u>106</u>	<u>35</u>
	<u>117</u>	<u>59</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

8. Taxation

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on profit for the period	893	670
Adjustments in respect of prior periods	(3)	(13)
Total current tax	<u>890</u>	<u>657</u>
Deferred tax		
Origination and reversal of timing differences	—	—
Effect of increased tax rate on opening liability	—	—
Total deferred tax (see note 16)	<u>—</u>	<u>—</u>
Tax on profit on ordinary activities	<u>890</u>	<u>657</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 23.00% (2013 – 24.00%). The differences are explained below:

	5 months ended 31 May	5 months ended 31 May
	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>3,969</u>	<u>2,823</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.50% (2013 – 23.75%)	893	670
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	178	54
Capital allowances for period in excess of depreciation	(169)	(51)
Adjustments to tax charge in respect of prior periods	(3)	(13)
Short term timing difference leading to an increase (decrease) in taxation	(9)	(3)
Current tax charge for the period (see note above)	<u>890</u>	<u>657</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

9. Intangible fixed assets

	Goodwill
Group	£000
Cost	
At 1 January 2014 and 31 May 2014	<u>9,069</u>
Amortisation	
At 1 January 2014	2,950
Charge for the period	<u>189</u>
At 31 May 2014	<u>3,139</u>
Net book value	
At 31 May 2014	<u>5,930</u>
At 31 December 2013	<u>6,119</u>
At 31 May 2013	<u>6,384</u>

The directors have assessed that the goodwill has a useful economic life of 20 years.

10. Tangible fixed assets

Group	L/Term Leasehold	Plant & machinery	Motor vehicles	Fixtures & fittings	Total
	Property £000	£000	£000	£000	£000
Cost					
At 1 January 2014	188	13,013	85	2,769	16,055
Additions	—	269	—	27	296
At 31 May 2014	<u>188</u>	<u>13,282</u>	<u>85</u>	<u>2,796</u>	<u>16,351</u>
Depreciation					
At 1 January 2014	85	9,824	55	2,649	12,613
Charge for the period	—	229	7	17	253
At 31 May 2014	<u>85</u>	<u>10,053</u>	<u>62</u>	<u>2,666</u>	<u>12,866</u>
Net book value					
At 31 May 2014	<u>103</u>	<u>3,229</u>	<u>23</u>	<u>130</u>	<u>3,485</u>
At 31 May 2013	<u>103</u>	<u>1,655</u>	<u>27</u>	<u>112</u>	<u>1,897</u>
At 31 December 2013	<u>103</u>	<u>3,189</u>	<u>30</u>	<u>120</u>	<u>3,442</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

10. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014	2013
Group	£000	£000
Plant and machinery	<u>—</u>	<u>953</u>

11. Fixed asset investments

	Unlisted investments
Group	£000
Cost	
At 1 January 2014 and 31 May 2014	<u>672</u>
Net book value	
At 31 May 2014	<u>672</u>
At 31 December 2013	<u>672</u>

The fixed asset investment represents a 49% shareholding in Associated Coffee Merchants (International) Limited, a company incorporated in England and Wales. There are no common directors and the directors believe there is no significant influence held over the company, as such the investment has been held at cost under fixed asset investments.

	Investments in subsidiary
Company	companies
Cost	£000
At 1 January 2014 and 31 May 2014	<u>12,403</u>
Net book value	
At 31 May 2013 and 2014	<u>12,403</u>
At 31 December 2013	<u>12,403</u>

Details of the principal subsidiaries can be found under note number 27.

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

12. Stocks

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Raw materials	<u>2,757</u>	<u>2,626</u>	<u>—</u>	<u>—</u>
Finished goods and goods for resale	<u>1,928</u>	<u>1,570</u>	<u>—</u>	<u>—</u>
	<u>4,685</u>	<u>4,196</u>	<u>—</u>	<u>—</u>

13. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Trade debtors	<u>6,532</u>	<u>5,374</u>	<u>—</u>	<u>—</u>
Amounts owed by group undertakings	<u>—</u>	<u>—</u>	<u>—</u>	<u>110</u>
Other debtors	<u>76</u>	<u>169</u>	<u>—</u>	<u>—</u>
Prepayments and accrued income	<u>1,133</u>	<u>817</u>	<u>—</u>	<u>—</u>
Deferred tax asset (see note 16)	<u>245</u>	<u>379</u>	<u>—</u>	<u>—</u>
	<u>7,986</u>	<u>6,739</u>	<u>—</u>	<u>110</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

14. Creditors:

Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net obligations under finance leases and hire purchase contracts	—	395	—	—
Trade creditors	8,653	6,860	—	—
Amounts owed to group undertakings	—	—	—	11,631
Corporation tax	1,124	1,404	—	—
Other taxation and social security	303	476	—	—
Other creditors	164	449	—	—
Accruals and deferred income	2,665	3,778	—	—
	<u>12,909</u>	<u>13,362</u>	<u>—</u>	<u>11,631</u>

The finance leases are secured against the assets to which they relate.

15. Creditors:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Net obligations under finance leases and hire purchase contracts	—	1,439	—	—

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Between one and five years	—	1,439	—	—

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

16. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
At beginning of period	<u>245</u>	<u>379</u>	<u>—</u>	<u>—</u>
Charged during the period (P&L)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At end of period	<u><u>245</u></u>	<u><u>379</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Accelerated capital allowances	<u>245</u>	<u>379</u>	<u>—</u>	<u>—</u>
	<u><u>245</u></u>	<u><u>379</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

The directors believe that the deferred tax asset of £245,000 (2013 - £379,000) recognised in the accounts will be recoverable against suitable profits arising in the future.

