

PRIMO WATER CORP /CN/

FORM 8-K (Current report filing)

Filed 05/11/15 for the Period Ending 05/11/15

Address	4221 W. BOY SCOUT BLVD. SUITE 400 TAMPA, FL, 33607
Telephone	813-313-1732
CIK	0000884713
Symbol	PRMW
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): May 11, 2015

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 8.01 Other Events

On June 24, 2014, Cott Beverages Inc. (the “Issuer”), a wholly owned subsidiary of Cott Corporation (the “Company”), issued \$525,000,000 aggregate principal amount of 5.375% Senior Notes due 2022 (the “2022 Old Notes”) in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”). In connection with the issuance of the 2022 Old Notes, the Issuer, the Company and the other guarantors party thereto (the “Guarantor Subsidiaries”) entered into a registration rights agreement pursuant to which they agreed, among other things, to exchange the 2022 Old Notes for up to \$525,000,000 aggregate principal amount of the 5.375% Senior Notes due 2022 (the “2022 Exchange Notes”). The terms of the 2022 Exchange Notes will be identical in all material respects to the terms of the 2022 Old Notes, except that the 2022 Exchange Notes will be registered under the Securities Act and will not contain transfer restrictions, registration rights or additional interest provisions.

On December 12, 2014, the Issuer issued \$625,000,000 aggregate principal amount of 6.75% Senior Notes due 2020 (the “2020 Old Notes”) in a transaction exempt from the registration requirements of the Securities Act. In connection with the issuance of the 2020 Old Notes, the Issuer, the Company and the Guarantor Subsidiaries entered into a registration rights agreement pursuant to which they agreed, among other things, to exchange the 2020 Old Notes for up to \$625,000,000 aggregate principal amount of 6.75% Senior Notes due 2020 (the “2020 Exchange Notes”). The terms of the 2020 Exchange Notes will be identical in all material respects to the terms of the 2020 Old Notes, except that the 2020 Exchange Notes will be registered under the Securities Act and will not contain transfer restrictions, registration rights or additional interest provisions.

This Current Report on Form 8-K (this “Report”) includes as Exhibit 99.1 the audited financial statements from the Company’s Annual Report on Form 10-K for the year ended January 3, 2015, filed with the Securities & Exchange Commission (the “SEC”) on March 4, 2015 (the “Form 10-K”), with supplemental information provided in the footnote relating to the guarantor and non-guarantor subsidiaries of the 2022 Old Notes and the 2020 Old Notes. More specifically, Note 24 of the Form 10-K has been modified to provide supplemental financial information as of January 3, 2015 and December 28, 2013 and for each of the three years ended January 3, 2015, December 28, 2013 and December 29, 2012 with separate columns for (i) the Company; (ii) the Issuer; (iii) the Guarantor Subsidiaries, on a combined basis; (iv) the subsidiaries of the Company, other than the Guarantor Subsidiaries; (v) consolidating adjustments; and (vi) the total consolidated amounts. The supplemental information provided is in accordance with Rule 3-10(d) of Regulation S-X, as the 2022 Old Notes and the 2020 Old Notes are fully and unconditionally guaranteed by the Company and the Guarantor Subsidiaries on a joint and several basis. Exhibit 99.1 is being filed only for the purpose expressly described herein and this revised presentation has no impact on the Company’s historical financial position, results of operations or cash flows. Other than providing the supplemental information in Note 24 of the Form 10-K, this Report does not amend or update the Company’s financial statements and disclosure included in the Form 10-K. Accordingly, this Report and the Exhibits hereto should be read in conjunction with the Form 10-K and the Company’s filings when made with the SEC subsequent to the filing of the Form 10-K.

This Report is also being filed to, among other things, include certain financial information relating to (i) the Company’s acquisition (the “Aimia Acquisition”) of all of the issued share capital of Aimia Foods Holdings Limited (“Aimia”) and (ii) the acquisition by merger of DSS Group, Inc. (“DSS Group”), which resulted in DSS Group becoming a wholly owned subsidiary of the Company (the “DSS Acquisition”). More specifically, this Report includes as Exhibit 99.2 pro forma financial information, giving effect to the Aimia Acquisition and the DSS Acquisition, for the year ended January 3, 2015. In addition, this Report includes as Exhibit 99.3 the historical audited financial statements of Aimia originally filed on a Form 8-K/A with the SEC on August 6, 2014, which have been revised to include the reconciliation from Generally Accepted Accounting Principles in the United Kingdom (“U.K. GAAP”) to Generally Accepted Accounting Principles in the United States (“U.S. GAAP”) consistent with Item 17 of Form 20-F as a footnote to the Aimia historical audited financial statements on an unaudited basis.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The consolidated balance sheets of Aimia as of June 30, 2013 and 2012, and the related consolidated profit and loss accounts and cash flows for the years then ended, including the reconciliation from U.K. GAAP to U.S. GAAP consistent with Item 17 of Form 20-F as a footnote on an unaudited basis, is attached hereto as Exhibit 99.3.

(b) Pro Forma Financial Information

Unaudited pro forma condensed combined financial information for the year ended January 3, 2015 is attached hereto as Exhibit 99.2 and is incorporated in its entirety herein by reference.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
23.1	Consent of PricewaterhouseCoopers LLP, Cott Corporation's Independent Registered Certified Public Accounting Firm.
23.2	Consent of Grant Thornton UK LLP, independent registered auditors and chartered accountants for Aimia Foods Holdings Limited.
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the year ended January 3, 2015 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the year ended January 3, 2015 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the year ended January 3, 2015 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the year ended January 3, 2015 (furnished herewith).
99.1	Cott Corporation Consolidated Financial Statements for the year ended January 3, 2015.
99.2	Unaudited pro forma condensed combined financial information for the year ended January 3, 2015.
99.3	Aimia Foods Holdings Limited consolidated balance sheets at June 30, 2013 and June 30 2012, and the related consolidated profit and loss accounts and cash flows for the years ended June 30, 2013 and 2012.

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.

Cott Corporation
(Registrant)

May 11, 2015

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

EXHIBIT INDEX

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CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Number 333-188735, 333-151812, 333-122974, 333-108128, 333-56980 and 333-166507) and Form S-3 (File Number 333-182100) of Cott Corporation of our report dated March 4, 2015 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, except with respect to our opinion on the consolidated financial statements insofar as it relates to the guarantor footnote described in Note 24 as to which the date is May 11 2015, which appears in this Form 8-K.

PricewaterhouseCoopers LLP

Tampa, Florida
May 11, 2015

CONSENT OF INDEPENDENT AUDITOR

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB
T +44 (0) 161 953 6901
www.grant-thornton.co.uk

We have issued our report dated 5 August 2014, with respect to the consolidated financial statements of Aimia Foods Holdings Limited as of 30 June 2013 and for the year ended 30 June 2013, included in this Current Report of Cott Corporation on Form 8-K. We hereby consent to the incorporation by reference of said report in the Registration Statements of Cott Corporation on Forms S-3 (File No. 33-182100) and on Forms S-8 (File No. 33-188735, 333-151812, 333-122974, 333-108128, 333-56980 and File No. 33-166507).

GRANT THORNTON UK LLP

Manchester
United Kingdom
11 May 2015

Grant Thornton UK LLP

UK member firm of Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

A list of members is available from our registered office.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jerry Fowden, certify that:

1. I have reviewed this annual report on Form 10-K of Cott Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jerry Fowden

Jerry Fowden
Chief Executive Officer
Dated: May 11, 2015

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jay Wells, certify that:

1. I have reviewed this annual report on Form 10-K of Cott Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jay Wells

Jay Wells
Chief Financial Officer
Dated: May 11, 2015

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

The undersigned, Jerry Fowden, Chief Executive Officer of Cott Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the year ended January 3, 2015 (the "Report").

1. The undersigned hereby certifies that to the best of his knowledge:
2. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 11th day of May, 2015.

/s/ Jerry Fowden

Jerry Fowden

Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

The undersigned, Jay Wells, Chief Financial Officer of Cott Corporation (the "Company"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Company's Annual Report on Form 10-K for the year ended January 3, 2015 (the "Report").

The undersigned hereby certifies that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of the 11th day of May, 2015.

/s/ Jay Wells

Jay Wells
Chief Financial Officer

COTT CORPORATION
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ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of January 3, 2015 (the "Evaluation"). Based upon the Evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that Company's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) are effective.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Management evaluates the effectiveness of the Company's internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013). Management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of January 3, 2015, and concluded that it was effective as of January 3, 2015.

The effectiveness of the Company's internal control over financial reporting as of January 3, 2015 has been audited by PricewaterhouseCoopers LLP, the Company's independent registered certified public accounting firm, who also audited the Company's consolidated financial statements included in this Annual Report on Form 10-K, as stated in their report which appears herein.

Aimia Acquisition : As permitted by SEC staff interpretive guidance for newly acquired businesses, management has excluded the Aimia business from its assessment of internal control over financial reporting as of January 3, 2015 because it consummated the Aimia Acquisition in May 2014. Aimia's total assets and total revenues represent 5.3% and 3.0%, respectively, of the Company's consolidated financial statement amounts as of and for the year ended January 3, 2015.

DSS Acquisition : As permitted by SEC staff interpretive guidance for newly acquired businesses, management has excluded the DSS business from its assessment of internal control over financial reporting as of January 3, 2015 because it consummated the DSS Acquisition in December 2014. DSS's total assets and total revenues represent 50.6% and 1.4%, respectively, of the Company's consolidated financial statement amounts as of and for the year ended January 3, 2015.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting during the quarter ended January 3, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders of Cott Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statement of income and comprehensive income, of shareholders' equity, and of cash flows present fairly, in all material respects, the financial position of Cott Corporation and its subsidiaries at January 3, 2015 and December 28, 2013, and the results of their operations and their cash flows for each of the three years in the period ended January 3, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 3, 2015, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, the financial statement schedule, and for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, the financial statement schedule and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A, management has excluded Aimia Foods Holdings Limited ("Aimia") and DSS Group, Inc. ("DSS Group") from its assessment of internal control over financial reporting as of January 3, 2015 because the companies were acquired in May 2014 and December 2014 respectively. We have also excluded Aimia and DSS Group from our audit of internal control over financial reporting. Aimia is a wholly owned subsidiary whose total assets and total revenues represent 5.3% and 3.0%, respectively, of the related consolidated financial statement amounts as of and for the year ended January 3, 2015. DSS Group is a wholly owned subsidiary whose total assets and total revenues represent 50.6% and 1.4%, respectively, of the related consolidated financial statement amounts as of and for the year ended January 3, 2015.



Tampa, Florida

March 4, 2015, except with respect to our opinion on the consolidated financial statements insofar as it relates to the guarantor footnote described in Note 24, as to which the date is May 11, 2015

COTT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions of U.S. dollars except share and per share amounts)

	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Revenue, net	\$ 2,102.8	\$ 2,094.0	\$ 2,250.6
Cost of sales	1,826.3	1,818.6	1,937.9
Gross profit	276.5	275.4	312.7
Selling, general and administrative expenses	255.0	183.4	200.8
Loss on disposal of property, plant & equipment	1.7	1.8	1.8
Restructuring and asset impairments			
Restructuring	2.4	2.0	—
Asset impairments	1.7	—	—
Operating income	15.7	88.2	110.1
Contingent consideration earn-out adjustment	—	—	0.6
Other expense (income), net	21.0	12.8	(2.0)
Interest expense, net	39.7	51.6	54.2
(Loss) income before income taxes	(45.0)	23.8	57.3
Income tax (benefit) expense	(61.4)	1.8	4.6
Net income	\$ 16.4	\$ 22.0	\$ 52.7
Less: Net income attributable to non-controlling interests	5.6	5.0	4.5
Less: Accumulated dividends on convertible preferred shares	0.6	—	—
Less: Accumulated dividends on non-convertible preferred shares	0.2	—	—
Net income attributed to Cott Corporation	\$ 10.0	\$ 17.0	\$ 48.2
Net income per common share attributed to Cott Corporation			
Basic	\$ 0.11	\$ 0.18	\$ 0.51
Diluted	0.10	0.18	0.50
Weighted average outstanding shares (thousands) attributed to Cott Corporation			
Basic	93,777	94,750	94,553
Diluted	95,900	95,633	94,775
Dividends declared per common share	\$ 0.24	\$ 0.24	\$ 0.06

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in millions of U.S. dollars)

	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Net income	\$ 16.4	\$ 22.0	\$ 52.7
Other comprehensive (loss) income:			
Currency translation adjustment	(29.9)	(5.1)	10.7
Pension benefit plan, net of tax ¹	(4.0)	0.7	1.4
Total other comprehensive (loss) income	(33.9)	(4.4)	12.1
Comprehensive (loss) income	\$ (17.5)	\$ 17.6	\$ 64.8
Less: Comprehensive income attributable to non-controlling interests	5.9	5.0	4.3
Comprehensive (loss) income attributed to Cott Corporation	\$ (23.4)	\$ 12.6	\$ 60.5

1. Net of the effect of a \$0.4 million tax benefit, \$0.3 million tax expense and \$1.1 million tax expense for the years ended January 3, 2015, December 28, 2013 and December 29, 2012, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION

CONSOLIDATED BALANCE SHEETS
(in millions of U.S. dollars, except share amounts)

	January 3, 2015	December 28, 2013
ASSETS		
<i>Current assets</i>		
Cash & cash equivalents	\$ 86.2	\$ 47.2
Accounts receivable, net of allowance of \$6.5 (\$5.8 as of December 28, 2013)	305.7	203.3
Income taxes recoverable	1.6	1.1
Inventories	271.3	233.1
Prepaid expenses and other current assets	59.3	19.3
Total current assets	724.1	504.0
Property, plant & equipment, net	855.6	480.5
Goodwill	743.6	139.2
Intangibles and other assets, net	781.7	296.2
Deferred income taxes	2.5	3.6
Other tax receivable	0.2	0.2
Total assets	\$ 3,107.7	\$ 1,423.7
LIABILITIES, PREFERRED SHARES AND EQUITY		
<i>Current liabilities</i>		
Short-term borrowings	\$ 229.0	\$ 50.8
Current maturities of long-term debt	4.0	3.9
Accounts payable and accrued liabilities	420.3	297.7
Total current liabilities	653.3	352.4
Long-term debt	1,565.0	403.5
Deferred income taxes	119.9	41.1
Other long-term liabilities	71.8	22.3
Total liabilities	2,410.0	819.3
Commitments and contingencies - Note 19		
Convertible preferred shares, \$1,000 stated value, 116,054 shares issued	116.1	—
Non-convertible preferred shares, \$1,000 stated value, 32,711 shares issued	32.7	—
<i>Equity</i>		
Capital stock, no par - 93,072,850 (December 28, 2013 - 94,238,190) shares issued	388.3	392.8
Additional paid-in-capital	46.6	44.1
Retained earnings	158.1	174.8
Accumulated other comprehensive loss	(51.0)	(16.8)
Total Cott Corporation equity	542.0	594.9
Non-controlling interests	6.9	9.5
Total equity	548.9	604.4
Total liabilities, preferred shares and equity	\$ 3,107.7	\$ 1,423.7

Approved by the Board of Directors:

/s/ Graham Savage
Director

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions of U.S. dollars)

	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Operating Activities			
Net income	\$ 16.4	\$ 22.0	\$ 52.7
Depreciation & amortization	110.7	100.6	97.3
Amortization of financing fees	2.5	2.8	3.7
Amortization of bond premium	(0.4)	—	—
Share-based compensation expense	5.8	4.0	4.9
(Decrease) increase in deferred income taxes	(65.8)	0.5	3.8
Write-off of financing fees and discount	4.1	4.0	—
Gain on bargain purchase	—	—	(0.9)
Loss on disposal of property, plant & equipment	1.7	1.8	1.8
Asset impairments	1.7	—	—
Other non-cash items	0.3	0.9	(0.4)
Change in operating assets and liabilities, net of acquisitions:			
Accounts receivable	1.5	13.9	15.0
Inventories	12.9	(1.0)	(12.1)
Prepaid expenses and other current assets	(25.2)	(1.3)	(0.3)
Other assets	1.7	6.1	0.9
Accounts payable and accrued liabilities, and other liabilities	(6.8)	(1.1)	(2.2)
Income taxes recoverable	(4.4)	1.7	8.8
Net cash provided by operating activities	<u>56.7</u>	<u>154.9</u>	<u>173.0</u>
Investing Activities			
Acquisitions, net of cash received	(798.5)	(11.2)	(9.7)
Additions to property, plant & equipment	(46.7)	(55.3)	(69.7)
Additions to intangibles and other assets	(6.9)	(5.9)	(5.2)
Proceeds from sale of property, plant & equipment	1.8	0.2	2.3
Proceeds from insurance recoveries	—	0.6	1.9
Net cash used in investing activities	<u>(850.3)</u>	<u>(71.6)</u>	<u>(80.4)</u>
Financing Activities			
Payments of long-term debt	(393.6)	(220.8)	(3.3)
Issuance of long-term debt	1,150.0	—	—
Borrowings under ABL	959.0	131.9	24.5
Payments under ABL	(779.6)	(82.1)	(24.5)
Distributions to non-controlling interests	(8.5)	(6.6)	(5.6)
Financing fees	(24.0)	(0.8)	(1.2)
Common shares repurchased and cancelled	(12.1)	(13.0)	(0.3)
Dividends paid to common and preferred shareholders	(22.8)	(21.9)	(5.8)
Payment of deferred consideration for acquisitions	(32.4)	—	—
Other financing activities	(0.3)	—	—
Net cash provided by (used in) financing activities	<u>835.7</u>	<u>(213.3)</u>	<u>(16.2)</u>
Effect of exchange rate changes on cash	(3.1)	(2.2)	2.1
Net increase (decrease) in cash & cash equivalents	39.0	(132.2)	78.5
Cash & cash equivalents, beginning of period	47.2	179.4	100.9
Cash & cash equivalents, end of period	\$ 86.2	\$ 47.2	\$ 179.4
Supplemental Non-cash Investing and Financing Activities:			
Capital lease additions	\$ —	\$ 1.3	\$ 1.0
Common stock repurchased through accrued expenses	—	—	2.9
Deferred consideration for business acquisitions	19.0	5.1	—
Financing fees	1.5	1.2	—
Preferred Shares issued as consideration for DSS Acquisition	148.8	—	—
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	\$ 45.5	\$ 50.9	\$ 51.0
Cash paid (received) for income taxes, net	2.5	0.1	(7.7)

The accompanying notes are an integral part of these consolidated financial statements.

COTT CORPORATION

CONSOLIDATED STATEMENTS OF EQUITY
(in millions of U.S. dollars, except share amounts)

	Cott Corporation Equity								
	Number of Common Shares <i>(In thousands)</i>	Number of Treasury Shares <i>(In thousands)</i>	Common Shares	Treasury Shares	Additional Paid-in- Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive (Loss) Income	Non- Controlling Interests	Total Equity
Balance at December 31, 2011	95,101	674	\$ 395.9	\$ (2.1)	\$ 42.6	\$ 142.2	\$ (24.7)	\$ 12.4	\$ 566.3
Common shares issued - Director									
Share Awards	96	—	—	—	0.7	—	—	—	0.7
Common shares repurchased and cancelled	(392)	—	(3.1)	—	—	(0.1)	—	—	(3.2)
Treasury shares issued - Time- based RSUs	—	(674)	—	2.1	(2.1)	—	—	—	—
Common shares issued - Time- based RSUs	566	—	5.0	—	(5.0)	—	—	—	—
Share-based compensation	—	—	—	—	4.2	—	—	—	4.2
Dividend payment	—	—	—	—	—	(5.8)	—	—	(5.8)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(5.6)	(5.6)
Comprehensive income (loss)									
Currency translation adjustment	—	—	—	—	—	—	10.9	(0.2)	10.7
Pension benefit plan, net of tax	—	—	—	—	—	—	1.4	—	1.4
Net income	—	—	—	—	—	48.2	—	4.5	52.7
Balance at December 29, 2012	95,371	—	\$ 397.8	\$ —	\$ 40.4	\$ 184.5	\$ (12.4)	\$ 11.1	\$ 621.4
Common shares issued - Director									
Share Awards	87	—	—	—	0.8	—	—	—	0.8
Common shares repurchased and cancelled	(1,251)	—	(5.3)	—	—	(4.8)	—	—	(10.1)
Common shares issued - Time- based RSUs	31	—	0.3	—	(0.3)	—	—	—	—
Share-based compensation	—	—	—	—	3.2	—	—	—	3.2
Dividend payment	—	—	—	—	—	(21.9)	—	—	(21.9)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(6.6)	(6.6)
Comprehensive income (loss)									
Currency translation adjustment	—	—	—	—	—	—	(5.1)	—	(5.1)
Pension benefit plan, net of tax	—	—	—	—	—	—	0.7	—	0.7
Net income	—	—	—	—	—	17.0	—	5.0	22.0
Balance at December 28, 2013	94,238	—	\$ 392.8	\$ —	\$ 44.1	\$ 174.8	\$ (16.8)	\$ 9.5	\$ 604.4
Common shares issued - Director									
Share Awards	112	—	—	—	0.8	—	—	—	0.8
Common shares repurchased and cancelled	(1,744)	—	(7.8)	—	—	(4.3)	—	—	(12.1)
Common shares issued - Time- based RSUs	467	—	3.3	—	(3.3)	—	—	—	—
Share-based compensation	—	—	—	—	5.0	—	—	—	5.0
Dividend payment	—	—	—	—	—	(22.0)	—	—	(22.0)
Distributions to non-controlling interests	—	—	—	—	—	—	—	(8.5)	(8.5)
Preferred shares issuance costs	—	—	—	—	—	(0.4)	—	—	(0.4)
Comprehensive income (loss)									
Currency translation adjustment	—	—	—	—	—	—	(30.2)	0.3	(29.9)
Pension benefit plan, net of tax	—	—	—	—	—	—	(4.0)	—	(4.0)
Preferred shares dividend	—	—	—	—	—	(0.8)	—	—	(0.8)
Net income	—	—	—	—	—	10.8	—	5.6	16.4
Balance at January 3, 2015	93,073	—	\$ 388.3	\$ —	\$ 46.6	\$ 158.1	\$ (51.0)	\$ 6.9	\$ 548.9

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Description of Business

Cott Corporation, together with its consolidated subsidiaries (“Cott,” “the Company,” “our Company,” “Cott Corporation,” “we,” “us,” or “our”), is one of the world’s largest producers of beverages on behalf of retailers, brand owners and distributors. Our product lines include carbonated soft drinks (“CSDs”), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports products, new age beverages, ready-to-drink teas and alcoholic beverages, beverage concentrates, liquid enhancers and freezables, as well as hot chocolate, coffee, malt drinks, creamers/whiteners and cereals.

On December 12, 2014, we completed the acquisition by merger of DSS Group, Inc. (“DSS Group”), parent company to DS Services of America, Inc. and its subsidiaries (collectively “DSS”), a leading bottled water and coffee direct-to-consumer services provider in the United States (the “DSS Acquisition”). The DSS Acquisition was consummated pursuant to an Agreement and Plan of Merger (the “Merger Agreement”) dated November 6, 2014. Aggregate consideration was approximately \$1.246 billion. The DSS Acquisition extended our beverage portfolio into new and growing markets, including home and office bottled water delivery services (“HOD”), office coffee services (“OCS”) and filtration services, while creating revenue and cost synergies as well as portfolio expansion.

Note 1 — Summary of Significant Accounting Policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) using the U.S. dollar as the reporting currency, as the majority of our business and the majority of our shareowners are in the United States.

For the year ended January 3, 2015, we had 53 weeks of activity, compared to 52 weeks of activity for the years ended December 28, 2013 and December 29, 2012. We estimate the additional week contributed \$29.1 million of additional revenue and \$1.1 million of additional operating income for the year ended January 3, 2015.

At the beginning of 2014, our business operated through three reporting segments: North America, United Kingdom (“U.K.”), and All Other (which includes our Mexico operating segment, our Royal Crown International (“RCI”) operating segment and other miscellaneous expenses) (“All Other”). Our corporate oversight function (“Corporate”) is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments. During the fourth quarter of 2013, management reviewed our reporting segments and determined to combine our Mexico and RCI reporting segments with the segment previously classified as All Other into one segment classified as All Other. Prior year information has been updated to reflect the change in our reporting segments. In December 2014, we added a fourth reporting segment, DSS, in connection with the DSS Acquisition.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. For the year ended January 3, 2015, the Company concluded that it was appropriate to reclassify the amortization of customer list intangible assets to selling, general and administrative expenses. Previously, such amortization had been classified as cost of sales. Accordingly, the Company has revised the classification to report these expenses under selling, general and administrative expenses in the Consolidated Statement of Operations for the years ended December 28, 2013 and December 29, 2012. The impact of the reclassification to selling, general and administrative expenses from cost of sales as presented in the Consolidated Statement of Operations for the years ended December 28, 2013 and December 29, 2012 is shown in the table below:

	For the Year Ended	
	December 28,	December 29,
(in millions of U.S. dollars)	2013	2012
Decrease to cost of sales	\$ (22.7)	\$ (22.8)
Increase to selling, general and administrative expenses	\$ 22.7	\$ 22.8

This change in classification did not affect net income attributable to Cott Corporation as previously reported in the Consolidated Statements of Operations for any periods presented.

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Basis of consolidation

The financial statements consolidate our accounts, our wholly-owned and majority-owned subsidiaries and joint ventures that we control. All intercompany transactions and accounts have been eliminated in consolidation.

Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include estimates and assumptions that, in the opinion of management, were significant to the underlying amounts representing the future valuation of intangible assets, long-lived assets and goodwill, accounting for share-based compensation, realization of deferred income tax assets and the resolution of tax contingencies.

Revenue recognition

We recognize revenue, net of sales returns, when ownership passes to customers for products manufactured in our own plants and/or by third parties on our behalf, and when prices to our customers are fixed and collection is reasonably assured. This may be upon shipment of goods or upon delivery to the customer, depending on contractual terms. Shipping and handling costs paid by the customer to us are included in revenue. Although we accept returns of products from our customers occasionally, historically returns have not been material.

With regards to DSS, the Company recognizes rental income on filtration, brewers and dispensing equipment at customer locations based on the terms of the related rental agreements, which are generally measured based on 28-day periods. Amounts billed to customers for rental in future periods are deferred and included in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

Sales incentives

We participate in various incentive programs with our customers, including volume-based incentives, contractual rebates and promotional allowances. Volume incentives are based on our customers achieving volume targets for a period of time. Volume incentives and contractual rebates are deducted from revenue and accrued as the incentives are earned and are based on management's estimate of the total the customer is expected to earn and claim. Promotional allowances are accrued at time of revenue recognition and deducted from revenue based on either the volume shipped or the volume sold at the retailer location, depending on the terms of the allowance. We regularly review customer sales forecasts to ensure volume targets will be met and adjust incentive accruals and revenues accordingly.

Cost of sales

We record costs associated with the manufacturing of our products in costs of sales. Shipping and handling costs incurred to store, prepare and move products between production facilities or from production facilities to branch locations or storage facilities are recorded in cost of sales. Costs incurred in shipment of products from our production facilities to customer locations are also reflected in cost of sales, with the exception of shipping and handling costs incurred to deliver products from DSS branch locations to the end-user consumer of those products. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

Selling, general and administrative expenses

We record all other expenses not charged to production as selling, general and administrative expenses. Costs incurred to deliver products from DSS branch locations to the end-user consumer are considered a selling expense and are included within selling, general and administrative expenses. Advertising costs are expensed at the commencement of an advertising campaign and are recognized as a component of selling, general and administrative expenses. Advertising costs are not significant to any reporting segment other than DSS. Advertising costs expensed by DSS for the period from acquisition to January 3, 2015 were approximately \$0.4 million.

Share-based compensation

Share-based compensation expense for all share-based compensation awards is based on the grant-date fair value. We recognized these compensation costs net of a forfeiture rate on a straight-line basis over the requisite service period of the award, which is generally the vesting term of three years. No estimated forfeitures were included in the calculation of share-based compensation for the 2014, 2013 and 2012 share-based awards.

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Additional paid-in capital is adjusted by the tax impact related to the difference between the amount deducted for tax purposes and the compensation cost for accounting purposes. Where the tax deduction exceeds book compensation cost, an increase in additional paid-in capital is recorded. Where the tax deduction is less than book compensation cost, a reduction in additional paid-in capital is recorded to the extent there is an accumulated balance or charged to income tax expense if a shortfall remains after the accumulated additional paid-in capital is brought to zero.

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities not exceeding three months at the time of purchase. The fair values of our cash and cash equivalents approximate the amounts shown on our Consolidated Balance Sheets due to their short-term nature.

Allowance for doubtful accounts

A portion of our accounts receivable is not expected to be collected due to non-payment, bankruptcies and deductions. Our accounting policy for the allowance for doubtful accounts requires us to reserve an amount based on the evaluation of the aging of accounts receivable, detailed analysis of high-risk customers' accounts, and the overall market and economic conditions of our customers. This evaluation considers the customer demographic, such as supermarket retailers as compared to small business or individual consumers. We consider our accounts receivable delinquent or past due based on payment terms established with each customer. Accounts receivable are written off when the account is determined to be uncollectible.

Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or net realizable value. Returnable bottles are valued at the lower of cost, deposit value or net realizable value. Finished goods and work-in-process include the cost of raw materials, direct labor and manufacturing overhead costs. As a result, we use an inventory reserve to adjust our costs down to a net realizable value and to reserve for estimated obsolescence of both raw materials and finished goods.

Customer deposits

The Company generally collects deposits on three- and five-gallon bottles used by its DSS customers. Such deposits are refunded only after customers return such bottles in satisfactory condition. The associated bottle deposit liability is estimated based on the number of water customers, average consumption and return rates and bottle deposit market rates. The Company analyzes these assumptions and adjusts as necessary.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is allocated between cost of sales and selling, general and administration expenses and is determined using the straight-line method over the estimated useful lives of the assets.

Leasehold improvements are amortized using the straight-line method over the remaining life of the lease or useful life, whichever is shorter. Maintenance and repairs are charged to operating expense when incurred.

Goodwill and indefinite life intangible assets

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. Goodwill is not amortized, but instead is tested for impairment at least annually. A company may assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. Alternatively, a company may bypass the qualitative assessment and perform the first step of the goodwill impairment test which compares the book value of a reporting unit, including goodwill, with its fair value. If the book value of a reporting unit exceeds its fair value, we complete the second step to determine the amount of goodwill impairment loss that we should record, if any. In the second step, we determine an implied fair value of the reporting unit's goodwill by allocating the fair value of the reporting unit to all of the assets and liabilities other than goodwill (including any unrecognized intangible assets). The amount of impairment loss is equal to the excess of the book value of the goodwill over the implied fair value of that goodwill, and any impairment loss would be recognized in our results of operations.

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The following table summarizes our goodwill on a reporting segment basis as of January 3, 2015 and December 28, 2013:

(in millions of U.S. dollars)	January 3,	December 28,
	2015	2013
North America		
Balance at beginning of year	\$ 125.9	\$ 127.7
Goodwill acquired during the year	—	—
Foreign exchange	(2.2)	(1.8)
Balance at end of year	<u>\$ 123.7</u>	<u>\$ 125.9</u>
DSS		
Balance at beginning of year	\$ —	\$ —
Goodwill acquired during the year	556.9	—
Foreign exchange	—	—
Balance at end of year	<u>\$ 556.9</u>	<u>\$ —</u>
U.K.		
Balance at beginning of year	\$ 8.8	\$ —
Goodwill acquired during the year	54.5	8.5
Foreign exchange	(4.8)	0.3
Balance at end of year	<u>\$ 58.5</u>	<u>\$ 8.8</u>
All Other		
Balance at beginning of year	\$ 4.5	\$ 4.5
Goodwill acquired during the year	—	—
Foreign exchange	—	—
Balance at end of year	<u>\$ 4.5</u>	<u>\$ 4.5</u>
Total		
Balance at beginning of year	\$ 139.2	\$ 132.2
Goodwill acquired during the year	611.4	8.5
Foreign exchange	(7.0)	(1.5)
Balance at end of year	<u>\$ 743.6</u>	<u>\$ 139.2</u>

We test goodwill for impairment at least annually in the fourth quarter, based on our reporting unit carrying values as of the end of the third quarter, or more frequently if we determine a triggering event has occurred during the year. Any impairment loss is recognized in our results of operations. We evaluate goodwill for impairment on a reporting unit basis. Reporting units are operations for which discrete financial information is available and are at or one level below our operating segments. For the purpose of testing goodwill for impairment, our reporting units are North America, Calypso Soft Drinks, Aimia, and RCI. Calypso Soft Drinks and Aimia are reporting units included in our U.K. reporting segment. Calypso Soft Drinks was acquired in June of 2013 and Aimia was acquired in May of 2014 (see Note 3 to the Consolidated Financial Statements). The RCI reporting unit is included in the All Other reporting segment. We had goodwill of \$186.7 million on our balance sheet at January 3, 2015, which represents amounts for the North America, Calypso Soft Drinks, Aimia and RCI reporting units. DSS will be tested for impairment beginning in 2015 as no triggering events were noted from the time of the DSS Acquisition on December 12, 2014 through January 3, 2015. The Company has completed its analysis and determined DSS will be a single reporting unit for purpose of testing goodwill for impairment. We had goodwill of \$556.9 million on our balance sheet at January 3, 2015 as a result of the DSS Acquisition.

For the North America reporting unit, no impairment was recognized for any years presented. We elected to bypass the qualitative impairment assessment for North America in all years presented due to the overall declines in the CSD market in recent years. Based on our quantitative assessments performed to estimate the fair value of the North America reporting unit, the estimated fair values significantly exceeded the reporting unit carrying values as of the date the impairment tests were completed.

For the Calypso Soft Drinks reporting unit, no impairment was recognized for any years presented. We performed a qualitative impairment assessment for the Calypso Soft Drinks reporting unit in 2013, due to the acquisition being recently completed in June 2013. Based on that qualitative assessment it was determined more likely than not that the estimated reporting unit fair value exceeded its carrying value. We elected to bypass the qualitative impairment assessment for the

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Calypso Soft Drinks reporting unit in 2014, due to the length of time passed since the acquisition date for which estimated fair value assumptions had not been updated. Based on the quantitative assessment performed in 2014 to estimate the fair value of the Calypso Soft Drinks reporting unit, the estimated fair values significantly exceeded the reporting unit carrying value as of the date the impairment test was completed.

For the RCI reporting unit, no impairment was recognized for any years presented. Based on our qualitative impairment assessments it was determined more likely than not that the estimated reporting unit fair value exceeded its carrying value. We elected to perform a qualitative assessment for the RCI reporting unit as the reporting unit's only significant asset is the Rights (as defined below). The fair value of that intangible asset is estimated on an annual basis and based on our estimates the fair value significantly exceeded its carrying value in all periods presented.

For the Aimia reporting unit, no impairment was recognized for the year ended January 3, 2015. We performed a qualitative impairment assessment for the Aimia reporting unit in 2014, due to the acquisition being recently completed in May of 2014. Based on our qualitative impairment assessment it was determined more likely than not that the estimated reporting unit fair value exceeded its carrying value.

For our reporting units tested for impairment using a qualitative approach, the factors we assessed included macroeconomic conditions, industry and market conditions, cost factors that would have a negative effect on earnings and cash flows, overall financial performance compared with forecasts projections in prior periods, and other relevant reporting unit events. All of these factors are subjective and the qualitative analysis requires significant management judgement.

For our reporting units tested for impairment using a quantitative approach, we utilize a mix of the income approach (which is based on the estimated future after-tax discounted cash flows of the reporting unit) and the public company approach. We believe using a combination of the two approaches provides a more accurate valuation because it incorporates the expected cash generation of the reporting unit in addition to how a third party market participant would value the reporting unit, typically based on a multiple of earnings before interest expenses, income taxes, depreciation and amortization charges. Under the income approach, the business is assumed to continue in perpetuity and the discounted future cash flow includes a terminal value. The terminal value is calculated using a long-term growth assumption to reflect a long-term view of the market (including expected declines in demand for CSDs), projected changes in the sale of our products, pricing of such products and operating profit margins. The discount rate used in the income approach is derived by calculating a cost of equity rate by first using a risk-free rate based on 20-year treasury bonds and adding an equity risk premium adjusted for the size of the reporting unit, and further adjusted if necessary for company specific risk factors. Company specific risk factors could include forecasted revenues in excess of overall market or industry expectations from the viewpoint of a market participant. An after-tax cost of debt rate is calculated by applying the incremental tax rate in the relevant tax jurisdiction to the reporting unit to the pre-tax cost of debt capital for Baaa rated bonds. Both the calculated cost of equity and the after-tax cost of debt are used to calculate a weighted average cost of capital upon which the discount rate is based. The quantitative analysis requires the use of assumptions which are subjective and some of which are subject to significant management judgement, including forecasted revenues and cost assumptions that drive forecasted after-tax cash flows, and the selected discount rate.

Intangible and other assets

As of January 3, 2015, our intangible assets subject to amortization and other assets, net of accumulated amortization were \$553.6 million, consisting principally of \$471.6 million of customer relationships that arose from acquisitions, \$28.9 million of financing costs, \$27.6 million of information technology assets, and \$6.6 million of trademarks. Customer relationships are typically amortized on an accelerated straight-line basis for the period over which we expect to receive the economic benefits. With the DSS Acquisition, the acquired customer relationships are amortized over the expected remaining useful life of those relationships on a basis that reflects the pattern of realization of the estimated undiscounted after-tax cash flows. We review the estimated useful life of these intangible assets annually, taking into consideration the specific net cash flows related to the intangible asset, unless a review is required more frequently due to a triggering event such as the loss of a significant customer. The permanent loss of, or significant decline in sales to any customer included in the intangible asset would result in either an impairment in the value of the intangible asset or an accelerated amortization of any remaining value and could lead to an impairment of fixed assets that were used to service that customer. In 2014 we recorded \$76.5 million of customer relationships acquired in connection with the Aimia Acquisition and \$219.8 million of customer relationships acquired in connection with the DSS Acquisition. In 2013 we recorded \$10.7 million of customer relationships acquired in connection with the Calypso Soft Drinks Acquisition. We did not record impairment charges for other intangible assets in 2014, 2013 or 2012.

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Our intangible assets with indefinite lives relate to the 2001 acquisition of intellectual property from Royal Crown Company, Inc., including the right to manufacture our concentrates, with all related inventions, processes, technologies, technical and manufacturing information, know-how and the use of the Royal Crown brand outside of North America and Mexico (the “Rights”), and trademarks acquired in the DSS Acquisition (the “DSS Trademarks”). These assets have a net book value of \$228.1 million. Prior to 2001, we paid a volume based royalty to the Royal Crown Company for purchase of concentrates. There are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this intangible.

The life of the Rights and DSS Trademarks are considered to be indefinite and therefore not amortized, but instead are tested for impairment at least annually or more frequently if we determine a triggering event has occurred during the year. We compare the carrying amount of the Rights and DSS Trademarks to their fair value and where the carrying amount is greater than the fair value, we recognize in income an impairment loss. To determine fair value of the Rights, we use a relief from royalty method, which calculates a fair value royalty rate that is applied to a forecast of future volume shipments of concentrate that is used to produce CSDs. The forecast of future volumes is based on the estimated inter-plant shipments and RCI shipments. The relief from royalty method is used since the Rights were purchased in part to avoid making future royalty payments for concentrate to the Royal Crown Company. The resulting cash flows are discounted using a rate to reflect the risk of achieving the projected royalty savings attributable to the Rights. The assumptions used to estimate the fair value of the Rights are subjective and require significant management judgment, including estimated future volume, the fair value royalty rate (which is estimated to be a reasonable market royalty charge that would be charged by a licensor of the Rights) and the risk adjusted discount rate. Based on our impairment tests, the estimated fair value of the Rights significantly exceeded the carrying value for all periods presented. Due to the recent acquisition of the DSS Trademarks, we have not yet completed an annual impairment test for these intangible assets. No triggering events were identified subsequent to the DSS Acquisition that would have resulted in an interim impairment test being performed.

Impairment and disposal of long-lived assets

When adverse events occur, we compare the carrying amount of long-lived assets to the estimated undiscounted future cash flows at the lowest level of independent cash flows for the group of long-lived assets and recognize any impairment loss in the Consolidated Statements of Operations, taking into consideration the timing of testing and the asset’s remaining useful life. The expected life and value of these long-lived assets is based on an evaluation of the competitive environment, history and future prospects as appropriate. As part of restructuring activities during 2014, we recorded impairments of long-lived assets of \$1.0 million, which were recorded as a component of asset impairments in our Consolidated Statements of Operations. We did not record impairments of long-lived assets in 2013 or 2012. As part of normal business operations, we identify long-lived assets that are no longer productive and are disposed. Losses on disposals of assets are presented separately in our Consolidated Statements of Operations as part of operating income. We recognized losses on disposal of property, plant and equipment of \$1.7 million for the year ended January 3, 2015 (\$1.8 million for the years ended December 28, 2013 and December 29, 2012).

Derivative financial instruments

We use derivative financial instruments to manage our exposure to movements in foreign currencies and certain commodity prices. All derivative instruments are recorded at fair value in the Consolidated Balance Sheets. We do not use derivative financial instruments for trading or speculative purposes. We manage credit risk related to the derivative financial instruments by requiring high credit standards for our counterparties and periodic settlements. Refer to Note 21 to the Consolidated Financial Statements for further information on our derivative financial instruments.

Foreign currency translation

The assets and liabilities of non-U.S. active operations, all of which are self-sustaining, are translated to U.S. dollars at the exchange rates in effect at the balance sheet dates. Revenues and expenses are translated using average monthly exchange rates prevailing during the period. The resulting gains or losses are recorded in accumulated comprehensive income under shareowners’ equity.

Income taxes

We account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized based on the differences between the accounting values of assets and liabilities and their related tax bases using currently enacted income tax rates. A valuation allowance is established to reduce deferred income tax assets if, on the basis of available evidence, it is not more likely than not that all or a portion of any deferred tax assets will be realized. The consideration of available evidence requires significant management judgment including an assessment of the future periods in which the deferred tax assets and liabilities are expected to be realized and projections of future taxable income. We classify interest and income tax penalties as income tax expense (benefit).

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We account for uncertain tax positions using a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, based on the technical merits. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

We recognize interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying Consolidated Statements of Operations, and we include accrued interest and penalties within the income tax payable or receivable account in the Consolidated Balance Sheets.

Pension costs

We record annual amounts relating to defined benefit pension plans based on calculations, which include various actuarial assumptions such as discount rates and assumed rates of return depending on the pension plan. Material changes in pension costs may occur in the future due to changes in these assumptions. Future annual amounts could be impacted by changes in the discount rate, changes in the expected long-term rate of return, changes in the level of contributions to the plans and other factors. The funded status is the difference between the fair value of plan assets and the benefit obligation. Future actuarial gains or losses that are not recognized as net periodic benefits cost in the same periods will be recognized as a component of other comprehensive income.

Insurance accruals

For DSS, it is the Company's policy to retain a portion of expected losses related to workers' compensation, general, product, casualty, and property and vehicle liability through retentions or deductibles under DSS insurance programs. Provisions for losses expected under these programs are recorded based on estimates of the undiscounted aggregate liabilities for claims insured.

Recently issued accounting pronouncements

Update ASU 2013-11 – Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists

In July 2013, the Financial Accounting Standards Board ("FASB") amended its guidance regarding the information provided in relation to the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. An unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. For public entities, the amendments are effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. We have adopted this guidance and incorporated it into the presentation of our consolidated financial statements.

Update ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB amended its guidance regarding revenue recognition and created a new Topic 606, Revenue from Contracts with Customers. The objectives for creating Topic 606 were to remove inconsistencies and weaknesses in revenue recognition, provide a more robust framework for addressing revenue issues, provide more useful information to users of the financial statements through improved disclosure requirements, simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer, and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principal of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the

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consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve the core principle, an entity should apply the following steps: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The amendments may be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the amendment recognized at the date of initial application. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2014-12 – Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

In June 2014, the FASB amended its guidance regarding accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The stated vesting period (which includes the period in which the performance target could be achieved) may differ from the requisite service period. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The amendments may be applied prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. We believe that the adoption of these amendments will not have a material impact on our consolidated financial statements.

Note 2 — Revisions

The Company has revised its year ended December 28, 2013 and December 29, 2012 Consolidated Statements of Operations, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows, its year ended December 28, 2013, December 29, 2012 and year end December 31, 2011 Consolidated Statements of Equity, and its December 28, 2013 Balance Sheet to correct errors for an overstatement of historical property, plant and equipment, net, including a portion related to a prior acquisition, and the related depreciation expense recorded during those periods, an overstatement of a tax receivable, an overstatement of an accrued liability for purchased inventory, and an overstatement of deferred tax liabilities. The overstatement of the tax receivable overstated previously reported other receivables, which are included as a component of accounts receivable, net of allowance, by approximately \$1.1 million at December 28, 2013. The correction of that error reduced previously reported retained earnings at December 28, 2013, December 29, 2012 and December 31, 2011 by \$1.1 million. The overstatement of the purchased inventory accrual overstated accounts payable and accrued liabilities by \$0.5 million at December 28, 2013. The correction of that error reduced previously reported retained earnings at December 28, 2013 by \$0.5 million and previously reported cost of sales for the year ended December 28, 2013 by \$0.5 million. The overstatement of deferred tax liabilities overstated previously reported income tax expense by \$0.4 million for the year ended December 28, 2013. The remaining differences identified in the reconciliations below are attributable to the historical overstatement of property, plant and equipment, net, of which \$1.9 million was attributable to a prior acquisition, and understated previously reported goodwill at December 28, 2013 by \$1.9 million. The impact on the previously issued financial statements is detailed in the reconciliations below. These adjustments were not considered to be material individually or in the aggregate to previously issued financial statements.

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	As previously		
	filed	As revised	
Consolidated Statements of Operations (in millions of U.S. dollars)	For the Year Ended December 28, 2013		Difference
Cost of sales	\$ 1,842.0	\$1,841.3	\$ (0.7)
Gross profit	\$ 252.0	\$ 252.7	\$ 0.7
Selling, general and administrative expenses	\$ 160.4	\$ 160.7	\$ 0.3
Loss on disposal of property, plant & equipment	\$ 1.0	\$ 1.8	\$ 0.8
Operating income	\$ 88.6	\$ 88.2	\$ (0.4)
Income before taxes	\$ 24.2	\$ 23.8	\$ (0.4)
Income tax expense (benefit)	\$ 2.2	\$ 1.8	\$ (0.4)

	As previously		
	filed	As revised	
Consolidated Statements of Operations (in millions of U.S. dollars)	For the Year Ended December 29, 2012		Difference
Cost of sales	\$ 1,961.1	\$1,960.7	\$ (0.4)
Gross profit	\$ 289.5	\$ 289.9	\$ 0.4
Operating income	\$ 109.7	\$ 110.1	\$ 0.4
Income before taxes	\$ 56.9	\$ 57.3	\$ 0.4
Net income	\$ 52.3	\$ 52.7	\$ 0.4
Net income attributed to Cott Corporation	\$ 47.8	\$ 48.2	\$ 0.4

	As previously		
	filed	As revised	
Consolidated Statements of Comprehensive Income (in millions of U.S. dollars)	For the Year Ended December 29, 2012		Difference
Net income	\$ 52.3	\$ 52.7	\$ 0.4
Comprehensive income	\$ 64.4	\$ 64.8	\$ 0.4
Comprehensive income attributed to Cott Corporation	\$ 60.1	\$ 60.5	\$ 0.4

	As previously		
	filed	As revised	
Consolidated Balance Sheet (in millions of U.S. dollars)	December 28, 2013		Difference
Accounts receivable, net of allowance	\$ 204.4	\$ 203.3	\$ (1.1)
Property, plant & equipment, net	\$ 483.7	\$ 480.5	\$ (3.2)
Goodwill	\$ 137.3	\$ 139.2	\$ 1.9
Total assets	\$ 1,426.1	\$1,423.7	\$ (2.4)
Accounts payable and accrued liabilities	\$ 298.2	\$ 297.7	\$ (0.5)
Total current liabilities	\$ 352.9	\$ 352.4	\$ (0.5)
Deferred income taxes	\$ 41.5	\$ 41.1	\$ (0.4)
Total liabilities	\$ 820.2	\$ 819.3	\$ (0.9)
Retained earnings	\$ 176.3	\$ 174.8	\$ (1.5)
Total Cott Corporation equity	\$ 596.4	\$ 594.9	\$ (1.5)
Total equity	\$ 605.9	\$ 604.4	\$ (1.5)
Total liabilities and equity	\$ 1,426.1	\$1,423.7	\$ (2.4)

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Consolidated Statements of Cash Flows (in millions of U.S. dollars)	As previously		Difference
	filed	As revised	
	For the Year Ended December 28, 2013		
Operating Activities			
Depreciation & amortization	\$ 100.8	\$ 100.6	\$ (0.2)
Increase (decrease) in deferred income taxes	\$ 0.9	\$ 0.5	\$ (0.4)
Loss on disposal of property, plant & equipment	\$ 1.0	\$ 1.8	\$ 0.8
Change in operating assets and liabilities, net of acquisitions			
Accounts payable and accrued liabilities, and other liabilities	\$ (0.6)	\$ (1.1)	\$ (0.5)
Net cash provided by operating activities	\$ 155.2	\$ 154.9	\$ (0.3)
Investing Activities			
Additions to property, plant & equipment	\$ (55.6)	\$ (55.3)	\$ 0.3
Net cash used in investing activities	\$ (71.9)	\$ (71.6)	\$ 0.3

Consolidated Statements of Cash Flows (in millions of U.S. dollars)	As previously		Difference
	filed	As revised	
	For the Year Ended December 29, 2012		
Operating Activities			
Net income	\$ 52.3	\$ 52.7	\$ 0.4
Depreciation & amortization	\$ 97.7	\$ 97.3	\$ (0.4)

Consolidated Statements of Equity (in millions of U.S. dollars)	As previously		Difference
	filed	As revised	
	For the Year Ended December 28, 2013		
Retained earnings	\$ 176.3	\$ 174.8	\$ (1.5)
Total equity	\$ 605.9	\$ 604.4	\$ (1.5)

Consolidated Statements of Equity (in millions of U.S. dollars)	As previously		Difference
	filed	As revised	
	For the Year Ended December 29, 2012		
Retained earnings	\$ 186.0	\$ 184.5	\$ (1.5)
Total equity	\$ 622.9	\$ 621.4	\$ (1.5)
Net income	\$ 52.3	\$ 52.7	\$ 0.4

Consolidated Statements of Equity (in millions of U.S. dollars)	As previously		Difference
	filed	As revised	
	Balance at December 31, 2011		
Retained earnings	\$ 144.1	\$ 142.2	\$ (1.9)
Total equity	\$ 568.2	\$ 566.3	\$ (1.9)

Note 3 — Acquisitions

DSS Acquisition

On December 12, 2014, we completed the DSS Acquisition. The DSS Acquisition was consummated pursuant to the Merger Agreement dated November 6, 2014. The aggregate purchase price paid by the Company was approximately \$1.246 billion, before adjustments for estimated working capital, net indebtedness, and related transaction expenses. The aggregate purchase price was paid at closing in cash, through the assumption of certain indebtedness of DSS Group, and through the issuance of Convertible Preferred Shares (as defined below) and Non-Convertible Preferred Shares (as defined below). The purchase price is subject to post-closing adjustments for net working capital, net indebtedness and transaction expenses, which are expected to be finalized during the first quarter of 2015.

The acquisition and a portion of the related acquisition costs were financed through a combination of incremental borrowings under the Company's asset based lending facility ("ABL facility") of \$180.0 million, new debt issuance of \$625.0 million of our 6.75% senior notes due January 1, 2020 ("2020 Notes"), assumption of DSS's \$350.0 million 10.000% Senior Notes due 2021 ("DSS Notes"), the issuance of Series A Convertible First Preferred Shares (the "Convertible

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Preferred Shares”) to the former security holders of DSS, having an aggregate value of approximately \$116.1 million and the issuance of Series B Non-Convertible First Preferred Shares (the “Non-Convertible Preferred Shares” and together with the Convertible Preferred Shares, the “Preferred Shares”) to the former security holders of DSS, having an aggregate value of approximately \$32.7 million. Pursuant to the terms and conditions set forth in the Merger Agreement, a portion of the aggregate consideration is being held in escrow to secure the indemnification obligations of DSS’s former security holders under the Merger Agreement. We amended our existing ABL facility in connection with the acquisition to increase the amount of borrowings available thereunder.

The total consideration paid by us in the DSS Acquisition is summarized below:

<u>(in millions of U.S. dollars)</u>	
Cash paid to sellers	\$449.7
Cash paid on behalf of sellers for sellers expenses	25.3
Cash paid to retire term loan on behalf of sellers	317.3
Convertible Preferred Shares	116.1
Non-Convertible Preferred Shares	32.7
Total consideration	<u>\$941.1</u>

Our primary reasons for the DSS Acquisition were to accelerate Cott’s acquisition based diversification outside of CSDs and shelf stable juices, extend our beverage portfolio into new and growing markets, including HOD, OCS and filtration services, while creating opportunities for revenue, cost synergies and growth prospects, and broaden our distribution platform by adding a national direct-to-consumer distribution channel.

The DSS Acquisition is being accounted for as a business combination which, among other things, requires that assets acquired and liabilities assumed be measured at their acquisition date fair values. Identified intangible assets, goodwill and property, plant and equipment are recorded at their estimated fair values per preliminary valuations and may change based on the final valuation results. Estimated fair values recorded for deferred tax balances and working capital are also subject to change based on finalization of the purchase price. The results of operations of DSS have been included in our operating results beginning as of the acquisition date. We allocated the purchase price in the DSS Acquisition to tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The fair value assigned to identifiable intangible assets acquired was based on estimates and assumptions made by management.

The following table summarizes the estimated allocation of the purchase price to the fair value of the assets acquired and liabilities assumed in connection with the DSS Acquisition.

<u>(in millions of U.S. dollars)</u>	<u>Estimated Fair Value</u>
Cash and cash equivalents	\$ 74.5
Accounts receivable	103.4
Inventories	46.8
Prepaid expenses and other current assets	8.8
Deferred income taxes	2.8
Property, plant & equipment	403.3
Goodwill	556.9
Intangibles and other assets	417.2
Accounts payable and accrued liabilities	(110.2)
Long-term debt	(406.0)
Deferred income tax liabilities	(129.1)
Other long-term liabilities	(27.3)
Total	<u>\$ 941.1</u>

The Company recognized \$35.9 million of acquisition related costs associated with the DSS Acquisition that were expensed during 2014. These costs are included in the selling, general, and administrative expenses of our Consolidated Statements of Operations in accordance with Accounting Standards Codification (“ASC”) 805, “Business Combinations” (“ASC 805”). These costs do not include financing fees related to the Preferred Shares financing, which were approximately \$0.4 million. The Preferred Shares issuance costs were adjusted to retained earnings.

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Selected Financial Data (unaudited)

The following unaudited financial information from the acquisition date through January 3, 2015 represents the activity of DSS that has been combined with our operations as of the acquisition date.

<u>(in millions of U.S. dollars)</u>	<u>For the period from December 12, 2014</u>	
	<u>through January 3, 2015</u>	
Revenue	\$	28.7
Net loss		(2.8)

Aimia Acquisition

On May 30, 2014, our U.K reporting segment acquired 100% of the share capital of Aimia Foods Holdings Limited (the “Aimia Acquisition”), which includes its operating subsidiary company, Aimia Foods Limited (together referred as “Aimia”) pursuant to a Share Purchase Agreement dated May 30, 2014. Aimia produces and distributes hot chocolate, coffee and powdered beverages primarily through food service, vending and retail channels, and produces hot and cold cereal products on a contract manufacturing basis. The aggregate purchase price for the Aimia Acquisition was £52.1 million (\$87.6 million) payable in cash, which included a payment for estimated closing balance sheet working capital, £19.9 million (\$33.5 million) in deferred consideration paid on September 15, 2014, and aggregate contingent consideration of up to £16.0 million (\$26.9 million), which is payable upon the achievement of certain measures related to Aimia’s performance during the twelve months ending July 1, 2016. The closing payment was funded from ABL borrowings and available cash.

The total consideration paid by us for the Aimia Acquisition is summarized below:

<u>(in millions of U.S. dollars)</u>	
Cash paid to sellers	\$ 80.4
Deferred consideration	33.5
Contingent consideration ¹	17.9
Working capital payment	7.2
<u>Total consideration</u>	<u>\$139.0</u>

1. Represents the estimated present value of the contingent consideration based on probability of achievement of performance targets recorded at fair value.

Our primary reasons for the Aimia Acquisition were to diversify Cott’s product portfolio, packaging formats and channel mix, and enhance our customer offering and growth prospects.

The Aimia Acquisition is being accounted for as a business combination which, among other things, requires that assets acquired and liabilities assumed be measured at their acquisition date fair values. Identified intangible assets, goodwill and property, plant and equipment are recorded at their estimated fair values per preliminary valuations and may change based on the final valuations. The results of operations of Aimia have been included in our operating results beginning as of the acquisition date. We allocated the total purchase price to tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill.

The sellers are entitled to contingent consideration of up to a maximum of £16.0 million (\$26.9 million), based on the exchange rate on the acquisition date, which will become due by us if Aimia meets certain targets relating to net income plus interest, income taxes, depreciation and amortization (“EBITDA”) for the twelve months ending July 1, 2016. We estimated the fair value of the contingent consideration based on financial projections of the acquired business and estimated probabilities of achievement of the EBITDA targets. We believe that our estimates and assumptions are reasonable, but there is significant judgment involved. Changes in the fair value of contingent consideration liabilities subsequent to the acquisition will be recorded in our Consolidated Statements of Operations. The fair value of the contingent consideration was determined to be £10.6 million (\$17.9 million) using a present valued probability-weighted income approach. Key assumptions include probability-adjusted EBITDA amounts with discount rates consistent with the level of risk of achievement.

