COTT CORP /CN/
Form 10-Q
May 13, 2008
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United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended: March 29, 2008

¨ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from ______ to ______

Commission File Number: 000-31410

COTT CORPORATION

(Exact name of registrant as specified in its charter)

CANADA **(State or Other Jurisdiction of Incorporation or Organization)**	**NONE** **(IRS Employer Identification No.)**
6525 VISCOUNT ROAD	
MISSISSAUGA, ONTARIO	
5519 WEST IDLEWILD AVE	**L4V 1H6**
TAMPA, FLORIDA **(Address of principal executive offices)**	**33634** **(Zip Code)**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding at March 29, 2008**
Common Stock, no par value per share	71,871,330 shares

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements
Cott Corporation

Consolidated Statements of Operations

(in millions of U.S. dollars, except per share amounts)

Unaudited

	For the three months ended	
	March 29, 2008	March 31, 2007
Revenue	**$ 389.7**	$ 400.2
Cost of sales	**348.9**	346.7
Gross profit	**40.8**	53.5
Selling, general and administrative expenses	**52.8**	37.7
Loss on disposal of property, plant & equipment	**0.2**	
Restructuring - Note 2		0.3
Operating (loss) income	**(12.2)**	15.5
Other (income) loss, net	**(1.4)**	0.2
Interest expense, net	**7.7**	7.8
Minority interest	**0.4**	0.7
(Loss) income before income taxes	**(18.9)**	6.8
Income tax expense - Note 5	**2.4**	2.0
Net (loss) income	**$ (21.3)**	$ 4.8
Net (loss) income per common share - Note 7		
Basic	**$ (0.30)**	$ 0.07
Diluted	**$ (0.30)**	$ 0.07
Weighted average outstanding shares (thousands)		
Basic	**71,871**	71,752
Diluted	**71,871**	71,795

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

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Cott Corporation

Consolidated Balance Sheets

(in millions of U.S. dollars)

Unaudited

	March 29, 2008	December 29, 2007
ASSETS		
Current assets		
Cash	**$ 21.4**	$ 27.4
Accounts receivable, net of allowance for bad debt of $4.8 million ($4.9 million as of December 29, 2007)	**199.0**	199.9
Income taxes recoverable	**28.0**	32.8
Inventories - Note 9	**135.5**	130.1
Prepaid and other expenses	**10.7**	10.2
Deferred income taxes	**0.1**	2.5
	394.7	402.9
Property, plant and equipment	**392.4**	388.4
Goodwill	**106.9**	108.3
Intangibles and other assets - Note 10	**232.6**	236.0
Deferred income taxes	**13.3**	13.3
	$ 1,139.9	$ 1,148.9
LIABILITIES AND SHAREOWNERS EQUITY		
Current liabilities		
Short-term borrowings - Note 11	**$ 144.8**	$ 137.0
Current maturities of long-term debt - Note 11	**17.2**	2.4
Accounts payable and accrued liabilities	**196.0**	199.9
	358.0	339.3
Long-term debt - Note 11	**268.3**	269.0
Other long-term liabilities	**17.9**	18.1
Other tax liabilities	**36.8**	36.6
Deferred income taxes	**30.3**	34.1
	711.3	697.1
Contingencies and Commitments - Note 12		
Subsequent events - Note 13		
Minority interest	**18.9**	19.6
Shareowners equity		
Capital stock	**275.0**	275.0
Restricted shares		(0.4)
Additional paid-in-capital	**33.8**	32.2
Retained earnings	**71.8**	93.1
Accumulated other comprehensive income	**29.1**	32.3
	409.7	432.2

$	**1,139.9**	$	1,148.9

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

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Cott Corporation

Consolidated Statements of Shareowners Equity

(in millions of U.S. dollars)

Unaudited

	Number of Common Shares (In thousands)	**Common Shares**	**Restricted Shares**	**Additional Paid-in-Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income**	**Total Equity**
Balance at December 30, 2006	**71,750**	**$ 273.4**	**$ (0.7)**	**$ 29.8**	**$ 168.7**	**$ 17.5**	**$ 488.7**
Options exercised Note 4	5						
Restricted shares Note 4			0.1				0.1
Share based compensation Note 4				2.5			2.5
Change in accounting policy				(4.6)	(4.3)		(8.9)
Currency translation adjustment						1.1	1.1
Net income					4.8		4.8
Other comprehensive income							5.9
Balance at March 31, 2007	**71,755**	**$ 273.4**	**$ (0.6)**	**$ 27.7**	**$ 169.2**	**$ 18.6**	**$ 488.3**
Balance at December 29, 2007	**71,871**	**$ 275.0**	**$ (0.4)**	**$ 32.2**	**$ 93.1**	**$ 32.3**	**$ 432.2**
Restricted shares Note 4			0.4				0.4
Share-based compensation Note 4				1.9			1.9
Modification of equity award Note 4				(0.3)			(0.3)
Comprehensive loss Note 6							
Currency translation adjustment						(3.1)	(3.1)
Pension liabilities						(0.1)	(0.1)
Net loss					(21.3)		(21.3)
Other comprehensive loss							(24.5)
Balance at March 29, 2008	**71,871**	**$ 275.0**	**$**	**$ 33.8**	**$ 71.8**	**$ 29.1**	**$ 409.7**