17. Share capital

	<u>2014</u>	<u>2013</u>
	<u>£000</u>	<u>£000</u>
Allotted, called up and fully paid		
500,000 - Ordinary Shares shares of £1 each	<u><u>500</u></u>	<u><u>500</u></u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

18. Reserves

	Capital redempt'n reserve £000	Profit and loss account £000
Group		
At 1 January 2014	544	11,377
Profit for the financial period	—	3,079
At 31 May 2014	<u>544</u>	<u>14,456</u>

	Capital redempt'n reserve £000	Profit and loss account £000
Company		
At 1 January 2014	544	(162)
Profit for the financial period	—	11,521
At 31 May 2014	<u>544</u>	<u>11,359</u>

19. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Group		
Opening shareholders' funds	12,421	6,300
Profit for the financial period	3,079	2,166
Closing shareholders' funds	<u>15,500</u>	<u>8,466</u>

	2014 £000	2013 £000
Company		
Opening shareholders' funds	882	882
Profit for the financial period	11,521	—
Closing shareholders' funds	<u>12,403</u>	<u>882</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The profit for the period dealt with in the accounts of the company was £11,521,000 (2013 - £nil).

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements

For the five months ended 31 May 2014**20. Net cash flow from operating activities**

	5 month period to 31 May	5 month period to 31 May
	2014 £000	2013 £000
Operating profit	4,081	2,882
Amortisation of intangible fixed assets	189	189
Depreciation of tangible fixed assets	253	165
Decrease/(Increase) in stocks	271	(319)
Decrease in debtors	579	530
(Decrease)/increase in creditors	(2,150)	55
Net cash inflow from operating activities	3,223	3,502

21. Analysis of cash flows for headings netted in cash flow statement

	5 month period to 31 May	5 month period to 31 May
	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest receivable	5	—
Interest paid	(11)	(24)
Hire purchase interest	(106)	(35)
Net cash outflow from returns on investments and servicing of finance	(112)	(59)
	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(296)	(562)
Purchase of investment	—	(672)
Net cash outflow from capital expenditure	(296)	(1,234)
	2014 £000	2013 £000
Financing		
Repayment of finance leases	(4,829)	(232)
Net cash outflow from financing	(4,829)	(232)

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

22. Analysis of changes in net debt

	1 January 2014 £000	Cash flow £000	31 May 2014 £000
Cash at bank and in hand	8,458	(2,807)	5,651
	<u>8,458</u>	<u>(2,807)</u>	<u>5,651</u>
Finance lease obligations			
Debts due within one year	(4,829)	4,829	—
Net debt	<u>3,629</u>	<u>2,022</u>	<u>5,651</u>

23. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounts to £253,000 (2013 - £243,000). Contributions totalling £45,000 (2013 - £43,000) were payable to the fund at the balance sheet date.

24. Capital commitments

The Group had capital commitments at 31 May 2014 of £NIL (31 May 2013: £NIL).

25. Contingent liabilities

There were no contingent liabilities at 31 May 2014 (31 May 2013: £NIL).

26. Operating lease commitments

At 31 May 2014, the Group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Expiry date:				
Within 1 year	94	—	23	10
Between 2 and 5 years	299	488	62	72
After more than 5 years	<u>492</u>	<u>492</u>	<u>—</u>	<u>—</u>

AIMIA Foods Holdings Limited

Notes to the unaudited financial statements
For the five months ended 31 May 2014

27. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Aimia Foods Limited	England and Wales	100	Food and beverage manufacturing and distribution
Aimia Foods Group Limited	England and Wales	100	Intermediate Holding Company
Stockpack Limited	England and Wales	100	Dormant
Aimia Foods EBT Company Limited	England and Wales	100	Employee benefits trust

28. Financial instruments

The Group incurs foreign exchange risk on sales and purchases that are denominated in currencies other than sterling. The Group uses forward exchange contracts to hedge this risk. The fair value of the Group's forward contracts to buy Euros at 31 May 2014 was £nil (31 May 2013—£669,850). The fair value of the Group's forward contracts to buy U.S. dollars at 31 May 2014 was £nil (31 May 2013- £nil).

29. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed transactions with group undertakings, all of which are eliminated on consolidation.

During the period, the company paid rent of £5,667 (2013: £5,667) in relation to a property owned by Mr I M Unsworth and Mr R N Unsworth. As at 31 May 2014, the rent prepaid amounted to £7,792 (2013: £7,083).

30. Ultimate controlling party

Subsequent to 30 May 2014, the ultimate controlling party is Cott Corporation by virtue of its 100% shareholding. Prior to that date the ultimate controlling party was the Unsworth family.

Cott Ventures Ltd., a subsidiary of Cott Corporation, acquired 100 percent of the share capital of the Aimia Foods Holdings Limited, pursuant to a Share Purchase Agreement dated May 30, 2014. The aggregate purchase price for the Aimia Acquisition was £52.1 million payable in cash, which included a payment for estimated closing balance sheet working capital, £19.9 million in deferred consideration to be paid by September 30, 2014, and aggregate contingent consideration of up to £15.9 million, which is payable upon the achievement of certain performance measures during 52 weeks ending July 1, 2016.

Prior to the transaction, the Group settled all balances owed between group companies and secured finance lease creditors.