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The following table summarizes the estimated allocation of the purchase price to the fair value of the assets acquired and liabilities assumed in connection with the Aimia Acquisition. The allocation of the purchase price is based on a preliminary valuation that is expected to be completed by the end of the first quarter of 2015.

<u>(in millions of U.S. dollars)</u>	<u>As reported at September 27, 2014</u>	<u>Adjustments</u>	<u>As reported at January 3, 2015</u>
Cash	\$ 9.5	\$ —	\$ 9.5
Accounts receivable	11.0	—	11.0
Inventories	9.6	—	9.6
Prepaid expenses and other assets	1.9	—	1.9
Property, plant & equipment	10.9	—	10.9
Goodwill	52.5	2.0	54.5
Intangibles and other assets	86.2	—	86.2
Accounts payable and accrued liabilities	(25.4)	(2.0)	(27.4)
Deferred tax liabilities	(17.2)	—	(17.2)
Total	<u>\$ 139.0</u>	<u>\$ —</u>	<u>\$ 139.0</u>

The Company recognized \$2.2 million of acquisition related costs associated with the Aimia Acquisition that were expensed during the fiscal year 2014. These costs are included in the selling, general, and administrative expenses of our Consolidated Statements of Operations in accordance with ASC 805.

Selected Financial Data (unaudited)

The following unaudited financial information from the acquisition date through January 3, 2015 represents the activity of Aimia that has been combined with our operations as of the acquisition date.

<u>(in millions of U.S. dollars)</u>	<u>For the period from May 30, 2014 through January 3, 2015</u>
Revenue	\$ 62.3
Net income	2.3

Calypso Soft Drinks Acquisition

In June 2013, our U.K. reporting segment acquired 100% of the share capital of Cooke Bros Holdings Limited (the “Calypso Soft Drinks Acquisition”), which includes the subsidiary companies Calypso Soft Drinks Limited and Mr. Freeze (Europe) Limited (together, “Calypso Soft Drinks”). Calypso Soft Drinks produces fruit juices, juice drinks, soft drinks, and freezable products in the United Kingdom. The aggregate purchase price for the Calypso Soft Drinks Acquisition was \$12.1 million, which included approximately \$7.0 million paid at closing, a deferred payment of approximately \$2.3 million paid on the first anniversary of the closing date, and a deferred payment of approximately \$3.0 million to be paid on the second anniversary of the closing date. In connection with the Calypso Soft Drinks Acquisition, we paid \$18.5 million of outstanding debt of the acquired companies. The closing payment and the first deferred payment were funded from available cash.

The total consideration paid by us in the Calypso Soft Drinks Acquisition is summarized below:

<u>(in millions of U.S. dollars)</u>	
Cash paid to sellers	\$ 7.0
Deferred consideration ¹	5.1
Total consideration	<u>\$12.1</u>

1. Principal amount of \$5.3 million discounted to present value.

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Our primary reasons for the Calypso Soft Drinks Acquisition were to expand Cott's product portfolio and enhance our customer offering and growth prospects.

The Calypso Soft Drinks Acquisition is being accounted for as a business combination which, among other things, requires that assets acquired and liabilities assumed be measured at their acquisition date fair values. Identified intangible assets, goodwill and property, plant and equipment are recorded at their estimated fair values. The results of operations of Calypso Soft Drinks have been included in our operating results beginning as of the acquisition date. We allocated the purchase price of the Calypso Soft Drinks Acquisition to tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The fair value assigned to identifiable intangible assets acquired was based on estimates and assumptions made by management.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed in connection with the Calypso Soft Drinks Acquisition.

<u>(in millions of U.S. dollars)</u>	<u>As reported at December 28, 2013</u>	<u>Adjustments</u>	<u>As reported at January 3, 2015</u>
Cash	\$ 0.5	\$ —	\$ 0.5
Accounts receivable	16.1	(0.2)	15.9
Inventory	8.1	—	8.1
Prepaid expenses and other assets	0.6	—	0.6
Property, plant and equipment	8.7	—	8.7
Goodwill	8.5	—	8.5
Intangibles and other assets	15.0	—	15.0
Accounts payable and accrued liabilities	(15.8)	0.8	(15.0)
Shareholder loans	(1.6)	—	(1.6)
Deferred tax liabilities	(3.5)	0.1	(3.4)
Other long-term liabilities	(24.5)	(0.7)	(25.2)
Total	<u>\$ 12.1</u>	<u>\$ —</u>	<u>\$ 12.1</u>

The Company recognized \$1.7 million of acquisition-related costs associated with the Calypso Soft Drinks Acquisition that were expensed during 2013. These costs are included in the selling, general, and administrative expenses of our Consolidated Statements of Operations in accordance with ASC 805.

Scotland Acquisition

In March 2012, our U.K. reporting segment acquired a beverage and wholesale business based in Scotland for approximately \$5.0 million. The business was purchased from a company in administration and provides a number of benefits to our U.K. reporting segment, including increased product offerings, logistical synergies and access to an additional production line. The acquisition has been accounted for using the purchase method of accounting for business combinations, and related operating results are included in the Consolidated Statements of Operations for the periods subsequent to the acquisition. The identified assets, which included inventory, property, plant and equipment, trade names and customer lists, were recorded at their estimated fair values, which exceeded the fair value of the purchase price of the business. Accordingly, the acquisition has been accounted for as a bargain purchase, and as a result, we recognized a gain of approximately \$0.9 million associated with the acquisition. The gain is included in the other (income) expense, net section of the Consolidated Statements of Operations.

Intangible Assets

In our determination of the estimated fair value of intangible assets, we consider, among other factors, the best use of acquired assets, analysis of historical financial performance and estimates of future performance of the acquired business' products. The estimated fair values of identified intangible assets are calculated considering market participant expectations and using an income approach and estimates and assumptions provided by management of the acquired business and our management.

The estimated fair value of customer relationships represent future after-tax discounted cash flows that will be derived from sales to existing customers of the acquired business as of the date of acquisition.

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The estimated fair value of trademarks and trade names represent the future projected cost savings associated with the premium and brand image obtained as a result of owning the trademark or trade name as opposed to obtaining the benefit of the trademark or trade name through a royalty or rental fee.

The estimated fair value of non-competition agreements represent the future after-tax discounted cash flows that are expected to be retained by the acquired business as a result of preventing certain employees or prior owners from competing with us in the specified restricted territories for a period of time subsequent to the date of acquisition or the date of termination of their employment with us, as the case may be.

DSS Acquisition

The following table sets forth the components of identified intangible assets associated with the DSS Acquisition and their estimated weighted average useful lives:

<u>(in millions of U.S. dollars)</u>	<u>Estimated Fair Market Value</u>	<u>Estimated Useful Life</u>
Customer relationships	\$ 219.8	16 years
Trademarks and trade names	183.1	Indefinite
Non-competition agreements	0.4	5 years
Software	5.7	3 years
Total	<u>\$ 409.0</u>	

Aimia Acquisition

The following table sets forth the components of identified intangible assets associated with the Aimia Acquisition and their estimated weighted average useful lives:

<u>(in millions of U.S. dollars)</u>	<u>As Reported at January 3, 2015</u>	
	<u>Estimated Fair Market Value</u>	<u>Estimated Useful Life</u>
Customer relationships	\$ 76.5	15 years
Trademarks and trade names	1.5	20 years
Non-competition agreements	2.9	5 years
Total	<u>\$ 80.9</u>	

Calypso Soft Drinks Acquisition

The following table sets forth the components of identified intangible assets associated with the Calypso Soft Drinks Acquisition and their estimated weighted average useful lives:

<u>(in millions of U.S. dollars)</u>	<u>As Reported at December 28, 2013</u>	
	<u>Estimated Fair Market Value</u>	<u>Estimated Useful Life</u>
Customer relationships	\$ 10.7	15 years
Trademarks and trade names	3.0	20 years
Non-competition agreements	1.3	5 years
Total	<u>\$ 15.0</u>	

Goodwill

DSS Acquisition

The principal factor that resulted in recognition of goodwill was that the purchase price for the DSS Acquisition was based in part on cash flow projections assuming the reduction of administration costs and the integration of acquired customers and products into our operations, which is of greater value than on a standalone basis. The goodwill recognized as part of the DSS Acquisition was allocated to the DSS reporting segment, a portion of which is expected to be tax deductible.

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Aimia Acquisition

The principal factor that resulted in recognition of goodwill was that the purchase price for the Aimia Acquisition was based in part on cash flow projections assuming the reduction of administration costs and the integration of acquired customers and products into our operations, which is of greater value than on a standalone basis. The goodwill recognized as part of the Aimia Acquisition was allocated to the U.K. reporting segment, none of which is expected to be tax deductible.

Calypso Soft Drinks Acquisition

The principal factor that resulted in recognition of goodwill was that the purchase price for the Calypso Soft Drinks Acquisition was based in part on cash flow projections assuming the reduction of administration costs and the integration of acquired customers and products into our operations, which is of greater value than on a standalone basis. The goodwill recognized as part of the Calypso Soft Drinks Acquisition was allocated to the U.K. reporting segment, a portion of which is expected to be tax deductible.

Supplemental Pro Forma Data (unaudited)

The following unaudited financial information for the years ended January 3, 2015 and December 28, 2013 represent the combined results of operations as if the DSS Acquisition, the Aimia Acquisition and the Calypso Soft Drinks Acquisition had occurred on December 30, 2012. The unaudited pro forma results reflect certain adjustments related to these acquisitions such as increased amortization expense on acquired intangible assets resulting from the preliminary fair valuation of assets acquired. The unaudited pro forma financial information does not necessarily reflect the results of operations that would have occurred had we operated as a single entity during such periods.

<u>(in millions of U.S. dollars, except per share amounts)</u>	<u>For the Year Ended</u>	
	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Revenue	\$ 3,099.1	\$ 3,141.1
Net loss attributed to Cott Corporation	(12.1)	(106.0)
Net loss per common share attributed to Cott Corporation, diluted	\$ (0.12)	\$ (1.12)

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Note 4 — Restructuring

We implement restructuring programs from time to time that are designed to improve operating effectiveness and lower costs. When we implement these programs, we incur various charges, including severance, asset impairments, and other employment related costs. During the first quarter of 2014, we implemented one such program, which involved the closure of two of our smaller plants, one located in North America and the other located in the United Kingdom (the “2014 Restructuring Plan”). The plant closures were completed during our 2014 fiscal year and resulted in cash charges associated with employee redundancy costs and relocation of assets, and non-cash charges related to asset impairments and accelerated depreciation on property, plant and equipment. In connection with the 2014 Restructuring Plan, we incurred total charges of approximately \$4.1 million. We also implemented a restructuring plan in June 2013, which consisted primarily of headcount reductions. We had no restructuring activities during the year ended December 29, 2012.

The following table summarizes restructuring and asset impairment charges for the years ended January 3, 2015 and December 28, 2013:

<u>(in millions of U.S. dollars)</u>	<u>For the Year Ended</u>	
	<u>January 3,</u> <u>2015</u>	<u>December 28,</u> <u>2013</u>
Restructuring	\$ 2.4	\$ 2.0
Asset impairments	1.7	—
	<u>\$ 4.1</u>	<u>\$ 2.0</u>

The following table summarizes our restructuring charges on a reporting segment basis.

<u>(in millions of U.S. dollars)</u>	<u>For the Year Ended</u>	
	<u>January 3,</u> <u>2015</u>	<u>December 28,</u> <u>2013</u>
North America	\$ 2.3	\$ 1.0
U.K.	0.1	0.7
All Other	—	0.3
Total	<u>\$ 2.4</u>	<u>\$ 2.0</u>

The following table summarizes our asset impairment charges on a reporting segment basis for the year ended January 3, 2015. There were no asset impairment charges for the year ended December 28, 2013.

<u>(in millions of U.S. dollars)</u>	<u>For the Year Ended</u>	
	<u>January 3,</u> <u>2015</u>	
North America	\$	0.9
U.K.		0.8
Total	<u>\$</u>	<u>1.7</u>

As of January 3, 2015 and December 28, 2013, no amounts were owed under our restructuring plans.

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Note 5 — Other Expense (Income), Net

The following table summarizes other expenses and (income) for the years ended January 3, 2015, December 28, 2013 and December 29, 2012:

(in millions of U.S. dollars)	For the Year Ended		
	January 3,	December 28,	December 29,
	2015	2013	2012
Foreign exchange (gain) loss	\$ (0.3)	\$ 0.2	\$ 0.8
Proceeds from legal settlement	(3.5)	—	—
Gain on bargain purchase	—	—	(0.9)
Proceeds from insurance recoveries	—	(0.1)	(1.9)
Bond redemption	20.8	8.7	—
Write-off of financing fees and discount	4.1	4.0	—
Other gain	(0.1)	—	—
Total	\$ 21.0	\$ 12.8	\$ (2.0)

Note 6 — Interest Expense

The following table summarizes interest expense for the years ended January 3, 2015, December 28, 2013 and December 29, 2012:

(in millions of U.S. dollars)	For the Year Ended		
	January 3,	December 28,	December 29,
	2015	2013	2012
Interest on long-term debt	\$ 33.2	\$ 47.4	\$ 49.4
Other interest expense	6.5	4.2	4.8
Total	\$ 39.7	\$ 51.6	\$ 54.2

Note 7 — Income Tax (Benefit) Expense

Income (loss) before income taxes consisted of the following:

(in millions of U.S. dollars)	For the Year Ended		
	January 3,	December 28,	December 29,
	2015	2013	2012
Canada	\$ 17.2	\$ 30.7	\$ 22.9
Outside Canada	(62.2)	(6.9)	34.4
(Loss) income before income taxes	\$ (45.0)	\$ 23.8	\$ 57.3

Income tax (benefit) expense consisted of the following:

(in millions of U.S. dollars)	For the Year Ended		
	January 3,	December 28,	December 29,
	2015	2013	2012
Current			
Canada	\$ —	\$ (0.3)	\$ 2.4
Outside Canada	2.5	(0.4)	(1.6)
	<u>\$ 2.5</u>	<u>\$ (0.7)</u>	<u>\$ 0.8</u>
Deferred			
Canada	\$ 0.3	\$ (0.6)	\$ 0.6
Outside Canada	(64.2)	3.1	3.2
	<u>\$ (63.9)</u>	<u>\$ 2.5</u>	<u>\$ 3.8</u>
Income tax (benefit) expense	\$ (61.4)	\$ 1.8	\$ 4.6

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The following table reconciles income taxes calculated at the basic Canadian corporate rates with the income tax provision:

(in millions of U.S. dollars)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Income tax (benefit) expense based on Canadian statutory rates	\$ (11.5)	\$ 5.7	\$ 14.4
Foreign tax rate differential	(9.3)	(0.6)	1.2
Nontaxable interest income	(9.3)	(9.7)	(9.9)
Nontaxable dividend income	(11.2)	(5.4)	(4.8)
Nontaxable capital gain	1.5	—	—
Dividend income	—	—	0.7
Changes in enacted tax rates	(1.4)	(1.5)	(0.8)
Change in valuation allowance	(29.4)	12.5	4.0
Increase (decrease) to uncertain tax positions	1.9	0.8	(0.8)
Non-controlling interests	(1.9)	(1.8)	(1.6)
Equity compensation adjustment to net operating loss	2.7	—	—
Permanent differences	1.7	0.4	1.8
Contingent consideration goodwill basis adjustment	1.0	(0.1)	(0.4)
Equity compensation permanent adjustment	0.6	0.6	0.6
Mexico deferred adjustment	2.5	—	—
Other items	0.7	0.9	0.2
Income tax (benefit) expense	\$ (61.4)	\$ 1.8	\$ 4.6

The income tax benefit differs from the statutory benefit primarily due to a release of valuation allowances, nontaxable interest income, nontaxable dividend income, and differences in foreign tax rates. In connection with the DSS Acquisition, it was determined that the valuation allowance should be released for all U.S. federal valuation allowances.

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Deferred income tax assets and liabilities were recognized on temporary differences between the financial and tax bases of existing assets and liabilities as follows:

<u>(in millions of U.S. dollars)</u>	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Deferred tax assets		
Loss carryforwards	\$ 148.9	\$ 64.1
Leases	0.1	3.8
Property, plant & equipment	3.3	6.1
Liabilities and reserves	22.3	13.4
Stock options	3.0	1.9
Inventories	2.6	1.8
Other	4.4	4.6
	<u>184.6</u>	<u>95.7</u>
Deferred tax liabilities		
Property, plant & equipment	(127.9)	(54.2)
Intangible assets	(146.4)	(24.8)
Other	(0.5)	(1.0)
	<u>(274.8)</u>	<u>(80.0)</u>
Valuation allowance	(15.8)	(45.2)
Net deferred tax liability	<u>\$ (106.0)</u>	<u>\$ (29.5)</u>

The decrease in the valuation allowance from December 28, 2013 to January 3, 2015 was primarily the result of the release of U.S. federal valuation allowance.

The deferred tax assets and liabilities have been classified as follows on the Consolidated Balance Sheets:

<u>(in millions of U.S. dollars)</u>	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Deferred tax assets:		
Current	\$ 11.7	\$ 8.2
Long-term	2.5	3.6
Deferred tax liabilities:		
Current	\$ (0.3)	\$ (0.2)
Long-term	(119.9)	(41.1)
Net deferred tax liability	<u>\$ (106.0)</u>	<u>\$ (29.5)</u>

As a result of certain realization requirements of ASC Topic 718, "Compensation—Stock Compensation" ("ASC 718"), the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets at January 3, 2015 and December 28, 2013 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. As of January 3, 2015, equity will be increased by \$6.2 million if and when such deferred tax assets are ultimately realized.

We treat our portion of all accumulated foreign subsidiary earnings through January 3, 2015, as indefinitely reinvested under the accounting guidance and accordingly, have not provided for any tax thereon. In order to arrive at this conclusion, we considered factors including, but not limited to, past experience, domestic cash requirements, cash requirements to satisfy the ongoing operations, capital expenditures and other financial obligations of our subsidiaries. As of January 3, 2015, approximately \$11.0 million of retained earnings attributable to foreign subsidiaries was considered to be indefinitely invested. Our intention is to permanently reinvest the earnings outside of Canada. It is not practicable to determine the amount of incremental taxes that might arise were these earnings to be remitted. The amount of tax payable could be significantly impacted by the jurisdiction in which a distribution was made, the amount of the distribution, foreign withholding taxes under applicable tax laws when distributed, relevant tax treaties and foreign tax credits. While it is not practical to determine the amount of tax, we believe that tax planning strategies would allow us to make remittances in a tax efficient manner.

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As of January 3, 2015, we have operating loss carryforwards totaling \$757.1 million, credit carryforwards totaling \$4.3 million and capital loss carryforwards totaling \$8.2 million. The operating loss carryforward amount was attributable to Mexico operating loss carryforwards of \$22.1 million that will expire from 2018 to 2024 and U.S. federal and state operating loss carryforwards of \$367.2 million and \$367.8 million, respectively. The U.S. federal operating loss carryforwards will expire from 2027 to 2033 and the state operating loss carryforwards will expire from 2015 to 2033.

The credit carryforward amount was attributable to a U.S. federal alternative minimum tax credit carryforward of \$1.4 million with an indefinite life, other U.S. federal credit carryforwards of \$0.5 million with an indefinite life, and U.S. state credit carryforwards of \$2.4 million that will expire from 2015 to 2018. The capital loss carryforward is attributable to a Canadian capital loss of \$3.4 million and a U.K. capital loss of \$4.8 million, both with an indefinite life.

We establish a valuation allowance to reduce deferred tax assets if, based on the weight of the available evidence, both positive and negative, for each respective tax jurisdiction, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Due to uncertainty resulting from the lack of sustained taxable income in recent years in Mexico, we have determined that it is more likely than not that the benefit from net operating loss carryforwards and other net deferred tax assets in this jurisdiction will not be realized in the future. In recognition of this risk, we have provided a valuation allowance of \$7.3 million to reduce our deferred tax assets in Mexico.

Additionally, we have determined that it is more likely than not that the benefit from our capital losses in Canada and the U.K. will not be realized in the future due to the uncertainty regarding potential future capital gains in each jurisdiction. In recognition of this risk, we have provided a valuation allowance of \$0.9 million on our Canadian capital losses and \$1.0 million on our U.K. capital losses.

In connection with the DSS Acquisition, it was determined that the valuation allowance should be released for all U.S. federal valuation allowances of \$23.2 million, due to the anticipated timing of deferred tax asset and liability reversal in future periods as well as projections of future taxable income in the U.S. with the acquisition of DSS. An analysis of various U.S. state attributes indicated a need to continue providing a valuation allowance on certain filings in the amount of \$6.7 million.

If our assumptions change and we determine we will be able to realize these deferred tax assets, an income tax benefit of \$15.8 million will be realized as a result of the reversal of the valuation allowance at January 3, 2015.

In 2006, the FASB issued guidance regarding provisions of uncertain tax positions in ASC 740, which provides specific guidance on the financial statement recognition, measurement, reporting and disclosure of uncertain tax positions taken or expected to be taken in a tax return. ASC 740 addresses the determination of whether tax benefits, either permanent or temporary, should be recorded in the financial statements.

A reconciliation of the beginning and ending amount of our unrecognized tax benefits is as follows:

(in millions of U.S. dollars)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Unrecognized tax benefits at beginning of year	\$ 10.5	\$ 9.2	\$ 9.0
Additions based on tax positions taken during a prior period	0.5	0.2	0.1
Reductions based on tax positions taken during a prior period	(0.9)	—	(2.2)
Settlement on tax positions taken during a prior period	(0.8)	(1.2)	—
Lapse in statute of limitations	—	—	(0.1)
Additions based on tax positions taken during the current period	3.9	2.4	2.2
Foreign exchange	(0.7)	(0.1)	0.2
Unrecognized tax benefits at end of year	\$ 12.5	\$ 10.5	\$ 9.2

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As of January 3, 2015, we had \$12.5 million of unrecognized tax benefits, a net increase of \$2.0 million from \$10.5 million as of December 28, 2013. If we recognized our tax positions, approximately \$8.8 million would favorably impact the effective tax rate. We believe it is reasonably possible that our unrecognized tax benefits will decrease or be recognized in the next twelve months by up to \$0.1 million due to the settlement of certain tax positions and lapses in statutes of limitation in various tax jurisdictions.

We recognize interest and penalties related to unrecognized tax benefits in the provision for income taxes. We recovered nil, nil and \$0.2 million of interest and penalties during the year ended January 3, 2015, December 28, 2013 and December 29, 2012, respectively. The amount of interest and penalties recognized as an asset in the Consolidated Balance Sheets for 2014 and 2013 was \$0.1 million and \$0.1 million, respectively.

Years prior to 2010 are closed to audit by the Internal Revenue Service. Years prior to 2009 are closed to audit by U.S. state jurisdictions. We are currently under audit in Canada by the Canada Revenue Agency (“CRA”) for tax years 2011 through 2012. Years prior to 2009 are closed to audit by the CRA. Years prior to 2009 to 2011 are closed to audit by the U.K. and Mexico tax authorities, respectively.

Note 8 — Share-based Compensation

Each of our share-based compensation plans has been approved by our shareowners, except for our 1986 Common Share Option Plan, as amended (the “Option Plan”), which was adopted prior to our initial public offering, and a stock option award granted to our Chief Executive Officer, which was an inducement grant made to attract and retain that executive. Subsequent amendments to the Option Plan that required shareowner approval have been approved.

The table below summarizes the share-based compensation expense for the years ended January 3, 2015, December 28, 2013, and December 29, 2012. This share-based compensation expense was recorded in selling, general, and administrative expenses in our Consolidated Statements of Operations. As used below: (i) “Performance-based RSUs” mean restricted share units with performance-based vesting granted under the Company’s 2010 Equity Incentive Plan (the “2010 Equity Incentive Plan”) or Amended and Restated Equity Plan (as defined below), as the case may be, (ii) “Time-based RSUs” mean restricted share units with time-based vesting granted under the 2010 Equity Incentive Plan or Amended and Restated Equity Plan, as the case may be, (iii) “Stock options” mean non-qualified stock options granted under the Amended and Restated Equity Plan, the 2010 Equity Incentive Plan, or the Option Plan, as the case may be, and (iv) “Director share awards” mean common shares issued in consideration of the annual board retainer fee to non-management members of our board of directors under the 2010 Equity Incentive Plan or Amended and Restated Equity Plan, as the case may be.

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<u>(in millions of U.S. dollars)</u>	For the Year Ended		
	January 3,	December 28,	December 29,
	2015	2013	2012
Stock options	\$ 1.6	\$ 0.8	\$ 0.4
Performance-based RSUs	0.6	0.2	0.7
Time-based RSUs	2.8	2.2	3.1
Director share awards	0.8	0.8	0.7
Total	\$ 5.8	\$ 4.0	\$ 4.9

During the fourth quarter of 2013, we concluded that it was no longer probable that the targets established for the Performance-based RSUs awarded in 2013 would be met, and we no longer expect these awards to ultimately vest. We continue to accrue the compensation expense for the Performance-based RSUs awarded in 2014.

As of January 3, 2015, the unrecognized share-based compensation expense and weighted average years over which we expect to recognize it as compensation expense were as follows:

<u>(in millions of U.S. dollars, except years)</u>	Unrecognized share-based compensation expense as of January 3, 2015	Weighted average years expected to recognize compensation
Stock options	\$ 1.7	1.7
Performance-based RSUs	7.9	2.9
Time-based RSUs	3.0	1.6
Total	\$ 12.6	

Stock Options

In 2010, the Human Resources and Compensation Committee of the board of directors (“HRCC”) determined that certain of Cott’s long-term incentive plans were no longer needed and terminated the Option Plan. In connection with the termination of the Option Plan, outstanding options will continue in accordance with the terms of the Option Plan until vested, paid out, forfeited or terminated, as applicable. No further awards have been granted under the Option Plan. Future awards, including any awards of options, are expected to be governed by the terms of the Amended and Restated Equity Plan.

On February 14, 2013, our board of directors adopted an amendment and restatement of the 2010 Equity Incentive Plan (the “Amended and Restated Equity Plan”), pursuant to which the 2010 Equity Incentive Plan was amended and restated to, among other things, increase the number of shares that may be issued under the plan to 12,000,000 shares and to provide that the number of shares available for issuance will be reduced 2.0 shares for each share issued pursuant to a “full-value” award (i.e., an award other than an option or stock appreciation right) after the effective date of the amendment and restatement. The Amended and Restated Equity Plan was approved by Cott’s shareowners on April 30, 2013. Awards made in 2012 prior to the amendment and restatement are generally governed by the 2010 Equity Incentive Plan.

During 2014, approximately 441,000 options were granted to certain of our employees under the Amended and Restated Equity Plan at an exercise price of \$8.00 per share. The fair value of the option grant was estimated to be \$3.84 using the Black-Scholes option pricing model. During 2013, approximately 392,000 options were granted to certain of our employees under the Amended and Restated Equity Plan at an exercise price of \$9.29 per share. The fair value of the option grant was estimated to be \$4.10 using the Black-Scholes option pricing model. During 2012, approximately 385,000 options were granted to certain of our employees under the 2010 Equity Incentive Plan at an exercise price of \$6.58 per share. The fair value of the option grant was estimated to be \$4.04 using the Black-Scholes option pricing model.

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The fair value of each option granted during the years ended January 3, 2015, December 28, 2013 and December 29, 2012 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	For the Year Ended		
	January 3,	December 28,	December 29,
	2015	2013	2012
Risk-free interest rate	2.7%	1.7%	2.4%
Average expected life (years)	10.0	10.0	6.5
Expected volatility	58.5%	32.3%	66.4%
Expected dividend yield	2.9%	—	—

Stock option activity was as follows:

	Stock Options (in thousands)	Weighted average exercise price	Weighted average contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2011	284	\$ 17.06	1.7	\$ 213.8
Granted	385	6.58		
Forfeited or expired	(201)	20.13		
Outstanding at December 29, 2012	468	\$ 7.13	7.3	\$ 788.8
Granted	392	9.29		
Forfeited or expired	(30)	6.58		
Outstanding at December 28, 2013	830	\$ 8.17	7.6	\$ 811.9
Granted	441	8.00		
Forfeited or expired	(50)	16.45		
Outstanding at January 3, 2015	1,221	\$ 7.77	7.6	\$ 400.7
Vested at January 3, 2015	407	\$ 6.12	5.5	\$ 400.7
Vested or expected to vest at January 3, 2015	1,221	\$ 7.77	7.6	\$ 400.7

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of our common stock on the New York Stock Exchange on January 2, 2015, which was \$7.00 (December 27, 2013— \$8.06; December 28, 2012—\$7.90), and the exercise price, multiplied by the number of in-the-money stock options as of the same date. There were no stock options exercised during the years ended January 3, 2015, December 28, 2013 and December 29, 2012.

Total compensation cost related to unvested options under the Amended and Restated Equity Plan not yet recognized is \$1.7 million. The total fair value of options that vested during the year ended January 3, 2015 was \$1.3 million.

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Outstanding options at January 3, 2015 were as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Options (in thousands)	Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options (in thousands)	Weighted Average Exercise Price
\$ 3.41	75	0.6	\$ 3.41	75	\$ 3.41
\$ 6.58	313	6.8	\$ 6.58	313	\$ 6.58
\$ 8.00	441	9.1	\$ 8.00	—	\$ —
\$ 9.29	392	8.0	\$ 9.29	19	\$ 9.29
	1,221	7.6	\$ 7.77	407	\$ 6.12

Long-Term Incentive Plans

Amended and Restated Equity Plan

Our shareowners approved our 2010 Equity Incentive Plan at the Annual and Special Meeting of Shareowners held on May 4, 2010. Awards under the 2010 Equity Incentive Plan may be in the form of incentive stock options, non-qualified stock options, restricted shares, restricted share units, performance shares, performance units, stock appreciation rights, and stock payments to employees, directors and outside consultants. The 2010 Equity Incentive Plan is administered by the HRCC or any other board committee as may be designated by the board from time to time. At the inception of the 2010 Equity Incentive Plan, 4,000,000 shares were reserved for future issuance, subject to adjustment upon a share split, share dividend, recapitalization, and other similar transactions and events.

On February 14, 2013, our board of directors adopted the Amended and Restated Equity Plan, pursuant to which the 2010 Equity Incentive Plan was amended and restated to, among other things, increase the number of shares that may be issued under the plan to 12,000,000 shares and to provide that the number of shares available for issuance will be reduced 2.0 shares for each share issued pursuant to a “full-value” award (i.e., an award other than an option or stock appreciation right) after the effective date of the amendment and restatement. The Amended and Restated Equity Plan was approved by Cott’s shareowners on April 30, 2013.

Awards under the Amended and Restated Equity Plan may be in the form of incentive stock options, non-qualified stock options, restricted shares, restricted share units, performance shares, performance units, stock appreciation rights, and stock payments to employees, directors and outside consultants. The Amended and Restated Equity Plan is administered by the HRCC or any other board committee as may be designated by the board from time to time.

On May 8, 2014, we granted 111,880 common shares to the non-management members of our board of directors under the Amended and Restated Equity Plan with a grant date fair value of approximately \$0.8 million. The common shares were issued in consideration of the directors’ annual board retainer fee and were vested upon issuance.

In February 2014, we granted 273,906 Performance-based RSUs, 368,125 Time-based RSUs and 440,820 stock options to certain of our employees. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on December 29, 2013 and ending on the last day of our 2016 fiscal year. The amount of Performance-based RSUs that may vest and the related unrecognized compensation cost is subject to change based on the level of targeted pre-tax income that is achieved during the period beginning on December 29, 2013 and ending on the last day of our 2016 fiscal year. The Time-based RSUs and the stock options vest on the last day of our 2016 fiscal year.

On December 16, 2014, we granted 1,082,348 Performance-based RSUs to certain of our employees in connection with the DSS Acquisition. The Performance-based RSUs vest based upon the achievement of specified level of DSS EBITDA (weighted 60%), revenue (weighted 20%) and “net cooler rental activity” (which is net new cooler rental customers, or total cooler rental customer additions for the year less total cooler rental customers who terminated service in the year) (weighted 20%) over the three-year period ending at the end of fiscal 2017. The amount of Performance-based RSUs that may vest and the related unrecognized compensation cost is subject to change based on the level of performance objectives that are achieved during the period beginning on December 28, 2014 and ending on the last day of DSS’s 2017 fiscal year.

In 2013, we granted 87,190 common shares to the non-management members of our board of directors under the Amended and Restated Equity Plan with a grant date fair value of approximately \$0.8 million. The common shares were issued in consideration of the directors’ annual board retainer fee and were vested upon issuance.

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In 2013, we granted 247,181 Performance-based RSUs, 382,452 Time-based RSUs and 392,131 stock options to certain of our employees. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on December 30, 2012 and ending on the last day of our 2015 fiscal year. The amount of Performance-based RSUs that may vest and the related unrecognized compensation cost is subject to change based on the level of targeted pre-tax income that is achieved during the period beginning on December 30, 2012 and ending on the last day of our 2015 fiscal year. The Time-based RSUs and the stock options vest on the last day of our 2015 fiscal year.

In 2012, we granted 96,010 common shares to the non-management members of our board of directors under the 2010 Equity Incentive Plan with a grant date fair value of approximately \$0.7 million. The common shares were issued in consideration of the directors' annual board retainer fee and were vested upon issuance.

In 2012, we granted 330,969 Performance-based RSUs, 441,996 Time-based RSUs and 384,546 stock options to certain of our employees. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on January 1, 2012 and ending on the last day of our 2014 fiscal year. The Time-based RSUs vested on the last day of our 2014 fiscal year and we issued 306,398 shares, before shares withheld to satisfy the employees' tax obligations. At January 3, 2015, the Performance-based RSUs were estimated to vest at a level of 72%, or 199,361 shares. During February 2015, the HRCC approved adjustments to the pre-tax income performance objective and as a result, the Performance-based RSUs vesting level was determined to be 92%. This adjustment was considered to be a modification of the Performance-based RSUs, and the fair value of the additional shares vested as a result of the modification was recognized as incremental share-based compensation expense subsequent to January 3, 2015. The Performance-based RSUs vested on February 17, 2015 and we issued 254,741 shares, before shares withheld to satisfy the employees' tax obligations. The stock options vested on the last day of our 2014 fiscal year.

During the year ended January 3, 2015, Performance-based RSU and Time-based RSU activity was as follows:

	Number of Performance- based RSUs <i>(in thousands)</i>	Weighted Average Grant-Date Fair Value	Number of Time-based RSUs <i>(in thousands)</i>	Weighted Average Grant-Date Fair Value
Balance at December 28, 2013	534	\$ 7.81	831	\$ 8.04
Awarded	1,356	6.68	368	8.00
Issued	—	—	(467)	7.14
Cancelled	(77)	6.58	—	—
Forfeited	(31)	7.90	(68)	8.26
Outstanding at January 3, 2015	<u>1,782</u>	<u>\$ 7.01</u>	<u>664</u>	<u>\$ 8.63</u>
Vested or expected to vest at January 3, 2015	<u>1,553</u>	<u>\$ 6.67</u>	<u>664</u>	<u>\$ 8.63</u>

Shares to be issued pursuant to Time-based RSUs, Performance-based RSUs, or stock options that are forfeited, expired, or are cancelled or settled without the issuance of shares return to the pool of shares available for issuance under the Amended and Restated Equity Plan. As of January 3, 2015, there were 3,745,262 shares available for future issuance under the Amended and Restated Equity Plan (which include Performance-based RSUs awarded in 2012 estimated to vest at a level of 72% at January 3, 2015).

Note 9 — Net Income per Common Share

Basic net income per common share is calculated by dividing net income attributed to Cott Corporation by the weighted average number of common shares outstanding during the periods presented. Diluted net income per common share is calculated by dividing diluted net income attributed to Cott Corporation by the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, Performance-based RSUs, Time-based RSUs and Convertible Preferred Shares during the periods presented. The dilutive effect of the Convertible Preferred Shares was calculated using the if-converted method. In applying the if-converted method, the convertible shares are assumed to have been converted at the beginning of the period (or at the time of issuance, if later).

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Set forth below is a reconciliation of the numerator and denominator for the diluted earnings per common share computations for the periods indicated:

Numerator

(in millions of U.S. dollars)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Net income attributed to Cott Corporation	\$ 10.0	\$ 16.2	\$ 48.2
Plus:			
Accumulated dividends on convertible preferred shares ¹	0.6	—	—
Diluted net income attributed to Cott Corporation	\$ 10.6	\$ 16.2	\$ 48.2

Denominator

(in thousands)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Weighted average number of shares outstanding - basic	93,777	94,750	94,553
Dilutive effect of stock options	83	55	32
Dilutive effect of Performance-based RSUs	325	303	58
Dilutive effect of Time-based RSUs	619	525	132
Dilutive effect of Convertible Preferred Shares ¹	1,096	—	—
Adjusted weighted average number of shares outstanding - diluted	95,900	95,633	94,775

- The accumulated dividends on Convertible Preferred Shares were added back to the numerator to calculate diluted net income per common share because the Convertible Preferred Shares were assumed to have been converted at the time of issuance.

At January 3, 2015, options to purchase 832,951 (December 28, 2013—442,131; December 29, 2012—50,000) shares of common stock at a weighted average exercise price of \$8.61 (December 28, 2013—\$10.10; December 29, 2012—\$16.45) were not included in the computation of diluted net income per common share because the options' exercise prices were greater than the average market price of the common shares.

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Note 10 — Segment Reporting

Our product lines include CSDs, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports products, new age beverages, ready-to-drink teas and alcoholic beverages, beverage concentrates, liquid enhancers and freezables, as well as hot chocolate, coffee, malt drinks, creamers/whiteners and cereals. At the beginning of 2014, our business operated through three reporting segments—North America, U.K. and All Other (which includes our Mexico operating segment, our RCI operating segment and other miscellaneous expenses). Corporate is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments. During the fourth quarter of 2013, management reviewed our reporting segments and determined to combine our Mexico and RCI reporting segments with the segment previously classified as All Other into one reporting segment classified as All Other. Prior year information has been updated to reflect the change in our reporting segments. In December 2014, we added a fourth reporting segment, DSS, in connection with the DSS Acquisition. The DSS Acquisition extended our beverage portfolio into new and growing markets, including HOD, OCS and filtration services.

(in millions of U.S. dollars)	January 3, 2015					Total
	North America	DSS	U.K.	All Other	Corporate	
External revenue ¹	\$1,411.2	\$ 28.7	\$597.9	\$65.0	\$ —	\$2,102.8
Depreciation and amortization	82.1	5.2	21.7	1.7	—	110.7
Operating income (loss)	29.7	(1.7)	26.3	10.0	(48.6)	15.7
Property, plant & equipment, net	331.9	406.5	109.9	7.3	—	855.6
Goodwill	123.7	556.9	58.5	4.5	—	743.6
Intangibles and other assets, net	266.8	415.5	99.2	0.2	—	781.7
Total assets ²	1,077.7	1,572.8	426.8	30.4	—	3,107.7
Additions to property, plant & equipment	29.2	3.4	13.3	0.8	—	46.7

1. Intersegment revenue between North America and the other reporting segments was \$22.4 million for the year ended January 3, 2015.
2. Excludes intersegment receivables, investments and notes receivable.

(in millions of U.S. dollars)	December 28, 2013					Total
	North America	U.K.	All Other	Corporate		
External revenue ¹	\$1,535.2	\$494.3	\$64.5	\$ —	\$2,094.0	
Depreciation and amortization	84.2	14.2	2.2	—	100.6	
Operating income (loss)	67.1	25.6	7.2	(11.7)	88.2	
Property, plant & equipment, net	360.1	111.0	9.4	—	480.5	
Goodwill	125.9	8.8	4.5	—	139.2	
Intangibles and other assets, net	268.2	27.7	0.3	—	296.2	
Total assets ²	1,088.2	296.3	39.2	—	1,423.7	
Additions to property, plant & equipment	41.6	12.4	1.3	—	55.3	

1. Intersegment revenue between North America and the other reporting segments was \$21.0 million for the year ended December 28, 2013.
2. Excludes intersegment receivables, investments and notes receivable.

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(in millions of U.S. dollars)	December 29, 2012				
	North America	U.K.	All Other	Corporate	Total
External revenue ¹	\$1,707.4	\$473.2	\$70.0	\$ —	\$2,250.6
Depreciation and amortization	82.3	13.2	1.8	—	97.3
Operating income (loss)	90.8	27.1	4.3	(12.1)	110.1
Property, plant & equipment, net	379.9	99.5	9.3	—	488.7
Goodwill	127.7	—	4.5	—	132.2
Intangibles and other assets, net	301.1	13.9	0.4	—	315.4
Total assets ²	1,246.4	273.8	44.3	—	1,564.5
Additions to property, plant & equipment	52.9	14.3	2.5	—	69.7

1. Intersegment revenue between North America and the other reporting segments was \$16.4 million for the year ended December 29, 2012.

2. Excludes intersegment receivables, investments and notes receivable.

For the year ended January 3, 2015, sales to Walmart accounted for 26.1% (2013—30.1%; 2012—31.0%) of our total revenue, 33.3% of our North America reporting segment revenue (2013—36.1%; 2012—36.3%), 12.7% of our U.K. reporting segment revenue (2013—14.8%; 2012—14.9%), 3.8% of our All Other reporting segment revenue (2013—3.9%; 2012—12.0%) and 2.7% of our DSS reporting segment revenue.

Credit risk arises from the potential default of a customer in meeting its financial obligations with us. Concentrations of credit exposure may arise with a group of customers that have similar economic characteristics or that are located in the same geographic region. The ability of such customers to meet obligations would be similarly affected by changing economic, political or other conditions. We are not currently aware of any facts that would create a material credit risk.

Revenues for our DSS reporting segment from sales to external customers were located exclusively in the United States. Revenues attributed to external customers located outside of Canada are displayed separately within the U.K. and All Other reporting segments above, with the exception of revenues attributed to external customers located in the United States, which are reported within the North America reporting segment. Revenues generated from sales to external customers in the United States for the North America reporting segment were as follows:

(in millions of U.S. dollars)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
United States	\$ <u>1,259.7</u>	\$ <u>1,348.0</u>	\$ <u>1,485.2</u>
Total	\$ <u>1,259.7</u>	\$ <u>1,348.0</u>	\$ <u>1,485.2</u>

Revenues by channel by reporting segment were as follows:

(in millions of U.S. dollars)	For the Year Ended January 3, 2015				
	North America	DSS	U.K.	All Other	Total
<i>Revenue</i>					
Private label retail	\$1,205.2	\$ 2.1	\$298.9	\$ 7.4	\$1,513.6
Branded retail	106.8	2.6	173.8	4.5	287.7
Contract packaging	80.2	—	123.1	24.6	227.9
Home and office bottled water delivery	—	15.8	—	—	15.8
Office coffee services	—	4.3	—	—	4.3
Concentrate and other	19.0	3.9	2.1	28.5	53.5
Total	\$ <u>1,411.2</u>	\$ <u>28.7</u>	\$ <u>597.9</u>	\$ <u>65.0</u>	\$ <u>2,102.8</u>

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<u>(in millions of U.S. dollars)</u>	For the Year Ended December 28, 2013			
	North America	U.K.	All Other	Total
Revenue				
Private label retail	\$1,363.8	\$283.4	\$ 7.6	\$1,654.8
Branded retail	113.6	111.6	5.4	230.6
Contract packaging	47.0	97.1	24.3	168.4
Home and office bottled water delivery	—	—	—	—
Office coffee services	—	—	—	—
Concentrate and other	10.8	2.2	27.2	40.2
Total	<u>\$1,535.2</u>	<u>\$494.3</u>	<u>\$64.5</u>	<u>\$2,094.0</u>

<u>(in millions of U.S. dollars)</u>	For the Year Ended December 29, 2012			
	North America	U.K.	All Other	Total
Revenue				
Private label retail	\$1,531.5	\$283.5	\$15.9	\$1,830.9
Branded retail	128.1	79.5	6.2	213.8
Contract packaging	34.1	108.0	18.5	160.6
Home and office bottled water delivery	—	—	—	—
Office coffee services	—	—	—	—
Concentrate and other	13.7	2.2	29.4	45.3
Total	<u>\$1,707.4</u>	<u>\$473.2</u>	<u>\$70.0</u>	<u>\$2,250.6</u>

Property, plant & equipment, net by geographic area as of January 3, 2015 and December 28, 2013 were as follows:

<u>(in millions of U.S. dollars)</u>	January 3, 2015	December 28, 2013
North America	\$ 738.4	\$ 360.1
U.K.	109.9	111.0
All Other	7.3	9.4
Total	<u>\$ 855.6</u>	<u>\$ 480.5</u>

Note 11 — Accounts Receivable, Net

The following table summarizes accounts receivable, net as of January 3, 2015 and December 28, 2013:

<u>(in millions of U.S. dollars)</u>	January 3, 2015	December 28, 2013
Trade receivables	\$ 299.8	\$ 199.5
Allowance for doubtful accounts	(6.5)	(5.8)
Other	12.4	9.6
Total	<u>\$ 305.7</u>	<u>\$ 203.3</u>

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Note 12 — Inventories

The following table summarizes inventories as of January 3, 2015 and December 28, 2013:

(in millions of U.S. dollars)	January 3, 2015	December 28, 2013
Raw materials	\$ 105.8	\$ 89.0
Finished goods	127.3	126.3
Resale items	17.4	—
Other	20.8	17.8
Total	\$ 271.3	\$ 233.1

Note 13 — Property, Plant & Equipment

The following table summarizes property, plant and equipment as of January 3, 2015 and December 28, 2013:

(in millions of U.S. dollars)	Estimated Useful Life	January 3, 2015			December 28, 2013		
		in Years	Accumulated		Accumulated		
			Cost	Depreciation	Net	Cost	Depreciation
Land	n/a	\$ 101.0	\$ —	\$101.0	\$ 28.1	\$ —	\$ 28.1
Buildings	10-40	220.8	73.7	147.1	162.6	74.2	88.4
Machinery and equipment	7-15	759.8	402.8	357.0	721.0	393.4	327.6
Plates, films and molds	1-10	21.5	13.2	8.3	41.8	32.1	9.7
Vending	5-10	11.2	10.8	0.4	12.1	11.2	0.9
Vehicles and transportation equipment	3-15	64.3	1.3	63.0	0.7	0.6	0.1
Leasehold improvements ¹		46.5	26.9	19.6	36.5	23.1	13.4
IT Systems	3-7	13.4	7.1	6.3	8.9	7.3	1.6
Furniture and fixtures	3-10	9.2	5.9	3.3	10.3	8.8	1.5
Customer equipment ²	2-10	120.5	1.5	119.0	—	—	—
Returnable bottles ³	3	23.2	0.4	22.8	—	—	—
Capital leases ⁴		14.4	6.6	7.8	14.3	5.1	9.2
Total		\$1,405.8	\$ 550.2	\$855.6	\$1,036.3	\$ 555.8	\$480.5

- Leasehold improvements are amortized over the remaining life of the lease or useful life, whichever is shorter.
- Customer equipment consists of coolers, brewers, refrigerators, water purification devices and storage racks held on site at DSS customer locations.
- Returnable bottles are those bottles on site at DSS customer locations.
- Our recorded assets under capital leases primarily relate to buildings and machinery and equipment.

Depreciation expense, which includes depreciation recorded for assets under capital leases, for the year ended January 3, 2015 was \$74.7 million (\$69.2 million—December 28, 2013; \$65.6 million —December 29, 2012).

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Note 14 — Intangibles and Other Assets

The following table summarizes intangibles and other assets as of January 3, 2015 and December 28, 2013:

(in millions of U.S. dollars)	January 3, 2015			December 28, 2013		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Intangibles						
<i>Not subject to amortization</i>						
Rights	\$ 45.0	\$ —	\$ 45.0	\$ 45.0	\$ —	\$ 45.0
DSS Trademarks	183.1	—	183.1	—	—	—
Total intangibles not subject to amortization	228.1	—	228.1	45.0	—	45.0
<i>Subject to amortization</i>						
Customer relationships	646.2	174.6	471.6	379.5	167.5	212.0
Trademarks	33.5	26.9	6.6	32.6	25.2	7.4
Information technology	53.3	25.7	27.6	50.4	32.9	17.5
Other	7.6	3.6	4.0	6.6	4.0	2.6
Total intangibles subject to amortization	740.6	230.8	509.8	469.1	229.6	239.5
Total Intangibles	968.7	230.8	737.9	514.1	229.6	284.5
Other Assets						
Financing costs	37.5	8.6	28.9	26.3	16.2	10.1
Deposits	7.8	—	7.8	1.1	—	1.1
Other	8.4	1.3	7.1	0.9	0.4	0.5
Total Other Assets	53.7	9.9	43.8	28.3	16.6	11.7
Total Intangibles & Other Assets	\$1,022.4	\$ 240.7	\$781.7	\$542.4	\$ 246.2	\$296.2

Amortization expense of intangible and other assets was \$38.5 million during 2014 (\$34.2 million—December 28, 2013; \$35.4 million—December 29, 2012). Amortization of intangibles includes \$3.2 million (\$2.9 million—December 28, 2013; \$2.9 million—December 29, 2012) relating to information technology assets and \$2.5 million (\$2.8 million—December 28, 2013; \$3.7 million—December 29, 2012) relating to deferred financing assets.

The estimated amortization expense for intangible assets subject to amortization over the next five years is:

(in millions of U.S. dollars)	
2015	\$ 72.7
2016	66.5
2017	58.8
2018	51.2
2019	43.9
Thereafter	216.7
Total	\$509.8

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Note 15 — Accounts Payable and Accrued Liabilities

The following table summarizes accounts payable and accrued liabilities as of January 3, 2015 and December 28, 2013:

<u>(in millions of U.S. dollars)</u>	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Trade payables	\$ 231.7	\$ 196.8
Deferred income taxes	0.3	0.2
Accrued compensation	44.0	19.1
Accrued sales incentives	31.5	28.4
Accrued interest	4.2	11.2
Payroll, sales and other taxes	17.8	14.8
Accrued deposits	30.6	—
Other accrued liabilities	60.2	27.2
Total	\$ 420.3	\$ 297.7

Note 16 — Debt

Our total debt as of January 3, 2015 and December 28, 2013 was as follows

<u>(in millions of U.S. dollars)</u>	<u>January 3, 2015</u>	<u>December 28, 2013</u>
8.375% senior notes due in 2017 ¹	\$ —	\$ 14.9
8.125% senior notes due in 2018	—	375.0
6.750% senior notes due in 2020	625.0	—
10.000% senior notes due in 2021 ²	405.6	—
5.375% senior notes due in 2022	525.0	—
ABL facility	229.0	50.8
GE Term Loan	8.2	10.3
Capital leases and other debt financing	5.2	7.2
Total debt	1,798.0	458.2
Less: Short-term borrowings and current debt:		
ABL facility	229.0	50.8
Total short-term borrowings	229.0	50.8
GE Term Loan - current maturities	2.0	1.9
Capital leases and other debt financing - current maturities	2.0	2.0
Total current debt	233.0	54.7
Total long-term debt	\$ 1,565.0	\$ 403.5

1. Our 8.375% senior notes were issued at a discount of 1.425% on November 13, 2009. The unamortized discount balance at December 28, 2013 was \$0.1 million.

2. The outstanding aggregate principal amount of the DSS Notes of \$350.0 million was assumed by Cott at fair value of \$406.0 million in connection with the DSS Acquisition. The fair value premium of \$56.0 million is being amortized to interest expense using the effective interest method over the remaining contractual term of the DSS Notes. The effective interest rate is 7.010%.

The long-term debt payments (which include current maturities of long-term debt) required in each of the next five years and thereafter are as follows:

<u>(in millions of U.S. dollars)</u>	<u>Long Term Debt (incl. current)</u>
2015	\$ 233.0
2016	3.7
2017	3.0
2018	2.0
2019	0.2
Thereafter	1,500.5
	\$ 1,742.4

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Asset-Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank, N.A. as Agent that created the ABL facility to provide financing for our North America, U.K. and Mexico operations. In connection with our acquisition of substantially all of the assets and liabilities of Cliffstar Corporation and its affiliated companies (the “Cliffstar Acquisition”), we refinanced the ABL facility on August 17, 2010 to, among other things, provide for the Cliffstar Acquisition, the issuance of the 2018 Notes (described below) and the application of net proceeds therefrom, the underwritten public offering of 13,340,000 common shares at a price of \$5.67 per share and the application of net proceeds therefrom and to increase the amount available for borrowings to \$275.0 million. We drew down a portion of the indebtedness under the ABL facility in order to fund the Cliffstar Acquisition. We incurred \$5.4 million of financing fees in connection with the refinancing of the ABL facility.

On July 19, 2012, we amended the ABL facility to, among other things, extend the maturity date. We incurred \$1.2 million of financing fees in connection with the amendment of the ABL facility.

On October 22, 2013, we amended the ABL facility to, among other things, (1) provide for an increase in the lenders’ commitments under the ABL facility to \$300.0 million, as well as an increase to the accordion feature, which permits us to increase the lenders’ commitments under the ABL facility to \$350.0 million, subject to certain conditions, (2) extend the maturity date, and (3) provide for greater flexibility under certain covenants. We incurred approximately \$0.7 million of financing fees in connection with the amendment of the ABL facility.

On May 28, 2014, we amended the ABL facility to increase our ability to incur certain unsecured debt and earnout consideration for permitted acquisitions, as well as to allow us to add additional borrowers and to designate additional guarantors to be included in the borrowing base calculation. We incurred approximately \$0.2 million of financing fees in connection with the amendment of the ABL facility. These costs are included in the selling, general, and administrative expenses of our Consolidated Statements of Operations.

On December 12, 2014, in connection with the DSS Acquisition, we amended the ABL facility to, among other things, (1) provide for an increase in the lenders’ commitments under the ABL facility to \$400.0 million (which, with the accordion feature, if used, permits us to increase the lenders’ commitments under the ABL facility to \$450.0 million, subject to certain conditions), (2) extend the maturity date to the earliest of (i) December 12, 2019, (ii) June 12, 2019, if we have not redeemed, repurchased or refinanced the 2020 Notes (described below) by May 28, 2019, or (iii) any earlier date on which the commitments under the ABL facility are reduced to zero or otherwise terminated, (3) include DSS and its subsidiaries as borrowers, (4) permit certain adjustments to the borrowing base calculation, (5) permit the debt, liens and intercreditor arrangements contemplated by the supplemental indenture entered into in connection with the DSS Notes (described below), (6) permit certain other indebtedness that we intend to issue or assume in connection with the DSS Acquisition, (7) permit certain other changes to dollar thresholds and limitations within our covenants generally reflecting the increased size of the facility. We incurred approximately \$1.7 million of financing fees in connection with the amendment of the ABL facility.

The financing fees incurred in connection with the refinancing of the ABL facility on August 17, 2010, along with the financing fees incurred in connection with the amendments of the ABL facility, other than the amendment on May 28, 2014, are being amortized using the straight-line method over the duration of the amended ABL facility. Each of the amendments, with the exception of the amendment on May 28, 2014, was considered to be a modification of the original agreement under GAAP.

As of January 3, 2015, our total availability under the ABL facility was \$317.2 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets) as of January 15, 2015 (the December month-end under the terms of the credit agreement governing our ABL facility). We had \$229.0 million of outstanding borrowings under the ABL facility and \$6.9 million in outstanding letters of credit. As a result, our aggregate availability under the ABL facility was \$81.3 million. In connection with the DSS Acquisition, \$29.4 million was required to cash collateralize certain DSS self-insurance programs. The \$29.4 million was funded with borrowings against our ABL facility, and the cash collateral is included within prepaid and other current assets on our Consolidated Balance Sheet at January 3, 2015. Subsequent to January 3, 2015 additional letters of credit were issued from our available ABL facility capacity, and the cash collateral was returned to the Company, which was used to repay a portion of our outstanding ABL facility.

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The commitment fee was 0.375% per annum of the unused commitment of \$164.1 million, which was based on our total ABL facility commitment of \$400.0 million excluding outstanding borrowings and outstanding letters of credit. Each month's borrowing base is not effective until submitted to the lenders, which usually occurs on the fifteenth day of the following month.

The weighted average effective interest rate at January 3, 2015 on our outstanding LIBOR and Prime loans was 2.2%. The effective interest rates are based on our consolidated leverage ratio.

5.375% Senior Notes due in 2022

On June 24, 2014, we issued \$525.0 million of our 5.375% senior notes due 2022 (the "2022 Notes") to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act of 1933. The 2022 Notes were issued under an indenture with Wells Fargo Bank, National Association, as trustee. The issuer of the 2022 Notes is our wholly-owned U.S. subsidiary Cott Beverages Inc., and we and most of our U.S., Canadian and U.K. subsidiaries guarantee the 2022 Notes. The interest on the 2022 Notes is payable semi-annually on January 1st and July 1st of each year commencing on January 1, 2015.

We incurred \$9.2 million of financing fees in connection with the issuance of the 2022 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2022 Notes.

10.000% Senior Notes due in 2021

On August 30, 2013, DS Services of America, Inc. (formerly DS Waters of America, Inc.) issued \$350.0 million of the DSS Notes to qualified purchasers in a private placement under Rule 144A and Regulations S under the Securities Act. The DSS Notes were issued under an indenture with Wilmington Trust, National Association, as trustee and as collateral agent. The interest on the DSS Notes is payable semi-annually on March 1st and September 1st of each year commencing on March 1, 2014. Pursuant to a consent solicitation statement dated November 13, 2014, as amended on November 25, 2014, and its accompanying consent letter, dated November 13, 2014, DSS solicited consent from the holders of the DSS Notes to certain modifications and amendments to the August 30, 2013 indenture and related security documents. On December 2, 2014, the requisite consents from the holders of the DSS Notes were obtained, with a consent payment of approximately \$19.2 million. At the DSS Acquisition closing, we and most of our U.S., Canadian and U.K. subsidiaries executed a supplemental indenture to be added as guarantors to the DSS Notes.

The DSS Notes were recorded at their fair value of \$406.0 million as part of the DSS Acquisition. The difference between the fair value and the principal amount of \$350.0 million is amortized as a component of interest expense over the remaining contractual term of the DSS Notes. We incurred approximately \$26.5 million of consent solicitation fees and bridge financing commitment fees. These costs are included in the selling, general, and administrative expenses of our Consolidated Statements of Operations.

6.750% Senior Notes due in 2020

On December 12, 2014, we issued the 2020 Notes to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act of 1933. The 2020 Notes were issued under an indenture with Wells Fargo Bank, National Association, as trustee. The issuer of the 2020 Notes is our wholly-owned U.S. subsidiary Cott Beverages Inc., and we and most of our U.S., Canadian and U.K. subsidiaries guarantee the 2020 Notes. The interest on the 2020 Notes is payable semi-annually on January 1st and July 1st of each year commencing on July 1, 2015.

We incurred \$14.4 million of financing fees in connection with the issuance of the 2020 Notes. The financing fees are being amortized using the effective interest method over a five-year period, which represents the term to maturity of the 2020 Notes.

8.125% Senior Notes due in 2018

On August 17, 2010, we issued the 2018 Notes. The issuer of the 2018 Notes was our wholly-owned U.S. subsidiary Cott Beverages Inc., and we and most of our U.S., Canadian and U.K. subsidiaries guaranteed the 2018 Notes. The interest on the 2018 Notes was payable semi-annually on March 1st and September 1st of each year. We incurred \$8.6 million of financing fees in connection with the issuance of the 2018 Notes.

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On June 24, 2014, we used a portion of the proceeds from our issuance of the 2022 Notes to purchase \$295.9 million aggregate principal amount of our 2018 Notes in a cash tender offer. The tender offer included approximately \$16.2 million in premium payments as well as accrued interest of \$7.5 million, the write off of approximately \$3.0 million in deferred financing fees, and other costs of approximately \$0.2 million.

On July 9, 2014 and July 24, 2014, we redeemed the remaining \$79.1 million aggregate principal amount of our 2018 Notes. The redemption included approximately \$3.8 million in premium payments as well as accrued interest of approximately \$2.5 million and the write off of approximately \$0.8 million in deferred financing fees.

8.375% Senior Notes due in 2017

On November 13, 2009, we issued \$215.0 million of our 8.375% senior notes due 2017 (the “2017 Notes”). The 2017 Notes were issued at a \$3.1 million discount by our wholly-owned U.S. subsidiary Cott Beverages Inc., and we and most of our U.S., Canadian and U.K. subsidiaries guaranteed the 2017 Notes. The interest on the 2017 Notes was payable semi-annually on May 15th and November 15th of each year. We incurred \$5.1 million of financing fees in connection with the 2017 Notes.

On November 15, 2013, we redeemed \$200.0 million aggregate principal amount of our 2017 Notes at 104.118% of par. The redemption included approximately \$8.2 million in premium payments, the write off of approximately \$4.0 million in deferred financing fees and discount charges, and other costs of approximately \$0.5 million.

On February 19, 2014, we redeemed the remaining \$15.0 million aggregate principal amount of the 2017 Notes at 104.118% of par. The redemption included approximately \$0.6 million in premium payments as well as the write off of approximately \$0.3 million in deferred financing fees and discount charges.

GE Term Loan

In January 2008, we entered into a capital lease finance arrangement with General Electric Capital Corporation (“GE Capital”) for the lease of equipment. In September 2013, we purchased the equipment subject to the lease for an aggregate purchase price of \$10.7 million, with the financing for such purchase provided by GE Capital at a 5.23% interest rate.

Covenant Compliance

5.375% Senior Notes due in 2022

Under the indenture governing the 2022 Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries’ ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. As of January 3, 2015, we were in compliance with all of the covenants under the 2022 Notes and there have been no amendments to any such covenants since the 2022 Notes were issued.

10.000% Senior Notes due in 2021

Under the indenture governing the DSS Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries’ ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. As of January 3, 2015, we were in compliance with all of the covenants under the DSS Notes and there have been no amendments to any such covenants since the DSS Notes were assumed by us.

6.750% Senior Notes due in 2020

Under the indenture governing the 2020 Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries’ ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. As of January 3, 2015, we were in compliance with all of the covenants under the 2020 Notes and there have been no amendments to any such covenants since the 2020 Notes were issued.

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8.125% Senior Notes due in 2018

Under the indenture governing the 2018 Notes, we were subject to a number of covenants, including covenants that limited our and certain of our subsidiaries' ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. The 2018 Notes are no longer outstanding, but at all times prior to the redemption of the 2018 Notes on July 24, 2014, we were in compliance with all of the covenants under the 2018 Notes.

8.375% Senior Notes due in 2017

Under the indenture governing the 2017 Notes, we were subject to a number of covenants, including covenants that limited our and certain of our subsidiaries' ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. The 2017 Notes are no longer outstanding, but at all times prior to the redemption of the 2017 Notes on February 19, 2014, we were in compliance with all of the covenants under the 2017 Notes.

ABL Facility

Under the credit agreement governing the ABL facility, Cott and its restricted subsidiaries are subject to a number of business and financial covenants, including a covenant requiring a minimum fixed charge coverage ratio of at least 1.1 to 1.0 effective when and if aggregate availability is less than the greater of 10% of the lenders' commitments under the ABL facility or \$40.0 million. If excess availability is less than the greater of 12.5% of the aggregate availability under the ABL facility or \$50.0 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the facility. We were in compliance with all of the applicable covenants under the ABL facility as of January 3, 2015.

Note 17 — Retirement Plans

Cott primarily maintains defined contribution retirement plans covering qualifying employees. The total expense with respect to these plans was \$4.1 million for the year ended January 3, 2015 (\$4.8 million—December 28, 2013; \$6.9 million—December 29, 2012).

We also maintain four defined benefit ("DB") plans acquired as a part of prior acquisitions. One DB plan covers certain employees at one plant in the United States under a collective bargaining agreement. In connection with the DSS Acquisition, we assumed the obligations associated with a DB plan covering certain employees of DS Services of America, Inc. These two DB plans are referred to collectively as the U.S. Plans. DB plans covering certain employees of Cott Beverages Limited and Cooke Bros. Limited in the United Kingdom are referred to collectively as the U.K. Plans. Retirement benefits for employees covered by the U.S. Plans and U.K. Plans are based on years of service multiplied by a monthly benefit factor. Pension costs are funded in accordance with the provisions of the applicable law. All DB plans are closed to new participants. All DB plans are frozen. The plan covering certain employees of Cott Beverages Limited was frozen during the year ended January 3, 2015. We use a January 3, 2015 measurement date for all DB plans with the exception of the DS Services of America Inc. plan, which is measured as of December 26, 2014.

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Obligations and Funded Status

The following table summarizes the change in the projected benefit obligation, change in plan assets and unfunded status of the four DB plans as of January 3, 2015 and December 28, 2013:

<u>(in millions of U.S. dollars)</u>	<u>January 3,</u> <u>2015</u>	<u>December 28,</u> <u>2013</u>
<u>Change in Projected Benefit Obligation</u>		
Projected benefit obligation at beginning of year	\$ 62.5	\$ 41.8
Transfer in	10.5	17.8
Service cost	0.2	0.5
Interest cost	2.7	2.4
Plan participant contributions	—	0.1
Benefit payments	(1.9)	(1.5)
Actuarial losses	8.5	0.7
Settlement losses	0.1	—
Curtailement gains	(0.9)	—
Translation losses (gains)	(3.8)	0.7
Projected benefit obligation at end of year	<u>\$ 77.9</u>	<u>\$ 62.5</u>
<u>Change in Plan Assets</u>		
Plan assets beginning of year	\$ 49.6	\$ 33.2
Transfer in	7.1	11.1
Employer contributions	2.2	3.0
Plan participant contributions	—	0.1
Benefit payments	(1.8)	(1.5)
Actual return on plan assets	4.7	3.1
Translation (gains) losses	(2.7)	0.6
Fair value at end of year	<u>\$ 59.1</u>	<u>\$ 49.6</u>
<u>Funded Status of Plan</u>		
Projected benefit obligation	\$ (77.9)	\$ (62.5)
Fair value of plan assets	<u>59.1</u>	<u>49.6</u>
Unfunded status	<u>\$ (18.8)</u>	<u>\$ (12.9)</u>

The accumulated benefit obligation for the DB plans equaled \$77.9 million and \$59.1 million at the end of 2014 and 2013, respectively.

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Periodic Pension Costs

The components of net periodic pension cost were as follows:

(in millions of U.S. dollars)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Service cost	\$ 0.2	\$ 0.5	\$ 0.5
Interest cost	2.7	2.4	1.9
Expected return on plan assets	(3.0)	(2.4)	(1.7)
Amortization of prior service costs	0.1	0.1	0.1
Amortization of net actuarial loss	0.3	0.3	1.0
Net periodic pension cost	\$ 0.3	\$ 0.9	\$ 1.8

Accumulated Other Comprehensive Loss

Amounts included in accumulated other comprehensive income, net of tax, at year-end which have not yet been recognized in net periodic benefit cost were as follows:

(in millions of U.S. dollars)	For the Year Ended		
	January 3, 2015	December 28, 2013	December 29, 2012
Unamortized prior service cost	\$ (0.1)	\$ (0.2)	\$ (0.3)
Unrecognized net actuarial loss	(12.3)	(8.2)	(8.8)
Total accumulated other comprehensive loss	\$ (12.4)	\$ (8.4)	\$ (9.1)

Actuarial Assumptions

The following table summarizes the weighted average actuarial assumptions used to determine the projected benefit obligation at year-end:

	January 3, 2015	December 28, 2013	December 29, 2012
U.K. Plans			
Discount rate	3.6%	4.5%	4.7%
Rate of compensation increase	n/a	3.4% ¹	3.3% ¹
CPI Inflation factor	1.9%	2.4%	2.5%
U.S. Plans			
Discount rate	3.9%	4.4%	4.1%
Rate of compensation increase	n/a	n/a	n/a

1. Applicable to the plan covering certain employees of Cott Beverages Limited. This plan closed to future benefit accruals during the year ended January 3, 2015, which resulted in a curtailment gain. As a result, no assumption for rate of compensation increase was necessary in estimating the projected benefit obligation at January 3, 2015.

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The following table summarizes the weighted average actuarial assumptions used to determine net periodic benefit cost for the year ended:

	<u>January 3, 2015</u>	<u>December 28, 2013</u>	<u>December 29, 2012</u>
U.K. Plans			
Discount rate	4.5%	4.6%	4.6%
Expected long-term rate of return on plan assets	6.2%	5.7%	5.7%
Inflation factor	2.4%	2.5%	2.5%
U.S. Plans			
Discount rate	4.2%	3.5%	3.5%
Expected long-term rate of return on plan assets	7.2%	7.0%	7.0%

The Company utilizes a yield curve analysis to determine the discount rates for its DB plan obligations. The yield curve considers pricing and yield information for high quality corporate bonds with maturities matched to estimated payouts of future pension benefits. The Company evaluates its assumption regarding the estimated long-term rate of return on plan assets based on historical experience, future expectations of investment returns, asset allocations, and its investment strategy. The Company's long-term rate of return on plan assets reflect expectations of projected weighted average market returns of plan assets. Changes in expected returns on plan assets also reflect any adjustments to the Company's targeted asset allocation.

Asset Mix

Our DB plans weighted-average asset allocations by asset category were as follows:

	<u>January 3, 2015</u>	<u>December 28, 2013</u>
Cash and cash equivalents	3.2%	2.8%
Equity securities	57.6%	60.0%
Fixed income investments	39.2%	37.2%

Plan Assets

Our investment policy is that plan assets will be managed utilizing an investment philosophy and approach characterized by all of the following, but listed in priority order: (1) emphasis on total return, (2) emphasis on high-quality securities, (3) sufficient income and stability of income, (4) safety of principal with limited volatility of capital through proper diversification and (5) sufficient liquidity. (The target allocation percentages for the U.K. Plans' assets range between 60% to 80% in equity securities and 20% to 40% in fixed income investments. The target allocation percentages for the U.S. Plans' assets range between 45% to 60% in equity securities and 40% to 55% in fixed income investments. None of our equity or debt securities are included in plan assets.)

Cash Flows

We expect to contribute \$3.0 million to the DB plans during the 2015 fiscal year.

The following benefit payments are expected to be paid in the periods indicated below:

<u>(in millions of U.S. dollars)</u>	
<u>Expected benefit payments</u>	
FY 2015	\$ 2.1
FY 2016	2.1
FY 2017	2.2
FY 2018	2.2
FY 2019	2.2
FY 2020 through FY 2021	12.0

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The fair values of the Company's pension plan assets at January 3, 2015 were as follows:

(in millions of U.S. dollars)	January 3, 2015		
	Level 1	Level 2	Level 3
Cash and cash equivalents:			
Cash and cash equivalents	\$ 1.9	\$ —	\$ —
Equities:			
International mutual funds	5.4	1.0	—
Index mutual funds	6.8	—	—
U.S. mutual funds	1.4	3.5	—
Balanced	15.4	0.4	—
Property	0.1	—	—
Other	0.1	—	—
Fixed income:			
Mutual funds	18.0	3.2	—
Insurance contract	—	1.9	—
Total	\$ 49.1	\$ 10.0	\$ —

The fair values of the Company's pension plan assets at December 28, 2013 were as follows:

(in millions of U.S. dollars)	December 28, 2013		
	Level 1	Level 2	Level 3
Cash and cash equivalents:			
Cash and cash equivalents	\$ 1.3	\$ —	\$ —
Equities:			
International mutual funds	6.4	—	—
Index mutual funds	6.8	—	—
U.S. mutual funds	1.1	—	—
Property	0.1	—	—
Balanced	15.1	—	—
Other	0.3	—	—
Fixed income:			
Mutual funds	15.6	—	—
Insurance contract	—	2.9	—
Total	\$ 46.7	\$ 2.9	\$ —

Note 18 — Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income ("AOCI") by component ¹ for the year ended January 3, 2015 were as follows:

(in millions of U.S. dollars)	January 3, 2015			
	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment	Total
Beginning balance December 28, 2013	\$ 0.2	\$ (8.4)	\$ (8.6)	\$(16.8)
OCI before reclassifications	(0.7)	(4.3)	(30.2)	(35.2)
Amounts reclassified from AOCI	0.7	0.3	—	1.0
Net current-period OCI	—	(4.0)	(30.2)	(34.2)
Ending balance January 3, 2015	\$ 0.2	\$ (12.4)	\$ (38.8)	\$(51.0)

^{3.} All amounts are net of tax. Amounts in parenthesis indicate debits.

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The following table summarizes the amounts reclassified from AOCI ¹ for the years ended January 3, 2015 and December 28, 2013.

(in millions of U.S. dollars)

Details About AOCI Components	For the Year Ended		Affected Line Item in the Statement Where Net Income Is Presented
	January 3, 2015	December 28, 2013	
Gains and losses on derivative instruments			
Foreign currency and commodity hedges	\$ (1.0)	\$ 0.6	Cost of sales
	\$ (1.0)	\$ 0.6	Total before taxes
	0.3	—	Tax (expense) or benefit
	\$ (0.7)	\$ 0.6	Net of tax
Amortization of pension benefit plan items			
Prior service costs ²	\$ (0.1)	\$ (0.4)	
Actuarial adjustments ²	—	(0.1)	
Actuarial (losses)/gains ²	(0.3)	(0.1)	
	(0.4)	(0.6)	Total before taxes
	0.1	(0.3)	Tax (expense) or benefit
	\$ (0.3)	\$ (0.9)	Net of tax
Total reclassifications for the period	\$ (1.0)	\$ (0.3)	Net of tax

3. Amounts in parenthesis indicate debits.

4. These AOCI components are included in the computation of net periodic pension cost.

Note 19 — Commitments and Contingencies

We lease buildings, machinery and equipment, computer hardware and furniture and fixtures. All contractual increases and rent free periods included in the lease contract are taken into account when calculating the minimum lease payment and recognized on a straight-line basis over the lease term. Certain leases have renewal periods and contingent rentals, which are not included in the table below. The minimum annual payments under operating leases are as follows:

(in millions of U.S. dollars)	
2015	\$ 28.3
2016	27.2
2017	23.8
2018	20.2
2019	17.7
Thereafter	97.5
Total	\$214.7

Operating lease expenses were:

(in millions of U.S. dollars)	
Year ended January 3, 2015	\$20.2
Year ended December 28, 2013	21.4
Year ended December 29, 2012	23.8
Total	\$65.4

Operating lease expenses are shown net of sublease income of \$1.2 million for 2014. As of January 3, 2015, we had commitments for capital expenditures of approximately \$5.0 million.

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We are subject to various claims and legal proceedings with respect to matters such as governmental regulations, and other actions arising out of the normal course of business. Management believes that the resolution of these matters will not have a material adverse effect on our financial position, results of operations, or cash flow.

In June 2013, we completed the Calypso Soft Drinks Acquisition, which included a deferred payment of approximately \$2.3 million paid on the first anniversary of the closing date, and a deferred payment of approximately \$3.0 million to be paid on the second anniversary of the closing date.

In March 2014, we had a favorable legal settlement in the amount of \$3.5 million, of which \$3.0 million was collected in April 2014 and \$0.5 million was collected in December 2014.

In May 2014, we completed the Aimia Acquisition, which included deferred consideration of £19.9 million (\$33.5 million), which was paid by us on September 15, 2014 and aggregate contingent consideration of up to £16.0 million (\$26.9 million), which is payable upon achievement of certain measures related to Aimia's performance during the twelve months ending July 1, 2016.

We had \$6.9 million in standby letters of credit outstanding as of January 3, 2015 (\$7.5 million— December 28, 2013; \$11.0 million— December 29, 2012).

We have future purchase obligations of \$209.0 million that consist of commitments for the purchase of inventory, energy transactions, and payments related to professional fees and information technology outsourcing agreements. These obligations represent the minimum contractual obligations expected under the normal course of business.

Note 20 — Preferred Shares

As a portion of the consideration in the DSS Acquisition, we issued to certain former security holders of DSS approximately \$116.1 million of Convertible Preferred Shares and approximately \$32.7 million of Non-Convertible Preferred Shares, which shares are redeemable at our option. At any time following the third anniversary of their issuance, at the option of the holders, the Convertible Preferred Shares will be convertible into common shares of Cott Corporation. The conversion rate will initially be 159.24 common shares per \$1,000 face value of Convertible Preferred Shares, which is equivalent to a conversion price of approximately \$6.28 per common share. The conversion rate will be subject to adjustment upon certain events. Holders of the Convertible Preferred Shares and Non-Convertible Preferred Shares can require us to redeem such shares upon a change of control of Cott or at any time on or after the ninth anniversary of the issue date.

The following table summarizes the activity in the Convertible Preferred Shares and Non-Convertible Preferred Shares accounts for the year ended January 3, 2015:

	Convertible Preferred Shares		Non-Convertible Preferred Shares	
	Shares Authorized/Outstanding	Amount	Shares Authorized/Outstanding	Amount
(in millions of U.S. dollars, except number of shares)	(in thousands)		(in thousands)	
Balance at December 28, 2013	—	\$ —	—	\$ —
Issuance of preferred shares	116.1	116.1	32.7	32.7
Cumulative preferred dividends	—	—	—	—
Balance at January 3, 2015	<u>116.1</u>	<u>\$116.1</u>	<u>32.7</u>	<u>\$ 32.7</u>

Dividends

Holdings of Convertible Preferred Shares are entitled to a quarterly fixed cumulative dividend in an amount equal to 9% per annum of the redemption value of each Convertible Preferred Share, and such dividend shall increase by 1% on each of the first through fifth anniversaries of issuance. Holders of Non-Convertible Preferred Shares are entitled to a quarterly fixed cumulative dividend in an amount equal to 10% per annum of the redemption value of each Non-Convertible Preferred Share, and such dividend shall increase by 1% on each of the first through fifth anniversaries of issuance. The following table summarizes preferred share dividend activity for the year ended January 3, 2015:

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<u>(in millions of U.S. dollars)</u>	<u>Convertible Preferred</u> <u>Shares</u>	<u>Non-Convertible Preferred</u> <u>Shares</u>
Cumulative dividends at December 28, 2013	\$ —	\$ —
Plus: accrued dividends	0.6	0.2
Less: dividends paid	(0.6)	(0.2)
Cumulative dividends at January 3, 2015	\$ —	\$ —

Voting Rights

The Preferred Shares have the right to approve certain actions by us, with each series of Preferred Shares voting separately as a series, as long as the Preferred Shares are outstanding. The Convertible Preferred Shares have the right to vote alongside our common shares with respect to certain matters beginning on June 13, 2016 and unrestricted rights to vote alongside our common shares beginning on December 13, 2017. The Non-Convertible Preferred Shares do not have the right to vote alongside our common shares.

Note 21 — Hedging Transactions and Derivative Financial Instruments

We are directly and indirectly affected by changes in foreign currency market conditions. These changes in market conditions may adversely impact our financial performance and are referred to as market risks. When deemed appropriate by management, we use derivatives as a risk management tool to mitigate the potential impact of foreign currency market risks.

We use various types of derivative instruments including, but not limited to, forward contracts and swap agreements for certain commodities. Forward contracts are agreements to buy or sell a quantity of a currency at a predetermined future date, and at a predetermined rate or price. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices.

All derivatives are carried at fair value in the Consolidated Balance Sheets in the line item accounts receivable, net or accounts payable and accrued liabilities. The carrying values of the derivatives reflect the impact of legally enforceable agreements with the same counterparties. These allow us to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the types of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our Consolidated Statements of Operations as the changes in the fair value of the hedged items attributable to the risk being hedged. The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in AOCI and are reclassified into the line item in the Consolidated Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings.

For derivatives that will be accounted for as hedging instruments, we formally designate and document, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, we formally assess both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized into earnings.

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (see Note 22 to the Consolidated Financial Statements). The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates or other financial indices. We do not view the fair values of our derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying hedged transactions. All of our derivatives are straight-forward over-the-counter instruments with liquid markets.

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Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We monitor counterparty exposures regularly and review promptly any downgrade in counterparty credit rating. We mitigate pre-settlement risk by being permitted to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of the counterparty default to be minimal.

Cash Flow Hedging Strategy

We use cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates and commodity prices. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. We did not discontinue any cash flow hedging relationships during the years ended January 3, 2015 or December 28, 2013, respectively. These foreign exchange contracts typically have maturities of less than eighteen months.

We maintain a foreign currency cash flow hedging program to reduce the risk that our procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts to hedge certain portions of forecasted cash flows denominated in foreign currencies. The total notional value of derivatives that were designated and qualified for our foreign currency cash flow hedging program was \$22.5 million and \$3.6 million as of January 3, 2015 and December 28, 2013, respectively. As of January 3, 2015 and December 28, 2013, approximately \$0.7 million and \$0.2 million of unrealized net of tax gains related to the foreign currency cash flow hedges were included in AOCI, respectively. The hedge ineffectiveness for these cash flow hedging instruments during fiscal 2014, fiscal 2013 and fiscal 2012 was not material.

We have entered into commodity swaps on aluminum to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as a part of our commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of aluminum. The total notional value of derivatives that were designated and qualified for our commodity cash flow hedging program was \$55.4 million and nil as of January 3, 2015 and December 28, 2013, respectively. As of January 3, 2015 and December 28, 2013, approximately \$0.7 million and nil of unrealized net of tax losses related to the commodity swaps were included in AOCI, respectively. The hedge ineffectiveness for these hedging instruments for fiscal 2014 was approximately \$1.2 million and was recognized as an increase in cost of sales within the Consolidated Statements of Operations. The hedge ineffectiveness for fiscal 2013 and fiscal 2012 was not material.

The fair value of the Company's derivative assets was \$1.2 million and \$0.3 million as of January 3, 2015 and December 28, 2013, respectively. The fair value of the Company's derivative liabilities was \$2.3 million and nil as of January 3, 2015 and December 28, 2013, respectively. A reconciliation of the Company's derivatives by contract type is shown below:

(in millions of U.S. dollars)		
Derivative Contract	Assets	Liabilities
Foreign currency hedge	\$ 1.0	\$ —
Aluminum swaps	0.2	(2.3)
	<u>\$ 1.2</u>	<u>\$ (2.3)</u>

Aluminum swaps subject to enforceable master netting arrangements are presented net in the reconciliation above. The fair value of the aluminum swap assets and liabilities which are shown net are reconciled in the table below:

	Assets	Liabilities
Aluminum swap assets	\$ 0.2	\$ 0.2
Aluminum swap liabilities	—	(2.5)
Net asset (liability)	<u>\$ 0.2</u>	<u>\$ (2.3)</u>

The settlement of our derivative instruments resulted in a credit to cost of sales of \$0.2 million for the year ended January 3, 2015, compared to \$0.6 million for the year ended December 28, 2013.

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Note 22 — Fair Value Measurements

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

We have certain assets and liabilities that are required to be recorded at fair value on a recurring basis in accordance with U.S. GAAP.

The fair value of our derivative assets and liabilities represent Level 2 instruments. Level 2 instruments are valued based on observable inputs for quoted prices for similar assets and liabilities in active markets. The fair value of the derivative assets as of January 3, 2015 and December 28, 2013 was \$1.2 million and \$0.3 million, respectively. The fair value of the derivative liabilities as of January 3, 2015 and December 28, 2013 was \$2.3 million and nil, respectively.

Fair value of financial instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of January 3, 2015 and December 28, 2013 were as follows:

(in millions of U.S. dollars)	January 3, 2015		December 28, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
8.375% senior notes due in 2017 ¹	\$ —	\$ —	\$ 15.0	\$ 15.6
8.125% senior notes due in 2018 ¹	—	—	375.0	404.1
6.750% senior notes due in 2020 ¹	625.0	630.1	—	—
10.000% senior notes due in 2021 ^{1,2}	405.6	403.4	—	—
5.375% senior notes due in 2022 ¹	525.0	481.7	—	—
Total	<u>\$1,555.6</u>	<u>\$1,515.1</u>	<u>\$ 390.0</u>	<u>\$419.7</u>

1. The fair values were based on the trading levels and bid/offer prices observed by a market participant and are considered Level 1 financial instruments.

2. The outstanding aggregate principal amount of the DSS Notes of \$350.0 million was assumed by Cott at fair value of \$406.0 million in connection with the DSS Acquisition. The fair value premium of \$56.0 million is being amortized to interest expense using the effective interest method over the remaining contractual term of the DSS Notes.

Fair value of contingent consideration

We estimated the fair value of the Aimia Acquisition related contingent consideration based on financial projections of the acquired business and estimated probabilities of achievement of certain EBITDA targets. The fair value was based on significant inputs not observed in the market and thus represented a Level 3 instrument. Level 3 instruments are valued based on unobservable inputs that are supported by little or no market activity and reflect our own assumptions in measuring fair

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value. The acquisition date fair value of the contingent consideration was determined to be £10.6 million (\$17.9 million) using a present valued probability-weighted income approach. We did not record any fair value adjustments to the contingent consideration as the key assumptions used to calculate the fair value at the acquisition date remained consistent at January 3, 2015. Should our assumptions regarding probability of achievement of certain EBITDA targets change in future periods, the change in fair value of the contingent consideration will be recognized as a gain or loss in the Consolidated Statements of Operations. The maximum potential payout is \$26.9 million on an undiscounted basis.

Note 23 — Quarterly Financial Information (unaudited)

(in millions of U.S. dollars, except per share amounts)	Year ended January 3, 2015				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	\$475.1	\$549.2	\$535.0	\$543.5	\$2,102.8
Cost of sales	418.9	470.2	465.5	471.7	1,826.3
Gross profit	56.2	79.0	69.5	71.8	276.5
Selling, general and administrative expenses	48.0	52.5	50.4	104.1	255.0
Loss (gain) on disposal of property, plant and equipment	0.1	(0.1)	0.4	1.3	1.7
Restructuring	2.2	0.1	0.1	—	2.4
Asset impairments	1.6	0.3	(0.2)	—	1.7
Operating income (loss)	4.3	26.2	18.8	(33.6)	15.7
Net (loss) income attributed to Cott Corporation	\$ (4.1)	\$ (5.9)	\$ 1.3	\$ 18.7	\$ 10.0
Per share data:					
Net (loss) income per common share					
Basic	\$ (0.04)	\$ (0.06)	\$ 0.01	\$ 0.20	\$ 0.11
Diluted	\$ (0.04)	\$ (0.06)	\$ 0.01	\$ 0.19	\$ 0.10

(in millions of U.S. dollars, except per share amounts)	Year ended December 28, 2013				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	\$505.4	\$563.8	\$543.2	\$481.6	\$2,094.0
Cost of sales	443.3	481.4	472.4	421.5	1,818.6
Gross profit	62.1	82.4	70.8	60.1	275.4
Selling, general and administrative expenses	47.0	47.7	43.6	45.1	183.4
Loss on disposal of property, plant & equipment	0.1	0.3	1.2	0.2	1.8
Restructuring	—	2.0	—	—	2.0
Operating income	15.0	32.4	26.0	14.8	88.2
Net (loss) income attributed to Cott Corporation	\$ (0.1)	\$ 16.3	\$ 12.0	\$ (11.2)	\$ 17.0
Per share data:					
Net income (loss) per common share					
Basic	\$ —	\$ 0.17	\$ 0.13	\$ (0.12)	\$ 0.18
Diluted	\$ —	\$ 0.17	\$ 0.13	\$ (0.12)	\$ 0.18

Note 24 — Guarantor Subsidiaries

The 2022 Notes and the 2020 Notes, each issued by our 100% owned subsidiary, Cott Beverages Inc., are guaranteed on a senior basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the “Guarantor Subsidiaries”). Cott Beverages Inc. and each Guarantor Subsidiary is 100% owned by Cott Corporation, the guarantees of the 2022 Notes and the 2020 Notes by Cott Corporation and the Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

We have not presented separate financial statements and separate disclosures have not been provided concerning Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with the Securities and Exchange Commission (the “SEC”) interpretations governing reporting of subsidiary financial information.

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The following supplemental financial information sets forth on a consolidating basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, Cott Beverages Inc., Guarantor Subsidiaries and our other subsidiaries (the “Non-guarantor Subsidiaries”). The supplemental financial information reflects our investments and those of Cott Beverages Inc. in their respective subsidiaries using the equity method of accounting.

Condensed Consolidating Statement of Operations
For the year ended January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 166.3	\$ 745.1	\$ 1,102.6	\$ 137.9	\$ (49.1)	\$ 2,102.8
Cost of sales	144.8	643.2	972.8	114.6	(49.1)	1,826.3
Gross profit	21.5	101.9	129.8	23.3	—	276.5
Selling, general and administrative expenses	23.1	124.7	95.2	12.0	—	255.0
Loss on disposal of property, plant & equipment	0.2	0.1	1.3	0.1	—	1.7
Restructuring and asset impairments						
Restructuring	2.1	0.3	—	—	—	2.4
Asset impairments	0.9	0.8	—	—	—	1.7
Operating (loss) income	(4.8)	(24.0)	33.3	11.2	—	15.7
Other (income) expense, net	(10.9)	21.8	10.0	0.1	—	21.0
Intercompany interest (income) expense, net	(0.7)	(18.4)	19.1	—	—	0.0
Interest expense, net	0.2	37.2	2.2	0.1	—	39.7
Income (loss) before income tax expense (benefit) and equity income	6.6	(64.6)	2.0	11.0	—	(45.0)
Income tax expense (benefit)	0.3	(59.6)	(2.7)	0.6	—	(61.4)
Equity income	4.5	6.1	—	—	(10.6)	—
Net income	\$ 10.8	\$ 1.1	\$ 4.7	\$ 10.4	\$ (10.6)	\$ 16.4
Less: Net income attributable to non-controlling interests	—	—	—	5.6	—	5.6
Less: Accumulated dividends on convertible preferred shares	0.6	—	—	—	—	0.6
Less: Accumulated dividends on non-convertible preferred shares	0.2	—	—	—	—	0.2
Net income attributed to Cott Corporation	\$ 10.0	\$ 1.1	\$ 4.7	\$ 4.8	\$ (10.6)	\$ 10.0
Comprehensive (loss) income attributed to Cott Corporation	\$ (23.4)	\$ (31.5)	\$ 15.4	\$ 8.5	\$ 7.6	\$ (23.4)

Condensed Consolidating Statement of Operations
For the year ended December 28, 2013
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 170.9	\$ 780.4	\$ 1,022.3	\$ 147.0	\$ (26.6)	\$ 2,094.0
Cost of sales	149.0	668.5	898.6	129.1	(26.6)	1,818.6
Gross profit	21.9	111.9	123.7	17.9	—	275.4
Selling, general and administrative expenses	28.9	75.3	70.1	9.1	—	183.4
Loss on disposal of property, plant & equipment	0.1	1.1	0.5	0.1	—	1.8
Restructuring	0.5	0.5	0.7	0.3	—	2.0
Operating (loss) income	(7.6)	35.0	52.4	8.4	—	88.2
Other expense (income), net	0.4	12.5	(0.1)	—	—	12.8
Intercompany interest (income) expense, net	—	(12.0)	12.0	—	—	—
Interest expense, net	—	50.8	0.7	0.1	—	51.6
(Loss) income before income tax (benefit) expense and equity income (loss)	(8.0)	(16.3)	39.8	8.3	—	23.8
Income tax (benefit) expense	(0.8)	4.6	(2.4)	0.4	—	1.8
Equity income (loss)	24.2	5.2	(7.3)	—	(22.1)	—
Net income (loss)	\$ 17.0	\$ (15.7)	\$ 34.9	\$ 7.9	\$ (22.1)	\$ 22.0
Less: Net income attributable to non-controlling interests	—	—	—	5.0	—	5.0
Net income (loss) attributed to Cott Corporation	\$ 17.0	\$ (15.7)	\$ 34.9	\$ 2.9	\$ (22.1)	\$ 17.0
Comprehensive income (loss) attributed to Cott Corporation	\$ 12.6	\$ (4.9)	\$ 29.6	\$ 5.2	\$ (29.9)	\$ 12.6

Condensed Consolidating Statement of Operations
For the year ended December 29, 2012
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 201.8	\$ 864.5	\$ 1,042.8	\$ 172.9	\$ (31.4)	\$ 2,250.6
Cost of sales	165.3	725.6	922.4	156.0	(31.4)	1,937.9
Gross profit	36.5	138.9	120.4	16.9	—	312.7
Selling, general and administrative expenses	32.1	69.5	89.2	10.0	—	200.8
Loss on disposal of property, plant & equipment	—	0.7	0.6	0.5	—	1.8
Operating income	4.4	68.7	30.6	6.4	—	110.1
Contingent consideration earn-out adjustment	—	0.6	—	—	—	0.6
Other expense (income), net	0.4	(1.7)	(0.6)	(0.1)	—	(2.0)
Intercompany interest (income) expense, net	—	(11.0)	11.0	—	—	—
Interest expense, net	0.1	53.3	0.7	0.1	—	54.2
Income before income tax expense (benefit) and equity income	3.9	27.5	19.5	6.4	—	57.3
Income tax expense (benefit)	3.0	2.2	(0.7)	0.1	—	4.6
Equity income	47.3	5.0	30.5	—	(82.8)	—
Net income	\$ 48.2	\$ 30.3	\$ 50.7	\$ 6.3	\$ (82.8)	\$ 52.7
Less: Net income attributable to non-controlling interests	—	—	—	4.5	—	4.5
Net income attributed to Cott Corporation	\$ 48.2	\$ 30.3	\$ 50.7	\$ 1.8	\$ (82.8)	\$ 48.2
Comprehensive income (loss) attributed to Cott Corporation	\$ 60.5	\$ 52.7	\$ (33.4)	\$ (0.3)	\$ (19.0)	\$ 60.5

Consolidating Balance Sheet
As of January 3, 2015
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>Cott Beverages Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
ASSETS						
<i>Current assets</i>						
Cash & cash equivalents	\$ 6.2	\$ 8.6	\$ 64.0	\$ 7.4	\$ —	\$ 86.2
Accounts receivable, net of allowance	16.2	130.4	333.8	12.2	(186.9)	305.7
Income taxes recoverable	—	0.6	0.6	0.4	—	1.6
Inventories	12.4	72.5	180.9	5.5	—	271.3
Prepaid expenses and other assets	3.2	39.5	16.2	0.4	—	59.3
Total current assets	38.0	251.6	595.5	25.9	(186.9)	724.1
Property, plant & equipment, net	38.2	178.4	631.2	7.8	—	855.6
Goodwill	23.4	4.5	715.7	—	—	743.6
Intangibles and other assets, net	0.7	105.3	669.0	6.7	—	781.7
Deferred income taxes	2.5	30.5	—	—	(30.5)	2.5
Other tax receivable	0.1	0.1	—	—	—	0.2
Due from affiliates	183.8	564.5	3.0	0.1	(751.4)	—
Investments in subsidiaries	436.3	623.5	349.6	—	(1,409.4)	—
Total assets	\$ 723.0	\$ 1,758.4	\$ 2,964.0	\$ 40.5	\$ (2,378.2)	\$ 3,107.7
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Short-term borrowings	\$ —	\$ 229.0	\$ —	\$ —	\$ —	\$ 229.0
Current maturities of long-term debt	0.1	2.5	0.5	0.9	—	4.0
Accounts payable and accrued liabilities	30.4	212.4	356.3	8.1	(186.9)	420.3
Total current liabilities	30.5	443.9	356.8	9.0	(186.9)	653.3
Long-term debt	—	1,157.1	407.3	0.6	—	1,565.0
Deferred income taxes	—	—	150.4	—	(30.5)	119.9
Other long-term liabilities	0.4	5.8	64.3	1.3	—	71.8
Due to affiliates	1.3	1.7	715.5	32.9	(751.4)	—
Total liabilities	32.2	1,608.5	1,694.3	43.8	(968.8)	2,410.0
Convertible preferred shares	116.1	—	—	—	—	116.1
Non-convertible preferred shares	32.7	—	—	—	—	32.7
<i>Equity</i>						
Capital stock, no par	388.3	525.7	1,595.8	39.7	(2,161.2)	388.3
Additional paid-in-capital	46.6	—	—	—	—	46.6
Retained earnings (deficit)	158.1	(367.2)	(330.1)	(55.1)	752.4	158.1
Accumulated other comprehensive (loss) income	(51.0)	(8.6)	4.0	5.2	(0.6)	(51.0)
Total Cott Corporation equity	542.0	149.9	1,269.7	(10.2)	(1,409.4)	542.0
Non-controlling interests	—	—	—	6.9	—	6.9
Total equity	542.0	149.9	1,269.7	(3.3)	(1,409.4)	548.9
Total liabilities and equity	\$ 723.0	\$ 1,758.4	\$ 2,964.0	\$ 40.5	\$ (2,378.2)	\$ 3,107.7

Consolidating Balance Sheet
As of December 28, 2013
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>Cott Beverages Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
ASSETS						
<i>Current assets</i>						
Cash & cash equivalents	\$ 1.5	\$ 1.1	\$ 39.1	\$ 5.5	\$ —	\$ 47.2
Accounts receivable, net of allowance	19.0	114.1	229.8	14.4	(174.0)	203.3
Income taxes recoverable	0.4	0.7	—	—	—	1.1
Inventories	16.2	77.0	132.9	7.0	—	233.1
Prepaid expenses and other assets	2.1	10.1	7.0	0.1	—	19.3
Total current assets	39.2	203.0	408.8	27.0	(174.0)	504.0
Property, plant & equipment, net	47.9	187.0	235.7	9.9	—	480.5
Goodwill	25.8	6.4	107.0	—	—	139.2
Intangibles and other assets, net	1.3	88.0	196.2	10.7	—	296.2
Deferred income taxes	3.6	—	—	—	—	3.6
Other tax receivable	—	0.2	—	—	—	0.2
Due from affiliates	39.6	125.7	2.9	41.9	(210.1)	—
Investments in subsidiaries	506.3	246.7	697.7	—	(1,450.7)	—
Total assets	\$ 663.7	\$ 857.0	\$ 1,648.3	\$ 89.5	\$ (1,834.8)	\$ 1,423.7
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Short-term borrowings	\$ —	\$ 16.2	\$ 34.6	\$ —	\$ —	\$ 50.8
Current maturities of long-term debt	—	2.4	0.6	0.9	—	3.9
Accounts payable and accrued liabilities	25.5	213.9	225.6	6.7	(174.0)	297.7
Total current liabilities	25.5	232.5	260.8	7.6	(174.0)	352.4
Long-term debt	0.1	399.6	2.2	1.6	—	403.5
Deferred income taxes	—	32.0	8.7	0.4	—	41.1
Other long-term liabilities	0.1	2.8	19.4	—	—	22.3
Due to affiliates	43.1	1.6	128.1	37.3	(210.1)	—
Total liabilities	68.8	668.5	419.2	46.9	(384.1)	819.3
<i>Equity</i>						
Capital stock, no par	392.8	509.4	1,557.5	82.5	(2,149.4)	392.8
Additional paid-in-capital	44.1	—	—	—	—	44.1
Retained earnings (deficit)	174.8	(344.9)	(321.7)	(50.9)	717.5	174.8
Accumulated other comprehensive (loss) income	(16.8)	24.0	(6.7)	1.5	(18.8)	(16.8)
Total Cott Corporation equity	594.9	188.5	1,229.1	33.1	(1,450.7)	594.9
Non-controlling interests	—	—	—	9.5	—	9.5
Total equity	594.9	188.5	1,229.1	42.6	(1,450.7)	604.4
Total liabilities and equity	\$ 663.7	\$ 857.0	\$ 1,648.3	\$ 89.5	\$ (1,834.8)	\$ 1,423.7

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Condensed Consolidating Statement of Cash Flows
For the year ended January 3, 2015
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>Cott Beverages Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
Operating Activities						
Net income	\$ 10.8	\$ 1.1	\$ 4.7	\$ 10.4	\$ (10.6)	\$ 16.4
Depreciation & amortization	6.2	40.3	58.5	5.7	—	110.7
Amortization of financing fees	0.1	2.3	0.1	—	—	2.5
Amortization of bond premium	—	—	(0.4)	—	—	(0.4)
Share-based compensation expense	1.2	4.0	0.5	0.1	—	5.8
Increase (decrease) in deferred income taxes	0.8	(60.0)	(6.6)	—	—	(65.8)
Loss on disposal of property, plant & equipment	0.2	0.1	1.3	0.1	—	1.7
Asset impairments	0.9	0.8	—	—	—	1.7
Write-off of financing fees and discount	—	4.1	—	—	—	4.1
Equity income, net of distributions	(4.5)	(6.1)	—	—	10.6	—
Intercompany dividends	63.8	8.9	17.8	—	(90.5)	—
Other non-cash items	0.2	0.1	—	—	—	0.3
Net change in operating assets and liabilities, net of acquisition	(37.7)	(24.8)	37.0	5.2	—	(20.3)
Net cash provided by (used in) operating activities	<u>42.0</u>	<u>(29.2)</u>	<u>112.9</u>	<u>21.5</u>	<u>(90.5)</u>	<u>56.7</u>
Investing Activities						
Acquisition, net of cash received	—	(798.5)	—	—	—	(798.5)
Additions to property, plant & equipment	(1.9)	(27.1)	(16.9)	(0.8)	—	(46.7)
Additions to intangibles and other assets	—	(6.9)	—	—	—	(6.9)
Proceeds from sale of property, plant & equipment	—	1.7	—	0.1	—	1.8
Net cash used in investing activities	<u>(1.9)</u>	<u>(830.8)</u>	<u>(16.9)</u>	<u>(0.7)</u>	<u>—</u>	<u>(850.3)</u>
Financing Activities						
Payments of long-term debt	(0.1)	(392.0)	(0.4)	(1.1)	—	(393.6)
Issue of long-term debt	—	1,150.0	—	—	—	1,150.0
Borrowings under ABL	—	959.0	—	—	—	959.0
Payments under ABL	—	(746.2)	(33.4)	—	—	(779.6)
Distributions to non-controlling interests	—	—	—	(8.5)	—	(8.5)
Financing fees	—	(24.0)	—	—	—	(24.0)
Common shares repurchased and cancelled	(12.1)	—	—	—	—	(12.1)
Dividends paid to shareholders	(22.8)	—	—	—	—	(22.8)
Payment of deferred consideration for acquisitions	—	(32.4)	—	—	—	(32.4)
Intercompany financing transactions	—	(28.8)	28.8	—	—	—
Other financing activities	—	(0.3)	—	—	—	(0.3)
Intercompany dividends	—	(17.8)	(63.8)	(8.9)	90.5	—
Net cash (used in) provided by financing activities	<u>(35.0)</u>	<u>867.5</u>	<u>(68.8)</u>	<u>(18.5)</u>	<u>90.5</u>	<u>835.7</u>
Effect of exchange rate changes on cash	(0.4)	—	(2.3)	(0.4)	—	(3.1)
Net increase in cash & cash equivalents	<u>4.7</u>	<u>7.5</u>	<u>24.9</u>	<u>1.9</u>	<u>—</u>	<u>39.0</u>
Cash & cash equivalents, beginning of period	<u>1.5</u>	<u>1.1</u>	<u>39.1</u>	<u>5.5</u>	<u>—</u>	<u>47.2</u>
Cash & cash equivalents, end of period	<u>\$ 6.2</u>	<u>\$ 8.6</u>	<u>\$ 64.0</u>	<u>\$ 7.4</u>	<u>\$ —</u>	<u>\$ 86.2</u>

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Condensed Consolidating Statement of Cash Flows
For the year ended December 28, 2013
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>Cott Beverages Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
Operating Activities						
Net income (loss)	\$ 17.0	\$ (15.7)	\$ 34.9	\$ 7.9	\$ (22.1)	\$ 22.0
Depreciation & amortization	6.3	39.4	48.7	6.2	—	100.6
Amortization of financing fees	0.1	2.6	0.1	—	—	2.8
Share-based compensation expense	1.1	2.5	0.4	—	—	4.0
(Increase) decrease in deferred income taxes	(0.9)	4.5	(3.0)	(0.1)	—	0.5
Loss on disposal of property, plant & equipment	0.1	1.1	0.5	0.1	—	1.8
Write-off of financing fees and discount	—	4.0	—	—	—	4.0
Equity (income) loss, net of distributions	(24.2)	(5.2)	7.3	—	22.1	—
Intercompany dividends	27.1	6.9	—	—	(34.0)	—
Other non-cash items	0.2	0.5	0.1	0.1	—	0.9
Net change in operating assets and liabilities	(21.3)	153.4	(114.8)	1.0	—	18.3
Net cash provided by (used in) operating activities	<u>5.5</u>	<u>194.0</u>	<u>(25.8)</u>	<u>15.2</u>	<u>(34.0)</u>	<u>154.9</u>
Investing Activities						
Acquisition, net of cash received	—	(4.7)	(6.5)	—	—	(11.2)
Additions to property, plant & equipment	(6.8)	(34.8)	(12.4)	(1.3)	—	(55.3)
Additions to intangibles and other assets	—	(5.9)	—	—	—	(5.9)
Proceeds from sale of property, plant & equipment	—	—	—	0.2	—	0.2
Proceeds from insurance recoveries	—	0.6	—	—	—	0.6
Net cash used in investing activities	<u>(6.8)</u>	<u>(44.8)</u>	<u>(18.9)</u>	<u>(1.1)</u>	<u>—</u>	<u>(71.6)</u>
Financing Activities						
Payments of long-term debt	(0.1)	(201.1)	(18.8)	(0.8)	—	(220.8)
Borrowings under ABL	—	89.0	42.9	—	—	131.9
Payments under ABL	—	(72.9)	(9.2)	—	—	(82.1)
Distributions to non-controlling interests	—	—	—	(6.6)	—	(6.6)
Common shares repurchased and cancelled	(13.0)	—	—	—	—	(13.0)
Dividends paid to shareholders	(21.9)	—	—	—	—	(21.9)
Intercompany dividends	—	—	(27.1)	(6.9)	34.0	—
Financing fees	(0.1)	(0.6)	(0.1)	—	—	(0.8)
Net cash used in financing activities	<u>(35.1)</u>	<u>(185.6)</u>	<u>(12.3)</u>	<u>(14.3)</u>	<u>34.0</u>	<u>(213.3)</u>
Effect of exchange rate changes on cash	(1.9)	—	(0.3)	—	—	(2.2)
Net decrease in cash & cash equivalents	<u>(38.3)</u>	<u>(36.4)</u>	<u>(57.3)</u>	<u>(0.2)</u>	<u>—</u>	<u>(132.2)</u>
Cash & cash equivalents, beginning of period	<u>39.8</u>	<u>37.5</u>	<u>96.4</u>	<u>5.7</u>	<u>—</u>	<u>179.4</u>
Cash & cash equivalents, end of period	<u>\$ 1.5</u>	<u>\$ 1.1</u>	<u>\$ 39.1</u>	<u>\$ 5.5</u>	<u>\$ —</u>	<u>\$ 47.2</u>

Condensed Consolidating Statement of Cash Flows
For the year ended December 29, 2012
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>Cott Beverages Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
Operating Activities						
Net income	\$ 48.2	\$ 30.3	\$ 50.7	\$ 6.3	\$ (82.8)	\$ 52.7
Depreciation & amortization	6.5	36.8	48.1	5.9	—	97.3
Amortization of financing fees	0.2	3.3	0.2	—	—	3.7
Share-based compensation expense	1.1	2.7	1.0	0.1	—	4.9
Increase (decrease) in deferred income taxes	0.4	3.6	(0.2)	—	—	3.8
Gain on bargain purchase	—	—	(0.9)	—	—	(0.9)
Loss on disposal of property, plant & equipment	—	0.7	0.6	0.5	—	1.8
Equity income, net of distributions	(47.3)	(5.0)	(30.5)	—	82.8	—
Intercompany dividends	28.0	5.9	—	—	(33.9)	—
Other non-cash items	—	(0.4)	—	—	—	(0.4)
Net change in operating assets and liabilities	2.9	(3.9)	12.8	(1.7)	—	10.1
Net cash provided by operating activities	<u>40.0</u>	<u>74.0</u>	<u>81.8</u>	<u>11.1</u>	<u>(33.9)</u>	<u>173.0</u>
Investing Activities						
Acquisition, net of cash received	—	(4.7)	(5.0)	—	—	(9.7)
Additions to property, plant & equipment	(7.7)	(45.2)	(14.2)	(2.6)	—	(69.7)
Additions to intangibles and other assets	(0.6)	(5.1)	0.5	—	—	(5.2)
Proceeds from sale of property, plant & equipment	—	—	1.0	1.3	—	2.3
Proceeds from insurance recoveries	—	1.9	—	—	—	1.9
Net cash used in investing activities	<u>(8.3)</u>	<u>(53.1)</u>	<u>(17.7)</u>	<u>(1.3)</u>	<u>—</u>	<u>(80.4)</u>
Financing Activities						
Payments of long-term debt	0.1	(2.9)	—	(0.5)	—	(3.3)
Borrowings under ABL	—	24.5	—	—	—	24.5
Payments under ABL	—	(24.5)	—	—	—	(24.5)
Distributions to non-controlling interests	—	—	—	(5.6)	—	(5.6)
Common share repurchase	(0.3)	—	—	—	—	(0.3)
Dividends paid to shareholders	(5.8)	—	—	—	—	(5.8)
Intercompany dividends	—	—	(28.0)	(5.9)	33.9	—
Financing fees	—	(1.2)	—	—	—	(1.2)
Net cash used in financing activities	<u>(6.0)</u>	<u>(4.1)</u>	<u>(28.0)</u>	<u>(12.0)</u>	<u>33.9</u>	<u>(16.2)</u>
Effect of exchange rate changes on cash	0.4	—	1.4	0.3	—	2.1
Net increase (decrease) in cash & cash equivalents	<u>26.1</u>	<u>16.8</u>	<u>37.5</u>	<u>(1.9)</u>	<u>—</u>	<u>78.5</u>
Cash & cash equivalents, beginning of period	<u>13.7</u>	<u>20.7</u>	<u>58.9</u>	<u>7.6</u>	<u>—</u>	<u>100.9</u>
Cash & cash equivalents, end of period	<u>\$ 39.8</u>	<u>\$ 37.5</u>	<u>\$ 96.4</u>	<u>\$ 5.7</u>	<u>\$ —</u>	<u>\$ 179.4</u>

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The DSS Notes assumed as part of the DSS Acquisition are guaranteed on a senior basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the “Guarantor Subsidiaries”). DSS and each Guarantor Subsidiary is 100% owned by Cott Corporation. The guarantees of the DSS Notes by Cott Corporation and the Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

We have not presented separate financial statements and separate disclosures have not been provided concerning Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with the Securities and Exchange Commission (the “SEC”) interpretations governing reporting of subsidiary financial information.

The following supplemental financial information sets forth on a consolidating basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, DSS, Guarantor Subsidiaries and our other subsidiaries (the “Non-guarantor Subsidiaries”). The supplemental financial information reflects our investments and those of DSS in their respective subsidiaries using the equity method of accounting.

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Condensed Consolidating Statement of Operations
For the year ended January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 166.3	\$ 28.7	\$ 1,819.0	\$ 137.9	\$ (49.1)	\$ 2,102.8
Cost of sales	144.8	15.9	1,600.1	114.6	(49.1)	1,826.3
Gross profit	21.5	12.8	218.9	23.3	—	276.5
Selling, general and administrative expenses	23.1	14.5	205.4	12.0	—	255.0
Loss on disposal of property, plant & equipment	0.2	0.1	1.3	0.1	—	1.7
Restructuring and asset impairments						
Restructuring	2.1	—	0.3	—	—	2.4
Asset impairments	0.9	—	0.8	—	—	1.7
Operating (loss) income	(4.8)	(1.8)	11.1	11.2	—	15.7
Other (income) expense, net	(10.9)	(0.1)	31.9	0.1	—	21.0
Intercompany interest (income) expense, net	(0.7)	2.6	(1.9)	—	—	0.0
Interest expense, net	0.2	1.0	38.4	0.1	—	39.7
Income (loss) before income tax expense (benefit) and equity income	6.6	(5.3)	(57.3)	11.0	—	(45.0)
Income tax expense (benefit)	0.3	(2.5)	(59.8)	0.6	—	(61.4)
Equity income	4.5	—	6.1	—	(10.6)	—
Net income (loss)	\$ 10.8	\$ (2.8)	\$ 8.6	\$ 10.4	\$ (10.6)	\$ 16.4
Less: Net income attributable to non-controlling interests	—	—	—	5.6	—	5.6
Less: Accumulated dividends on convertible shares	0.6	—	—	—	—	0.6
Less: Accumulated dividends on non-convertible shares	0.2	—	—	—	—	0.2
Net income (loss) attributed to Cott Corporation	\$ 10.0	\$ (2.8)	\$ 8.6	\$ 4.8	\$ (10.6)	\$ 10.0
Comprehensive (loss) income attributed to Cott Corporation	\$ (23.4)	\$ (26.7)	\$ 10.6	\$ 8.5	\$ 7.6	\$ (23.4)

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Condensed Consolidating Statement of Operations
For the year ended December 28, 2013
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 170.9	\$ —	\$ 1,802.7	\$ 147.0	\$ (26.6)	\$ 2,094.0
Cost of sales	149.0	—	1,567.1	129.1	(26.6)	1,818.6
Gross profit	21.9	—	235.6	17.9	—	275.4
Selling, general and administrative expenses	28.9	—	145.4	9.1	—	183.4
Loss on disposal of property, plant & equipment	0.1	—	1.6	0.1	—	1.8
Restructuring	0.5	—	1.2	0.3	—	2.0
Operating (loss) income	(7.6)	—	87.4	8.4	—	88.2
Other expense, net	0.4	—	12.4	—	—	12.8
Interest expense, net	—	—	51.5	0.1	—	51.6
(Loss) income before income tax (benefit) expense and equity income	(8.0)	—	23.5	8.3	—	23.8
Income tax (benefit) expense	(0.8)	—	2.2	0.4	—	1.8
Equity income	24.2	—	3.0	—	(27.2)	—
Net income	\$ 17.0	\$ —	\$ 24.3	\$ 7.9	\$ (27.2)	\$ 22.0
Less: Net income attributable to non- controlling interests	—	—	—	5.0	—	5.0
Net income attributed to Cott Corporation	\$ 17.0	\$ —	\$ 24.3	\$ 2.9	\$ (27.2)	\$ 17.0
Comprehensive income attributed to Cott Corporation	\$ 12.6	\$ —	\$ 19.0	\$ 5.2	\$ (24.2)	\$ 12.6

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Condensed Consolidating Statement of Operations
For the year ended December 29, 2012
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	\$ 201.8	\$ —	\$ 1,907.3	\$ 172.9	\$ (31.4)	\$ 2,250.6
Cost of sales	165.3	—	1,648.0	156.0	(31.4)	1,937.9
Gross profit	36.5	—	259.3	16.9	—	312.7
Selling, general and administrative expenses	32.1	—	158.7	10.0	—	200.8
Loss on disposal of property, plant & equipment	—	—	1.3	0.5	—	1.8
Operating income	4.4	—	99.3	6.4	—	110.1
Contingent consideration earn-out adjustment	—	—	0.6	—	—	0.6
Other expense (benefit), net	0.4	—	(2.3)	(0.1)	—	(2.0)
Interest expense, net	0.1	—	54.0	0.1	—	54.2
Income before income tax expense and equity income	3.9	—	47.0	6.4	—	57.3
Income tax expense	3.0	—	1.5	0.1	—	4.6
Equity income	47.3	—	2.0	—	(49.3)	—
Net income	\$ 48.2	\$ —	\$ 47.5	\$ 6.3	\$ (49.3)	\$ 52.7
Less: Net income attributable to non-controlling interests	—	—	—	4.5	—	4.5
Net income attributed to Cott Corporation	\$ 48.2	\$ —	\$ 47.5	\$ 1.8	\$ (49.3)	\$ 48.2
Comprehensive income (loss) attributed to Cott Corporation	\$ 60.5	\$ —	\$ (14.2)	\$ (0.3)	\$ 14.5	\$ 60.5

Consolidating Balance Sheet
As of **January 3, 2015**
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>DS Services of America, Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
ASSETS						
<i>Current assets</i>						
Cash & cash equivalents	\$ 6.2	\$ 34.4	\$ 38.2	\$ 7.4	\$ —	\$ 86.2
Accounts receivable, net of allowance	16.2	105.4	358.8	12.2	(186.9)	305.7
Income taxes recoverable	—	0.6	0.6	0.4	—	1.6
Inventories	12.4	43.1	210.3	5.5	—	271.3
Prepaid expenses and other assets	3.2	10.3	45.4	0.4	—	59.3
Total current assets	38.0	193.8	653.3	25.9	(186.9)	724.1
Property, plant & equipment, net	38.2	406.6	403.0	7.8	—	855.6
Goodwill	23.4	556.9	163.3	—	—	743.6
Intangibles and other assets, net	0.7	415.6	358.7	6.7	—	781.7
Deferred income taxes	2.5	—	—	—	—	2.5
Other tax receivable	0.1	—	0.1	—	—	0.2
Due from affiliates	183.8	—	403.0	0.1	(586.9)	—
Investments in subsidiaries	436.3	—	973.1	—	(1,409.4)	—
Total assets	\$ 723.0	\$ 1,572.9	\$ 2,954.5	\$ 40.5	\$ (2,183.2)	\$ 3,107.7
LIABILITIES, PREFERRED SHARES AND EQUITY						
<i>Current liabilities</i>						
Short-term borrowings	\$ —	\$ —	\$ 229.0	\$ —	\$ —	\$ 229.0
Current maturities of long-term debt	0.1	—	3.0	0.9	—	4.0
Accounts payable and accrued liabilities	30.4	106.8	461.9	8.1	(186.9)	420.3
Total current liabilities	30.5	106.8	693.9	9.0	(186.9)	653.3
Long-term debt	—	405.6	1,158.8	0.6	—	1,565.0
Deferred income taxes	—	129.3	(9.4)	—	—	119.9
Other long-term liabilities	0.4	29.6	40.5	1.3	—	71.8
Due to affiliates	1.3	548.8	3.9	32.9	(586.9)	—
Total liabilities	32.2	1,220.1	1,887.7	43.8	(773.8)	2,410.0
Convertible preferred shares	116.1	—	—	—	—	116.1
Non-convertible preferred shares	32.7	—	—	—	—	32.7
<i>Equity</i>						
Capital stock, no par	388.3	355.5	1,766.0	39.7	(2,161.2)	388.3
Additional paid-in-capital	46.6	—	—	—	—	46.6
Retained earnings (deficit)	158.1	(2.8)	(694.5)	(55.1)	752.4	158.1
Accumulated other comprehensive (loss) income	(51.0)	0.1	(4.7)	5.2	(0.6)	(51.0)
Total Cott Corporation equity	542.0	352.8	1,066.8	(10.2)	(1,409.4)	542.0
Non-controlling interests	—	—	—	6.9	—	6.9
Total equity	542.0	352.8	1,066.8	(3.3)	(1,409.4)	548.9
Total liabilities, preferred shares and equity	\$ 723.0	\$ 1,572.9	\$ 2,954.5	\$ 40.5	\$ (2,183.2)	\$ 3,107.7

Consolidating Balance Sheet
As of December 28, 2013
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>DS Services of America, Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
ASSETS						
<i>Current assets</i>						
Cash & cash equivalents	\$ 1.5	\$ —	\$ 40.2	\$ 5.5	\$ —	\$ 47.2
Accounts receivable, net of allowance	19.0	—	174.8	15.5	(6.0)	203.3
Income taxes recoverable	0.4	—	0.7	—	—	1.1
Inventories	16.2	—	209.9	7.0	—	233.1
Prepaid expenses and other assets	2.1	—	17.1	0.1	—	19.3
Total current assets	39.2	—	442.7	28.1	(6.0)	504.0
Property, plant & equipment, net	47.9	—	422.7	9.9	—	480.5
Goodwill	25.8	—	113.4	—	—	139.2
Intangibles and other assets, net	1.3	—	284.2	10.7	—	296.2
Deferred income taxes	3.6	—	—	—	—	3.6
Other tax receivable	—	—	0.2	—	—	0.2
Due from affiliates	39.6	—	2.9	41.9	(84.4)	—
Investments in subsidiaries	506.3	—	742.7	—	(1,249.0)	—
Total assets	\$ 663.7	\$ —	\$ 2,008.8	\$ 90.6	\$ (1,339.4)	\$ 1,423.7
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Short-term borrowings	\$ —	\$ —	\$ 50.8	\$ —	\$ —	\$ 50.8
Current maturities of long-term debt	—	—	3.0	0.9	—	3.9
Accounts payable and accrued liabilities	25.5	—	271.5	6.7	(6.0)	297.7
Total current liabilities	25.5	—	325.3	7.6	(6.0)	352.4
Long-term debt	0.1	—	401.8	1.6	—	403.5
Deferred income taxes	—	—	40.7	0.4	—	41.1
Other long-term liabilities	0.1	—	22.2	—	—	22.3
Due to affiliates	43.1	—	4.0	37.3	(84.4)	—
Total liabilities	68.8	—	794.0	46.9	(90.4)	819.3
<i>Equity</i>						
Capital stock, no par	392.8	—	1,863.7	82.5	(1,946.2)	392.8
Treasury stock	—	—	—	—	—	—
Restricted shares	—	—	—	—	—	—
Additional paid-in-capital	44.1	—	—	—	—	44.1
Retained earnings (deficit)	174.8	—	(666.2)	(49.8)	716.0	174.8
Accumulated other comprehensive (loss) income	(16.8)	—	17.3	1.5	(18.8)	(16.8)
Total Cott Corporation equity	594.9	—	1,214.8	34.2	(1,249.0)	594.9
Non-controlling interests	—	—	—	9.5	—	9.5
Total equity	594.9	—	1,214.8	43.7	(1,249.0)	604.4
Total liabilities and equity	\$ 663.7	\$ —	\$ 2,008.8	\$ 90.6	\$ (1,339.4)	\$ 1,423.7

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Condensed Consolidating Statement of Cash Flows For the year ended January 3, 2015 (in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>DS Services of America, Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
Operating Activities						
Net income (loss)	\$ 10.8	\$ (2.8)	\$ 8.6	\$ 10.4	\$ (10.6)	\$ 16.4
Depreciation & amortization	6.2	5.2	93.6	5.7	—	110.7
Amortization of financing fees	0.1	—	2.4	—	—	2.5
Amortization of bond premium	—	(0.4)	—	—	—	(0.4)
Share-based compensation expense	1.2	—	4.5	0.1	—	5.8
Increase (decrease) in deferred income taxes	0.8	(2.2)	(64.4)	—	—	(65.8)
Loss on disposal of property, plant & equipment	0.2	0.1	1.3	0.1	—	1.7
Asset impairments	0.9	—	0.8	—	—	1.7
Write-off of financing fees and discount	—	—	4.1	—	—	4.1
Equity income, net of distributions	(4.5)	—	(6.1)	—	10.6	—
Intercompany dividends	63.8	—	—	—	(63.8)	—
Other non-cash items	0.2	—	0.1	—	—	0.3
Net change in operating assets and liabilities, net of acquisition	(37.7)	9.3	11.7	(3.6)	—	(20.3)
Net cash provided by operating activities	<u>42.0</u>	<u>9.2</u>	<u>56.6</u>	<u>12.7</u>	<u>(63.8)</u>	<u>56.7</u>
Investing Activities						
Acquisition, net of cash received	—	—	(798.5)	—	—	(798.5)
Additions to property, plant & equipment	(1.9)	(3.6)	(40.4)	(0.8)	—	(46.7)
Additions to intangibles and other assets	—	—	(6.9)	—	—	(6.9)
Proceeds from sale of property, plant & equipment	—	—	1.8	—	—	1.8
Net cash (used in) provided by investing activities	<u>(1.9)</u>	<u>(3.6)</u>	<u>(844.0)</u>	<u>(0.8)</u>	<u>—</u>	<u>(850.3)</u>
Financing Activities						
Payments of long-term debt	(0.1)	—	(392.4)	(1.1)	—	(393.6)
Issue of long-term debt	—	—	1,150.0	—	—	1,150.0
Borrowings under ABL	—	—	959.0	—	—	959.0
Payments under ABL	—	—	(779.6)	—	—	(779.6)
Distributions to non-controlling interests	—	—	—	(8.5)	—	(8.5)
Financing fees	—	—	(24.0)	—	—	(24.0)
Common share repurchase	(12.1)	—	—	—	—	(12.1)
Dividends paid to shareholders	(22.8)	—	—	—	—	(22.8)
Payment of deferred consideration for acquisitions	—	—	(32.4)	—	—	(32.4)
Intercompany financing transactions	—	28.8	(28.8)	—	—	—
Other financing activities	—	—	(0.3)	—	—	(0.3)
Intercompany dividends	—	—	(63.8)	—	63.8	—
Net cash (used in) provided by financing activities	<u>(35.0)</u>	<u>28.8</u>	<u>787.7</u>	<u>(9.6)</u>	<u>63.8</u>	<u>835.7</u>
Effect of exchange rate changes on cash	(0.4)	—	(2.3)	(0.4)	—	(3.1)
Net increase (decrease) in cash & cash equivalents	<u>4.7</u>	<u>34.4</u>	<u>(2.0)</u>	<u>1.9</u>	<u>—</u>	<u>39.0</u>
Cash & cash equivalents, beginning of period	<u>1.5</u>	<u>—</u>	<u>40.2</u>	<u>5.5</u>	<u>—</u>	<u>47.2</u>
Cash & cash equivalents, end of period	\$ 6.2	\$ 34.4	\$ 38.2	\$ 7.4	\$ —	\$ 86.2

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Condensed Consolidating Statement of Cash Flows
For the year ended December 28, 2013
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>DS Services of America, Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
Operating Activities						
Net income	\$ 17.0	\$ —	\$ 24.3	\$ 7.9	\$ (27.2)	\$ 22.0
Depreciation & amortization	6.3	—	88.1	6.2	—	100.6
Amortization of financing fees	0.1	—	2.7	—	—	2.8
Share-based compensation expense	1.1	—	2.9	—	—	4.0
(Decrease) increase in deferred income taxes	(0.9)	—	1.5	(0.1)	—	0.5
Loss on disposal of property, plant & equipment	0.1	—	1.6	0.1	—	1.8
Write-off of financing fees and discount	—	—	4.0	—	—	4.0
Equity loss, net of distributions	(24.2)	—	(3.0)	—	27.2	—
Intercompany dividends	27.1	—	6.9	—	(34.0)	—
Other non-cash items	0.2	—	0.6	0.1	—	0.9
Net change in operating assets and liabilities, net of acquisition	(21.3)	—	38.6	1.0	—	18.3
Net cash provided by operating activities	<u>5.5</u>	<u>—</u>	<u>168.2</u>	<u>15.2</u>	<u>(34.0)</u>	<u>154.9</u>
Investing Activities						
Acquisition, net of cash received	—	—	(11.2)	—	—	(11.2)
Additions to property, plant & equipment	(6.8)	—	(47.2)	(1.3)	—	(55.3)
Additions to intangibles and other assets	—	—	(5.9)	—	—	(5.9)
Proceeds from sale of property, plant & equipment	—	—	—	0.2	—	0.2
Proceeds from insurance recoveries	—	—	0.6	—	—	0.6
Net cash used in investing activities	<u>(6.8)</u>	<u>—</u>	<u>(63.7)</u>	<u>(1.1)</u>	<u>—</u>	<u>(71.6)</u>
Financing Activities						
Payments of long-term debt	(0.1)	—	(219.9)	(0.8)	—	(220.8)
Borrowings under ABL	—	—	131.9	—	—	131.9
Payments under ABL	—	—	(82.1)	—	—	(82.1)
Distributions to non-controlling interests	—	—	—	(6.6)	—	(6.6)
Common share repurchase	(13.0)	—	—	—	—	(13.0)
Dividends paid to shareholders	(21.9)	—	—	—	—	(21.9)
Intercompany dividends	—	—	(27.1)	(6.9)	34.0	—
Financing fees	(0.1)	—	(0.7)	—	—	(0.8)
Net cash used in financing activities	<u>(35.1)</u>	<u>—</u>	<u>(197.9)</u>	<u>(14.3)</u>	<u>34.0</u>	<u>(213.3)</u>
Effect of exchange rate changes on cash	(1.9)	—	(0.3)	—	—	(2.2)
Net decrease in cash & cash equivalents	<u>(38.3)</u>	<u>—</u>	<u>(93.7)</u>	<u>(0.2)</u>	<u>—</u>	<u>(132.2)</u>
Cash & cash equivalents, beginning of period	<u>39.8</u>	<u>—</u>	<u>133.9</u>	<u>5.7</u>	<u>—</u>	<u>179.4</u>
Cash & cash equivalents, end of period	<u>\$ 1.5</u>	<u>\$ —</u>	<u>\$ 40.2</u>	<u>\$ 5.5</u>	<u>\$ —</u>	<u>\$ 47.2</u>

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Condensed Consolidating Statement of Cash Flows
For the year ended December 29, 2012
(in millions of U.S. dollars)

	<u>Cott Corporation</u>	<u>DS Services of America, Inc.</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
Operating Activities						
Net income	\$ 48.2	\$ —	\$ 47.5	\$ 6.3	\$ (49.3)	\$ 52.7
Depreciation & amortization	6.5	—	84.9	5.9	—	97.3
Amortization of financing fees	0.2	—	3.5	—	—	3.7
Share-based compensation expense	1.1	—	3.7	0.1	—	4.9
Increase in deferred income taxes	0.4	—	3.4	—	—	3.8
Gain on bargain purchase	—	—	(0.9)	—	—	(0.9)
Loss on disposal of property, plant & equipment	—	—	1.3	0.5	—	1.8
Equity loss, net of distributions	(47.3)	—	(2.0)	—	49.3	—
Intercompany dividends	28.0	—	5.9	—	(33.9)	—
Other non-cash items	—	—	(0.4)	—	—	(0.4)
Net change in operating assets and liabilities, net of acquisition	2.9	—	8.9	(1.7)	—	10.1
Net cash provided by operating activities	<u>40.0</u>	<u>—</u>	<u>155.8</u>	<u>11.1</u>	<u>(33.9)</u>	<u>173.0</u>
Investing Activities						
Acquisition, net of cash received	—	—	(9.7)	—	—	(9.7)
Additions to property, plant & equipment	(7.7)	—	(59.4)	(2.6)	—	(69.7)
Additions to intangibles and other assets	(0.6)	—	(4.6)	—	—	(5.2)
Proceeds from sale of property, plant & equipment	—	—	1.0	1.3	—	2.3
Proceeds from insurance recoveries	—	—	1.9	—	—	1.9
Net cash used in investing activities	<u>(8.3)</u>	<u>—</u>	<u>(70.8)</u>	<u>(1.3)</u>	<u>—</u>	<u>(80.4)</u>
Financing Activities						
Payments of long-term debt	0.1	—	(2.9)	(0.5)	—	(3.3)
Borrowings under ABL	—	—	24.5	—	—	24.5
Payments under ABL	—	—	(24.5)	—	—	(24.5)
Distributions to non-controlling interests	—	—	—	(5.6)	—	(5.6)
Common share repurchase	(0.3)	—	—	—	—	(0.3)
Dividends paid to shareholders	(5.8)	—	—	—	—	(5.8)
Intercompany dividends	—	—	(28.0)	(5.9)	33.9	—
Financing fees	—	—	(1.2)	—	—	(1.2)
Net cash used in financing activities	<u>(6.0)</u>	<u>—</u>	<u>(32.1)</u>	<u>(12.0)</u>	<u>33.9</u>	<u>(16.2)</u>
Effect of exchange rate changes on cash	0.4	—	1.4	0.3	—	2.1
Net increase (decrease) in cash & cash equivalents	<u>26.1</u>	<u>—</u>	<u>54.3</u>	<u>(1.9)</u>	<u>—</u>	<u>78.5</u>
Cash & cash equivalents, beginning of period	<u>13.7</u>	<u>—</u>	<u>79.6</u>	<u>7.6</u>	<u>—</u>	<u>100.9</u>
Cash & cash equivalents, end of period	<u>\$ 39.8</u>	<u>\$ —</u>	<u>\$ 133.9</u>	<u>\$ 5.7</u>	<u>\$ —</u>	<u>\$ 179.4</u>

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On February 19, 2015, the Board of Directors declared a dividend of \$0.06 per common share, payable in cash on March 27, 2015 to shareowners of record at the close of business on March 11, 2015.

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SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in millions of U.S. dollars)

Description	Year ended January 3, 2015					Balance at End of Year
	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	
Reserves deducted in the balance sheet from the asset to which they apply						
<u>Allowances for losses on:</u>						
Accounts receivables	\$ (5.8)	\$ (0.5)	\$ (0.8)	\$ 0.2	\$ 0.4	\$ (6.5)
Inventories	(12.0)	—	(6.3)	0.2	(0.1)	(18.2)
Deferred income tax assets	(45.2)	—	29.4	—	—	(15.8)
	<u>\$ (63.0)</u>	<u>\$ (0.5)</u>	<u>\$ 22.3</u>	<u>\$ 0.4</u>	<u>\$ 0.3</u>	<u>\$ (40.5)</u>

(in millions of U.S. dollars)

Description	Year ended December 28, 2013					Balance at End of Year
	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	
Reserves deducted in the balance sheet from the asset to which they apply						
<u>Allowances for losses on:</u>						
Accounts receivables	\$ (6.7)	\$ —	\$ 0.9	\$ —	\$ —	\$ (5.8)
Inventories	(10.5)	—	(2.0)	0.5	—	(12.0)
Deferred income tax assets	(27.5)	—	(17.8)	0.1	—	(45.2)
	<u>\$ (44.7)</u>	<u>\$ —</u>	<u>\$ (18.9)</u>	<u>\$ 0.6</u>	<u>\$ —</u>	<u>\$ (63.0)</u>

(in millions of U.S. dollars)

Description	Year ended December 29, 2012					Balance at End of Year
	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	
Reserves deducted in the balance sheet from the asset to which they apply						
<u>Allowances for losses on:</u>						
Accounts receivables	\$ (5.7)	\$ —	\$ (1.3)	\$ (0.1)	\$ 0.4	\$ (6.7)
Inventories	(8.8)	—	(1.6)	(0.3)	0.2	(10.5)
Deferred income tax assets	(22.2)	—	(5.6)	0.3	—	(27.5)
	<u>\$ (36.7)</u>	<u>\$ —</u>	<u>\$ (8.5)</u>	<u>\$ (0.1)</u>	<u>\$ 0.6</u>	<u>\$ (44.7)</u>

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 24, 2015, Cott Corporation (the “Company” or “Cott”) filed Amendment No. 1 on Form 8-K-A (the “Amended 8-K”) to amend the Current Report on Form 8-K filed on December 15, 2014 to include, among other things, certain financial information relating to Cott’s acquisition of DSS Group, Inc. and its subsidiaries (collectively “DSS”) that was consummated on December 12, 2014 (the “DSS Acquisition”). The following unaudited pro forma condensed combined financial information represents the pro forma impacts of the DSS Acquisition and Cott’s acquisition of Aimia Foods Holdings Limited (“Aimia”) on May 30, 2014 (the “Aimia Acquisition”) as those transactions are described in the unaudited pro forma condensed combined financial information included in Exhibit 99.3 of the Amended 8-K.

Basis for historical Information

The unaudited pro forma condensed combined statements of operations for the year ended January 3, 2015 assume that the DSS Acquisition and the Aimia Acquisition were consummated on December 30, 2012.

Cott’s historical financial information for the year ended January 3, 2015 is derived from the Company’s Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on March 4, 2015. The historical financial information for DSS for the period from December 28, 2013 through December 12, 2014 is derived from its unaudited condensed consolidated financial statements for that period. The results of operations of DSS from December 12, 2014 through December 26, 2014 (which represents the fiscal year end for DSS) are already reflected in Cott’s audited consolidated statement of operations for the year ended January 3, 2015.

The historical financial information of Aimia included in the unaudited pro forma condensed combined statement of operations for the year ended January 3, 2015 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 January 3, 2015 are already reflected in Cott’s audited consolidated statement of operations for the year ended January 3, 2015.

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 January 3, 2015, included in Cott’s Annual Report on Form 10-K filed with the SEC on March 4, 2015 and incorporated herein by reference;
- 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 date 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 company, or the impact of non-recurring items, including synergies, directly related to the DSS Acquisition and the Aimia Acquisition.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended January 3, 2015
(dollars in millions, except per share amounts)

	<u>Historical</u>			<u>Historical</u>			<u>Year Ended January 3, 2015</u>
	<u>Year Ended January 3, 2015</u>	<u>Five Months Ended May 29, 2014</u>	<u>Cott Proforma including Aimia</u>	<u>Period from December 28, 2013 through December 12,</u>		<u>Pro Forma Adjustments</u>	
				<u>2014</u>	<u>DSS Acquisition</u>		
	<u>Cott</u>	<u>Proforma Aimia</u>	<u>DS Services</u>	<u>Financing Adjustments</u>	<u>Adjustments</u>	<u>Pro Forma Combined</u>	
Revenue, net	\$ 2,102.8	\$ 46.8	\$ 2,149.6	\$ 949.5	\$ —	\$ —	\$ 3,099.1
Cost of sales	1,826.3	35.4	1,861.7	383.5	—	(5.6) 2(b)	2,239.6
Gross profit	276.5	11.4	287.9	566.0	—	5.6	859.5
Selling, general, and administrative expenses	255.0	4.9	259.9	551.6	—	(3.2) 2(b)	750.7
						10.9 2(c)	
						3.1 2(d)	
						0.3 2(e)	
						(73.1) 2(f)	
						3.1 2(g)	
						(2.0) 2(h)	
Loss on disposal of property, plant, and equipment	1.7	—	1.7	—	—	—	1.7
Restructuring	2.4	—	2.4	—	—	—	2.4
Asset impairments	1.7	—	1.7	—	—	—	1.7
Operating Income	15.7	6.5	22.2	14.4	—	66.4	103.0
Other expense (income), net	21.0	(0.1)	20.9	(0.4)	—	—	20.5
Interest expense, net	39.7	(1.2)	38.5	77.9	(77.9) 2(a)	—	111.3
					72.8 2(a)		
Income (Loss) before income taxes	(45.0)	7.8	(37.2)	(63.1)	5.1	66.4	(28.8)
Income tax expense (benefit)	(61.4)	1.8	(59.6)	(3.9)	1.9 2(i)	24.8 2(i)	(36.8)
Net income (loss)	16.4	6.0	22.4	(59.2)	3.2	41.6	8.0
Less: Net income attributable to non- controlling interests	5.6	—	5.6	—	—	—	5.6
Less: Cummulative dividends on preferred stock	0.8	—	0.8	—	—	15.2 2(j)	16.0
Net income (loss) attributable to Cott	<u>\$ 10.0</u>	<u>\$ 6.0</u>	<u>\$ 16.0</u>	<u>\$ (59.2)</u>	<u>\$ 3.2</u>	<u>\$ 26.4</u>	<u>\$ (13.6)</u>
Net income (loss) attributable per Cott share:							
Basic	\$ 0.11		\$ 0.17				\$ (0.15) 2(k)
Diluted	\$ 0.10		\$ 0.17				\$ (0.15) 2(k)
Weighted average shares outstanding:							
Basic	93,777		93,777				93,777 2(k)
Diluted	95,900		95,900				93,777 2(k)

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 both 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 (“U.S. GAAP”). The historical financial information of Aimia is presented in accordance with accounting principles generally accepted in the United Kingdom (“U.K. GAAP”). Such financial information has been subject to pro forma adjustments to align with U.S. GAAP.

Cott’s historical financial information for the year ended January 3, 2015 is derived from the Company’s Form 10-K filed with the SEC on March 4, 2015. The historical financial information for DSS for the period from December 28, 2013 through December 12, 2014 is derived from its unaudited condensed consolidated financial statements at December 12, 2014 and for the period from December 28, 2013 through December 12, 2014. The results of operations of DSS from December 12, 2014 through December 26, 2014 (which represents the fiscal year end for DSS) are already reflected in Cott’s audited consolidated statement of operations for the year ended January 3, 2015.

The historical financial information of Aimia in the unaudited pro forma condensed combined statements of operations for the year ended January 3, 2015 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 January 3, 2015 are already reflected in Cott’s audited consolidated statement of operations for the year ended January 3, 2015.

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 this 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 as the Company is still in the process of conforming the accounting policies of DSS to those of Cott as of the date of this Current Report on Form 8-K.

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 the 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.

2. Notes to Unaudited Pro Forma Condensed Combined Statement of Operations

- (a) Represents the reversal of historical interest expense of DSS and the recording of estimated interest expense and amortization of debt financing fees associated with anticipated borrowings.

(dollars in millions)	<u>Year ended</u> <u>January 3, 2015</u>
Reversal of DSS interest expense and amortization of deferred debt financing fees	\$ (77.9)
Interest expense on new financing	72.8
Pro forma interest expense adjustment	\$ (5.1)

A sensitivity analysis on interest expense for the year ended January 3, 2015 has been performed for the asset based lending facility 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:

(dollars in millions) <u>Interest expense assuming</u>	<u>Year ended January 3, 2015</u>
Increase of 0.125%	0.2
Decrease of 0.125%	(0.2)

- (b) Represents reversal of historical depreciation expense and recognition of new depreciation expense based on the fair value of property, plant and equipment (“PP&E”) on a straight-line basis from December 30, 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 (“SG&A”) expenses based upon the nature of activities associated with the PP&E acquired.

(dollars in millions)	<u>Year ended January 3, 2015</u>	
	<u>COS</u>	<u>SG&A</u>
Reversal of DSS historical depreciation	\$ (56.4)	\$ (29.9)
Depreciation of acquired property, plant and equipment	50.8	26.7
Pro forma depreciation expense adjustment	\$ (5.6)	\$ (3.2)

- (c) Represents reversal of historical intangible asset amortization and adjustment to record straight line amortization expense related to identifiable intangible assets, except for the customer relationships intangible asset 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 expenses for the amortization of intangible assets is as follows:

(dollars in millions)	<u>Year ended January 3, 2015</u>
Reversal of DSS historical intangible asset amortization	\$ (21.9)
Amortization of acquired identifiable intangible assets	32.8
Pro forma intangibles amortization expense adjustment	\$ 10.9

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

(dollars in millions) <u>Intangible Asset</u>	<u>Estimated Fair</u>	<u>Estimated Useful</u>
	<u>Value</u>	<u>Life</u>
Customer relationships	\$ 219.8	16 Years
Trademarks and trade names	183.1	Indefinite
Non-compete covenants	0.4	4 Years
Software	5.7	3 Years
Total	\$ 409.0	

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 Multi-period Excess Earnings method was used to value the customer relationships.

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

<u>(dollars in millions)</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Amortization of customer relationships	\$36.0	\$32.9	\$28.5	\$24.0	\$19.1

- (d) Represents adjustment for rental expense related to certain properties for which DSS entered into a sale-leaseback arrangement on December 10, 2014. These properties were not acquired by Cott; however, Cott acquired the right to use the properties through the sale-leaseback arrangement.
- (e) Represents straight line amortization of certain prepaid insurance costs incurred as a precondition to the consummation of the DSS Acquisition.
- (f) Represents the elimination of certain costs directly attributable to the DSS Acquisition. These acquisition costs, which include legal, due diligence, accounting and other advisory fees, are excluded from the unaudited pro forma condensed combined statement of operations as they are considered non-recurring.
- (g) Represents an adjustment to record additional compensation expense that will be paid to certain executives for agreements entered into in connection with the DSS Acquisition.
- (h) Agreement between DSS and Crestview Partners to monitor the investment of Crestview stockholders in DSS was terminated upon consummation of the DSS Acquisition. This represents an adjustment to remove the impact of the fees paid to Crestview pursuant to such agreement.
- (i) 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 an effective tax rate of 37.4% to compute the income tax expense related to each entity's pro forma condensed combined statement of operations.
- (j) Represents adjustments for accumulated dividends on the Convertible Preferred and Non-Convertible Preferred shares issued as part of the total merger consideration.
- (k) Represents pro forma basic and diluted earnings per share ("EPS"). The pro forma basic EPS has been computed in the manner shown in the table below. To calculate diluted EPS, the impact of any potential dilutive instruments (i.e. stock options, performance-based restricted share units ("RSUs"), time-based RSUs and the outstanding Series A Convertible First Preferred Shares) would 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.

Pro forma Basic and Diluted Loss per Share	Year ended January 3, 2015
Net loss attributable to Cott (in millions)	\$ (13.6)
Pro forma weighted average shares (basic and diluted, in thousands)	93,777
Basic and diluted loss per share	\$ (0.15)

3. Acquisition of Aimia

The following table shows the pro forma adjustments for the Aimia Acquisition.

Aimia Foods Holdings Limited
Unaudited Pro Forma Condensed Combined Statement of Operations
For the year ended January 3, 2015
(dollars in millions)

	<u>Historical</u>				<u>Five Months</u> <u>Ended May 29,</u>	<u>2014</u>
	<u>Five Months</u> <u>Ended May 29,</u>		<u>2014</u>			
	<u>Aimia</u>	<u>UK to US GAAP</u>	<u>Bond Offering</u>	<u>Purchase</u> <u>Accounting</u>		
	<u>3(a)</u>	<u>3(a)</u>		<u>3(a)</u>		
Revenue, net	\$ 46.7	\$ 0.1 3(b)	\$ —	\$ —	\$ 46.8	
Cost of sales	34.6	0.1 3(b)	—	0.7 3(g)	35.4	
Gross profit	12.1	—	—	(0.7)	11.4	
Selling, general, and administrative expenses	5.2	(0.3) 3(c)		— 3(g)	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) 3(d)			(0.1)	
Interest expense, net	0.2	—	(1.2) 3(f)	(0.2) 3(h)	(1.2)	
Income (Loss) before income taxes	6.7	0.4	1.2	(0.5)	7.8	
Income tax expense (benefit)	1.5	0.1 3(e)	0.3 3(e)	(0.1) 3(e)	1.8	
Net income (loss)	5.2	0.3	0.9	(0.4)	6.0	
Less: Net income attributable to non-controlling interests	—	—	—	—	—	
Less: Cummulative dividends on preferred stock	—	—	—	—	—	
Net income (loss) attributable to Cott	\$ 5.2	\$ 0.3	\$ 0.9	\$ (0.4)	\$ 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 January 3, 2015 are already reflected in Cott's audited consolidated statement of operations for the year ended January 3, 2015.

- (a) These amounts in millions of U.S. Dollars have been converted from pounds sterling at an average conversion rate of 1.66636, which approximates the exchange rate over the period from December 29, 2013 through May 29, 2014.
- (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 by Aimia.
- (c) This adjustment is to reflect the historical balances of Aimia in accordance with U.S. GAAP. The decrease in SG&A 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.
- (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, 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.
- (f) This adjustment represents an interest rate savings associated with the refinancing of Cott's 8.125% Notes due 2018 with the 5.375% Notes due 2022, which reduced the applicable interest rate, and includes 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 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 SG&A expenses. The increase in SG&A 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.
- (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.

For the year ended 30 June 2013

Registered number: 06201887

AIMIA Foods Holdings Limited

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INDEPENDENT AUDITOR'S REPORT

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
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Board of Directors
Aimia Foods Holdings Limited

We have audited the accompanying consolidated financial statements of Aimia Foods Holdings Limited and subsidiaries, which comprise the consolidated balance sheets as of 30 June 2013, and the related consolidated profit and loss account, and cash flow statement for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law); this includes the design, implementation, and maintenance of internal control relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects the financial position of Aimia Foods Holdings Limited and subsidiaries as of 30 June 2013, and the results of their operations and their cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

Grant Thornton UK LLP

GRANT THORNTON UK LLP

Manchester
United Kingdom
5 August 2014

AIMIA Foods Holdings Limited

Consolidated profit and loss account
For the year ended 30 June 2013

		Unaudited	
	Note	2013 £000	2012 £000
Turnover	1,2	58,477	58,635
Cost of sales		(45,404)	(48,075)
Gross profit		13,073	10,560
Distribution costs		(1,104)	(1,083)
Administrative expenses		(5,163)	(4,782)
Exceptional administrative expenses	4	—	(3,109)
Total administrative expenses		(5,163)	(7,891)
Other operating income	3	—	32
Operating profit	4	6,806	1,618
Interest payable and similar charges	8	(124)	(136)
Profit on ordinary activities before taxation		6,682	1,482
Tax on profit on ordinary activities	9	(1,678)	(432)
Profit for the financial year	19	5,004	1,050

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The accompanying notes 1 to 33 form part of these financial statements.

AIMIA Foods Holdings Limited
Registered number: 06201887

Consolidated balance sheet
As at 30 June 2013

	Note	2013 £000	2012 £000	Unaudited 2012 £000
Fixed assets				
Intangible assets	10	6,346		6,800
Tangible assets	11	2,582		1,507
Investments	12	672		—
		<u>9,600</u>		<u>8,307</u>
Current assets				
Stocks	13	4,080	3,640	
Debtors	14	6,630	5,965	
Cash at bank		2,682	606	
		<u>13,392</u>	10,211	
Creditors: amounts falling due within one year	15	<u>(12,874)</u>	(14,274)	
Net current assets/(liabilities)		518		(4,063)
Total assets less current liabilities		10,118		4,244
Creditors: amounts falling due after more than one year	16	<u>(1,269)</u>		<u>(399)</u>
Net assets		<u>8,849</u>		<u>3,845</u>
Capital and reserves				
Called up share capital	18	500		500
Capital redemption reserve	19	544		544
Profit and loss account	19	7,805		2,801
Shareholders' funds	20	<u>8,849</u>		<u>3,845</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 August 2014.

Mr R N Unsworth
 Director

The accompanying notes 1 to 33 form part of these financial statements.

AIMIA Foods Holdings Limited
Registered number: 06201887

Company balance sheet
As at 30 June 2013

				Unaudited
	Note	£000	2013 £000	2012 £000
Fixed assets				
Investments	12		12,403	12,403
Current assets				
Debtors	14	110		110
Creditors: amounts falling due within one year	15	<u>(11,631)</u>		<u>(11,631)</u>
Net current liabilities			<u>(11,521)</u>	<u>(11,521)</u>
Net assets			<u>882</u>	<u>882</u>
Capital and Reserves				
Called up share capital	18		500	500
Capital redemption reserve	19		544	544
Profit and loss account	19		<u>(162)</u>	<u>(162)</u>
Shareholders' funds	20		<u>882</u>	<u>882</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 August 2014.

Mr R N Unsworth
Director

The accompanying notes 1 to 33 form part of these financial statements.

AIMIA Foods Holdings LimitedConsolidated cash flow statement
For the year ended 30 June 2013

	Note	2013 £000	Unaudited 2012 £000
Net cash flow from operating activities	21	3,782	4,752
Returns on investments and servicing of finance	22	(124)	(136)
Taxation		(332)	(401)
Capital expenditure and financial investment	22	(2,210)	(230)
Cash inflow before financing		1,116	3,985
Financing	22	1,137	(394)
Increase in cash in the year		<u>2,253</u>	<u>3,591</u>

Reconciliation of net cash flow to movement in net funds/(debt)
For the year ended 30 June 2013

	2013 £000	Unaudited 2012 £000
Increase in cash in the year	2,253	3,591
Cash inflow from increase in debt and lease financing	(1,137)	—
Change in net debt resulting from cash flows	1,116	3,591
New finance leases	—	290
Movement in net funds/(debt) in the year	1,116	3,881
Net debt at 1 July	(217)	(4,098)
Net funds/(debt) at 30 June	<u>899</u>	<u>(217)</u>

The accompanying notes 1 to 33 form part of these financial statements.

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

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 year ended 30 June 2013. 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 financial statements
For the year ended 30 June 2013

1. Accounting policies (continued)

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and 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

Those tangible fixed assets held for use under operating leases are depreciated over 4 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 year 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 financial statements
For the year ended 30 June 2013

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 year.

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 financial statements
For the year ended 30 June 2013

2. Turnover

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

	2013 £000	Unaudited 2012 £000
United Kingdom	58,029	55,322
Europe	448	2,864
Rest of world	—	449
	<u>58,477</u>	<u>58,635</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. Other operating income

	2013 £000	Unaudited 2012 £000
Other operating income	<u>—</u>	<u>32</u>

Other operating income relates to net rent receivable in respect of operating leases.

4. Operating profit

The operating profit is stated after charging:

	2013 £000	Unaudited 2012 £000
Amortisation - intangible fixed assets	454	454
Depreciation of tangible fixed assets:		
- owned by the group	63	594
- held under finance leases	400	128
Operating lease rentals:		
- other	117	129
- land and buildings	<u>956</u>	<u>956</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

4. Operating profit (continued)

Exceptional administrative expenses

	2013 £000	Unaudited 2012 £000
Provision in respect of GSOP scheme	<u>—</u>	<u>3,109</u>

The Growth Securities Ownership Plan (GSOP) is an incentive arrangement to align employees' interests with those of the company. The GSOP was fully settled in 2012.

5. Auditors' remuneration

	2013 £000	Unaudited 2012 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	16	15
Fees payable to the company's auditor and its associates in respect of:		
Taxation compliance services	5	5
All other non-audit services not included above	<u>—</u>	<u>5</u>

6. Staff costs

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

	2013 £000	Unaudited 2012 £000
Wages and salaries	7,472	10,793
Social security costs	601	643
Other pension costs	247	241
	<u>8,320</u>	<u>11,677</u>

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

	2013 No.	Unaudited 2012 No.
Production	159	155
Administration	101	110
	<u>260</u>	<u>265</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

7. Directors' remuneration

	2013	Unaudited 2012
	£000	£000
Remuneration	<u>805</u>	<u>3,600</u>
Company pension contributions to defined contribution pension schemes	<u>58</u>	<u>59</u>

During the year retirement benefits were accruing to 5 directors (2012 unaudited - 5 in respect of defined contribution pension schemes. The highest paid director received remuneration of £132,000 (2012 unaudited - £1,668,000).

Management and consultancy fees of £110,000 (2012 unaudited - £110,000) were paid which comprised charges for the services of I Unsworth and G Unsworth.

8. Interest payable

	2013	Unaudited 2012
	£000	£000
On bank loans and overdrafts	<u>62</u>	<u>108</u>
On finance leases and hire purchase contracts	<u>62</u>	<u>28</u>
	<u>124</u>	<u>136</u>

9. Taxation

	2013	Unaudited 2012
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	<u>1,588</u>	<u>492</u>
Adjustments in respect of prior periods	<u>(44)</u>	<u>(151)</u>
Total current tax	<u>1,544</u>	<u>341</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

9. Taxation (continued)

Deferred tax		
Origination and reversal of timing differences	118	91
Effect of increased tax rate on opening liability	16	—
Total deferred tax (see note 17)	134	91
Tax on profit on ordinary activities	1,678	432

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 unaudited - lower than) the standard rate of corporation tax in the UK of 23.75% (2012 unaudited - 25.5%). The differences are explained below:

	2013 £000	Unaudited 2012 £000
Profit on ordinary activities before tax	6,682	1,482
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.75% (2012 - 25.5%)	1,587	378
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	123	143
Capital allowances for year in excess of depreciation	(116)	(34)
Adjustments to tax charge in respect of prior periods	(44)	(151)
Short term timing difference leading to an increase (decrease) in taxation	(6)	5
Current tax charge for the year (see note above)	1,544	341

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

10. Intangible fixed assets

	Goodwill
Group	£000
Cost	
At 1 July 2012 (unaudited) and 30 June 2013	<u>9,069</u>
Amortisation	
At 1 July 2012 (unaudited)	2,269
Charge for the year	<u>454</u>
At 30 June 2013	<u>2,723</u>
Net book value	
At 30 June 2013	<u><u>6,346</u></u>
At 30 June 2012 (unaudited)	<u><u>6,800</u></u>

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

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

11. Tangible fixed assets

Group	L/Term	Plant &	Motor	Fixtures &	Other fixed	Total
	Leasehold					
Cost	Property	£000	£000	£000	£000	£000
At 1 July 2012 (unaudited)	188	10,342	46	2,663	180	13,419
Additions	—	1,427	39	72	—	1,538
Disposals	—	(25)	—	—	—	(25)
Transfer between classes	—	180	—	—	(180)	—
At 30 June 2013	<u>188</u>	<u>11,924</u>	<u>85</u>	<u>2,735</u>	<u>—</u>	<u>14,932</u>
Depreciation						
At 1 July 2012 (unaudited)	85	9,203	42	2,582	—	11,912
Charge for the year	—	407	7	49	—	463
On disposals	—	(25)	—	—	—	(25)
At 30 June 2013	<u>85</u>	<u>9,585</u>	<u>49</u>	<u>2,631</u>	<u>—</u>	<u>12,350</u>
Net book value						
At 30 June 2013	<u>103</u>	<u>2,339</u>	<u>36</u>	<u>104</u>	<u>—</u>	<u>2,582</u>
At 30 June 2012 (unaudited)	<u>103</u>	<u>1,139</u>	<u>4</u>	<u>81</u>	<u>180</u>	<u>1,507</u>

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

Group	2013	Unaudited
	£000	2012
Plant and machinery	<u>953</u>	<u>449</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

12. Fixed asset investments

Group	Unlisted investments £000
Cost or valuation	
At 1 July 2012 Unaudited	—
Additions	672
At 30 June 2013	672
Net book value	
At 30 June 2013	672
At 30 June 2012 Unaudited	—

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.

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2012 Unaudited and 30 June 2013	12,403
Net book value	
At 30 June 2013	12,403
At 30 June 2012 Unaudited	12,403

Details of the principal subsidiaries can be found under note number 28.

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

13. Stocks

	Group		Company	
	Unaudited		Unaudited	
	2013	2012	2013	2012
	£000	£000	£000	£000
Raw materials	2,159	2,088	—	—
Finished goods and goods for resale	1,921	1,552	—	—
	4,080	3,640	—	—

14. Debtors

	Group		Company	
	Unaudited		Unaudited	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	5,494	4,725	—	—
Amounts owed by group undertakings	—	—	110	110
Amounts owed by related parties	—	45	—	—
Other debtors	202	106	—	—
Prepayments and accrued income	689	710	—	—
Deferred tax asset (see note 17)	245	379	—	—
	6,630	5,965	110	110

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

15. Creditors:

Amounts falling due within one year

	Group		Company	
	Unaudited		Unaudited	
	2013 £000	2012 £000	2013 £000	2012 £000
Bank loans and overdrafts	—	177	—	—
Net obligations under finance leases and hire purchase contracts	515	247	—	—
Trade creditors	6,964	7,223	—	—
Amounts owed to group undertakings	—	—	11,631	11,631
Corporation tax	1,584	372	—	—
Other taxation and social security	171	173	—	—
Other creditors	671	115	—	—
Accruals and deferred income	2,969	5,967	—	—
	12,874	14,274	11,631	11,631

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

16. Creditors:

Amounts falling due after more than one year

	Group		Company	
	Unaudited		Unaudited	
	2013 £000	2012 £000	2013 £000	2012 £000
Net obligations under finance leases and hire purchase contracts	1,269	399	—	—

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

	Group		Company	
	Unaudited		Unaudited	
	2013 £000	2012 £000	2013 £000	2012 £000
Between one and five years	1,269	399	—	—

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

17. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	Unaudited		Unaudited	
	2013	2012	2013	2012
	£000	£000	£000	£000
At beginning of year	379	470	—	—
Charged during the year (P&L)	(134)	(91)	—	—
At end of year	<u>245</u>	<u>379</u>	<u>—</u>	<u>—</u>

The deferred taxation balance is made up as follows:

	<u>Group</u>		<u>Company</u>	
	Unaudited		Unaudited	
	2013	2012	2013	2012
	£000	£000	£000	£000
Accelerated capital allowances	(239)	(368)	—	—
Short term timing differences	(6)	(11)	—	—
	<u>(245)</u>	<u>(379)</u>	<u>—</u>	<u>—</u>

The directors believe that the deferred tax asset of £245,000 (2012 unaudited - £379,000) recognised in the accounts will be recoverable against suitable profits arising in the future.

18. Share capital

	2013	Unaudited
	£000	2012
		£000
Allotted, called up and fully paid		
500,000 - Ordinary Shares shares of £1 each	<u>500</u>	<u>500</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

19. Reserves

	Capital redempt'n reserve £000	Profit and loss account £000
Group		
At 1 July 2012 (Unaudited)	544	2,801
Profit for the financial year	—	5,004
At 30 June 2013	<u>544</u>	<u>7,805</u>

	Capital redempt'n reserve £000	Profit and loss account £000
Company		
At 1 July 2012 (Unaudited) and 30 June 2013	<u>544</u>	<u>(162)</u>

20. Reconciliation of movement in shareholders' funds

	2013 £000	Unaudited 2012 £000
Group		
Opening shareholders' funds	3,845	2,795
Profit for the financial year	5,004	1,050
Closing shareholders' funds	<u>8,849</u>	<u>3,845</u>

	2013 £000	Unaudited 2012 £000
Company		
Shareholders' funds at 1 July 2012 (unaudited) and 30 June 2013	<u>882</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 year dealt with in the accounts of the company was £NIL (2012 unaudited - £nil).

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Notes to the financial statements
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21. Net cash flow from operating activities

	2013 £000	Unaudited 2012 £000
Operating profit	6,806	1,618
Amortisation of intangible fixed assets	454	454
Depreciation of tangible fixed assets	463	722
Profit on disposal of tangible fixed assets	—	(41)
(Increase)/decrease in stocks	(440)	418
(Increase)/decrease in debtors	(798)	688
(Decrease)/increase in creditors	(2,703)	893
Net cash inflow from operating activities	<u>3,782</u>	<u>4,752</u>

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

	2013 £000	Unaudited 2012 £000
Returns on investments and servicing of finance		
Interest paid	(62)	(108)
Hire purchase interest	(62)	(28)
Net cash outflow from returns on investments and servicing of finance	<u>(124)</u>	<u>(136)</u>

	2013 £000	Unaudited 2012 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,538)	(271)
Sale of tangible fixed assets	—	41
Purchase of fixed asset investments	(672)	—
Net cash outflow from capital expenditure	<u>(2,210)</u>	<u>(230)</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

22. Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £000	Unaudited 2012 £000
Financing		
Repayment of finance leases	(363)	—
New finance leases	1,500	—
Repayment of finance leases	—	(394)
Net cash inflow/(outflow) from financing	<u>1,137</u>	<u>(394)</u>

23. Analysis of changes in net debt

	Unaudited 1 July 2012 £000	Cash flow £000	Other non-cash changes £000	30 June 2013 £000
Cash at bank and in hand	606	2,076	—	2,682
Bank overdraft	(177)	177	—	—
	<u>429</u>	<u>2,253</u>	<u>—</u>	<u>2,682</u>
Finance lease obligations				
Debts due within one year	(247)	(1,137)	870	(514)
Debts falling due after more than one year	(399)	—	(870)	(1,269)
Net (debt)/funds	<u>(217)</u>	<u>1,116</u>	<u>—</u>	<u>899</u>

24. 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 £247,000 (2012 unaudited - £241,000). Contributions totalling £43,000 (2012 unaudited - £43,000) were payable to the fund at the balance sheet date.

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Notes to the financial statements
For the year ended 30 June 2013

25. Capital commitments

The Group had capital commitments at 30 June 2013 of £600,000 (2012 unaudited: £Nil).

26. Contingent liabilities

There were no contingent liabilities at 30 June 2013 (2012 unaudited: £nil).

27. Operating lease commitments

At 30 June 2013, the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Within 1 year	—	—	21	17
Between 2 and 5 years	488	189	51	68
After more than 5 years	<u>493</u>	<u>792</u>	<u>—</u>	<u>—</u>

28. 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

29. 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 30 June 2013 was £nil (2012 unaudited - £nil).

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

30. 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 have been eliminated on consolidation.

During the period, the company paid rent of £8,500 (2012 unaudited: £8,500) in relation to a property owned by Mr I M Unsworth and Mr R N Unsworth. As at 30 June 2013, the rent prepaid amounted to £6,375 (2012 unaudited: £6,375).

31. Post balance sheet events

Cott Ventures Ltd, a subsidiary of Cott Corporation, acquired 100 percent of the share capital of Aimia Foods Holdings Limited pursuant to a Share Purchase Agreement dated 30 May 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 30 September 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 1 July 2016.

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

32. 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.

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Notes to the financial statements
For the year ended 30 June 2013

33. Unaudited Reconciliation of United Kingdom Generally Accepted Accounting Practice to United States Generally Accepted Accounting Principles

The consolidated financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”), which differ in certain respects from United States Generally Accepted Accounting Principles (“US GAAP”). The principal differences between UK GAAP and US GAAP have been reflected as adjustments in the unaudited reconciliations below, with explanatory notes describing the nature of the differences in accounting principles.

Consolidated Balance Sheets As at 30 June 2013 and 2012

	2013 (as filed under UK GAAP) £000	Unaudited 2013 Impact of adjustments £000		2013 (as adjusted for US GAAP) £000	2012 (as filed under UK GAAP) £000	Unaudited 2012 Impact of adjustments £000		2012 (as adjusted for US GAAP) £000
Fixed assets								
Intangible assets	6,346	2,723	A	9,069	6,800	2,269	A	9,069
Tangible assets	2,582	2,053	B	4,635	1,507	—		1,507
Investments	672	47	C	719	—	—		—
Other non-current assets	—	245	D	245	—	379	D	379
	<u>9,600</u>	<u>5,068</u>		<u>14,668</u>	<u>8,307</u>	<u>2,648</u>		<u>10,955</u>
Current assets								
Stocks	4,080	—		4,080	3,640	—		3,640
Debtors	6,630	(245)	D	6,385	5,965	(379)	D	5,586
Cash at bank	2,682	—		2,682	606	—		606
	<u>13,392</u>	<u>(245)</u>		<u>13,147</u>	<u>10,211</u>	<u>(379)</u>		<u>9,832</u>
Creditors: amounts falling due within one year	<u>(12,874)</u>	<u>(582)</u>	E	<u>(13,456)</u>	<u>(14,274)</u>	<u>(476)</u>	E	<u>(14,750)</u>
Net current assets/(liabilities)	<u>518</u>	<u>(827)</u>		<u>(309)</u>	<u>(4,063)</u>	<u>(855)</u>		<u>(4,918)</u>
Total assets less current liabilities	<u>10,118</u>	<u>4,241</u>		<u>14,359</u>	<u>4,244</u>	<u>1,793</u>		<u>6,037</u>
Creditors: amounts falling due after more than one year	<u>(1,269)</u>	<u>(2,053)</u>	B	<u>(3,322)</u>	<u>(399)</u>	<u>—</u>		<u>(399)</u>
Net assets	<u>8,849</u>	<u>2,188</u>		<u>11,037</u>	<u>3,845</u>	<u>1,793</u>		<u>5,638</u>
Capital and reserves								
Called up share capital	500	—		500	500	—		500
Capital redemption reserve	544	(544)	F	—	544	(544)	F	—
Profit and loss account	7,805	2,723	A	10,537	2,801	2,269	A	5,138
		47	C					
		(582)	E			(476)	E	
		544	F			544	F	
Shareholders' funds	<u>8,849</u>	<u>2,188</u>		<u>11,037</u>	<u>3,845</u>	<u>1,793</u>		<u>5,638</u>

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

33. Unaudited Reconciliation of United Kingdom Generally Accepted Accounting Practice to United States Generally Accepted Accounting Principles (continued)**Explanatory Notes to the Unaudited Consolidated Balance Sheets**

- A. US GAAP does not allow goodwill to be amortised. The difference in the value of intangible assets is attributable to the reversal of all accumulated goodwill amortisation at each of the dates presented under US GAAP. The reversal of the accumulated goodwill amortisation is offset as an adjustment to increase the profit and loss account.
- B. This adjustment is to increase property, plant and equipment associated with the portion of the historical cost of the underlying machinery and equipment financed by a customer, which is offset as an increase in non-current creditor payables as deferred income to be recognized over the term of the customer agreement. Under UK GAAP the machinery and equipment was reflected at its historical cost to the Group, without consideration to amounts financed by the customer. At 30 June 2013 the machinery and equipment financed by a customer had not yet been placed into service.
- C. US GAAP requires certain investments over which the investor has significant influence over the investee to be accounted for under the equity method of accounting, which requires that the investor's share of net income or loss of the investee (based on the investor's proportionate ownership of the investee) be recorded in the investor financial statements, which increases or decreases the value of the recorded investment. The increase in the investment is offset as an adjustment to increase the profit and loss account.
- D. This adjustment is to reclassify deferred tax assets from current to non-current assets based on differences between US and UK GAAP for what is considered current and non-current.
- E. This adjustment is to reflect the impact to current income taxes payable for the reversal of all previously recorded goodwill amortisation under UK GAAP at 30 June 2012 and 2013 and the recognition of equity in earnings of affiliates associated with the equity method investment for the year ended 30 June 2013.
- F. This adjustment is to eliminate the capital redemption reserves required under UK GAAP which is accounted for as an adjustment to the profit and loss account under US GAAP.

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Notes to the financial statements
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33. Unaudited Reconciliation of United Kingdom Generally Accepted Accounting Practice to United States Generally Accepted Accounting Principles (continued)

**Consolidated Profit and Loss Accounts
For the years ended 30 June 2013 and 2012**

	2013 (as filed under UK GAAP) £000	Unaudited 2013 Impact of adjustments £000		2013 (as adjusted for US GAAP) £000	2012 (as filed under UK GAAP) £000	Unaudited 2012 Impact of adjustments £000		2012 (as adjusted for US GAAP) £000
Turnover	58,477	—		58,477	58,635	—		58,635
Cost of sales	(45,404)	—		(45,404)	(48,075)	—		(48,075)
Gross profit	13,073	—		13,073	10,560	—		10,560
Distribution costs	(1,104)	—		(1,104)	(1,083)	—		(1,083)
Administrative expenses	(5,163)	454	A	(4,709)	(4,782)	454	A	(4,328)
Exceptional administrative expenses	—	—		—	(3,109)	—		(3,109)
Total administrative expenses	(5,163)	454		(4,709)	(7,891)	454		(7,437)
Other operating income	—	—		—	32	—		32
Operating profit	6,806	454		7,260	1,618	454		2,072
Interest payable and similar charges	(124)	—		(124)	(136)	—		(136)
Equity in earnings of affiliates	—	47	B	47	—	—		—
Profit on ordinary activities before taxation	6,682	501		7,183	1,482	454		1,936
Tax on profit on ordinary activities	(1,678)	(105)	C	(1,783)	(432)	(100)	C	(532)
Profit for the financial year	5,004	396		5,400	1,050	354		1,404

Explanatory Notes to the Unaudited Consolidated Profit and Loss Accounts

- A. US GAAP does not allow goodwill to be amortised. These adjustments to administrative expenses in 2013 and 2012 are to eliminate the goodwill amortisation recorded under UK GAAP.
- B. This adjustment is to record the equity in earnings of the Company's investment accounted for under the equity method under US GAAP.
- C. These adjustments are to reflect the tax impact of adjustments A and B in the consolidated profit and loss account for the year ended 30 June 2013 and adjustment A for the year ended 30 June 2012.

AIMIA Foods Holdings Limited

Notes to the financial statements
For the year ended 30 June 2013

33. Unaudited Reconciliation of United Kingdom Generally Accepted Accounting Practice to United States Generally Accepted Accounting Principles (continued)
**Consolidated Cash Flow Statements
 For the years ended 30 June 2013 and 2012**

	2013		Unaudited		2012		Unaudited	
	(as filed under	2013	(as adjusted for	2012	(as filed under	2012	(as adjusted for	
	UK GAAP)	Impact of	US GAAP)	UK GAAP)	Impact of	US GAAP)		
	£000	adjustments	£000	£000	adjustments	£000		
		£000			£000			
Net cash flow from operating activities	3,782	—	A	3,782	4,752	—	A	4,752
Returns on investments and servicing of finance	(124)	—		(124)	(136)	—		(136)
Taxation	(332)	—		(332)	(401)	—		(401)
Capital expenditure and financial investment	(2,210)	—		(2,210)	(230)	—		(230)
Cash inflow before financing	1,116	—		1,116	3,985	—		3,985
Financing	1,137	—		1,137	(394)	—		(394)
Increase in cash in the year	2,253	—		2,253	3,591	—		3,591

Explanatory Notes to the Unaudited Consolidated Cash Flow Statements

- A. The reversal of goodwill amortisation and equity in earnings of affiliates and related impact on deferred taxes would increase the profit for the financial year in the reconciliation of net cash flow from operating activities and would reduce the reconciling items within net cash flow from operating activities by equal amounts.