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

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Cott Corporation

Consolidated Statements of Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the three months ended	
	March 29, 2008	**March 31, 2007**
Operating Activities		
Net (loss) income	**$ (21.3)**	$ 4.8
Depreciation and amortization	**20.9**	17.9
Amortization of financing fees	**0.2**	0.3
Share-based compensation expense	**3.6**	2.5
Deferred income taxes	**(1.0)**	0.2
Increase in other income tax liabilities	**1.1**	0.8
Minority interest	**0.4**	0.7
Loss on disposal of property, plant & equipment	**0.2**	
Other non-cash items	**(0.2)**	0.3
Change in accounts receivable	**(0.3)**	(9.3)
Change in inventories	**(6.4)**	(16.2)
Change in prepaid expenses and other current assets	**(0.6)**	(1.6)
Change in accounts payable and accrued liabilities	**(2.5)**	13.4
Change in income taxes recoverable	**4.8**	1.6
Net cash (used in) provided by operating activities	**(1.1)**	15.4
Investing Activities		
Additions to property, plant and equipment	**(17.1)**	(16.2)
Additions to intangibles	**(2.0)**	(0.4)
Proceeds from disposal of property, plant & equipment		0.2
Net cash used in investing activities	**(19.1)**	(16.4)
Financing Activities		
Payments of long-term debt	**(1.1)**	(1.2)
Short-term borrowings (repayments)	**8.8**	(4.2)
Distributions to subsidiary minority shareowner	**(1.1)**	(0.6)
Issuance of short-term debt	**8.5**	
Other financing activities	**(0.4)**	(0.1)
Net cash provided by (used in) financing activities	**14.7**	(6.1)
Effect of exchange rate changes on cash	**(0.5)**	(0.1)
Net decrease in cash	**(6.0)**	(7.2)
Cash, beginning of period	**27.4**	13.4
Cash, end of period	**$ 21.4**	**$ 6.2**

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

Cott Corporation

Notes to the Consolidated Financial Statements

Unaudited

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

In this quarterly report, unless the context otherwise requires or indicates, the terms the Company, our Company, Cott Corporation, we, us a
our refer to Cott Corporation and its consolidated subsidiaries and their predecessors. The interim unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements in conformity with U.S. GAAP. In our opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. These financial statements should be read in conjunction with the annual audited consolidated financial statements and accompanying notes for the year ended December 29, 2007. The accounting policies used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements.

The presentation of these interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

Certain of the comparative figures have been reclassified to conform to the current period s presentation.

Impairment of Long-lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determining whether an impairment has occurred requires various estimates and assumptions including evaluating the lowest level of cash flows associated with groups of assets as well as estimates of cash flows that are directly related to the potentially impaired asset or groups of assets, the useful life over which cash flows will occur and their amounts. The measurement of an impairment loss requires an estimate of fair value, which is also based on estimates of future cash flows. These estimates could change in the near term and any such changes could be material.

A long-term contract with Wal-Mart for the lease and maintenance of vending machines will be allowed to expire in June 2008, in connection with Wal-Mart s plans to implement a different approach to soft drink vending. The existing program was designed to support Wal-Mart s brands. The new program will result in a significant reduction in the number of our vending machines at Wal-Mart stores. Accordingly, we have reduced the expected useful life of these assets, and have recorded accelerated depreciation of $0.9 million in the first quarter of 2008 and expect to record additional accelerated depreciation in the second quarter of 2008.

Recent Accounting Pronouncements

On December 30, 2007, we adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157) for financial assets and liabilities. There was no cumulative effect related to the adoption of SFAS 157 and the adoption did not have a material impact on our financial position or results of operations. As permitted by FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157, we elected to defer the adoption of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in our financial statements on a recurring basis.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 (SFAS 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 also includes an amendment to SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, which applies to all entities with available-for-sale and trading securities. This statement is effective as of the beginning of an entity s first fiscal year that began after November 15, 2007. We chose not to elect the fair value option for our financial assets and liabilities existing at December 30, 2007, and did not elect the fair value option on financial assets and liabilities transacted in the three months ended March 29, 2008. Therefore, the adoption of SFAS 159 had no impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations. This statement significantly changes the financial accounting and reporting of business combination transactions. The provisions of this statement are to be applied prospectively to business combination transactions in the first annual reporting period beginning on or after December 15, 2008. We expect this to have an impact on our accounting for future business combinations once adopted but the effect is dependent upon acquisitions made in the future.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 (SFAS 160). SFAS 160 establishes accounting and reporting standards for noncontrolling interests in subsidiaries. This statement requires the reporting of all noncontrolling interests as a separate component of stockholders equity, the reporting of consolidated net income (loss) as the amount attributable to both the parent and the noncontrolling interests and the separate disclosure of net income (loss) attributable to the parent and to the noncontrolling interests. In addition, this statement provides accounting and reporting guidance related to changes in noncontrolling ownership interests. Other than the reporting requirements described above which require retrospective application, the provisions of SFAS 160 are to be applied prospectively in the first annual reporting period beginning on or after December 15, 2008. We are currently evaluating the impact of this standard on our consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133 (SFAS 161). SFAS 161 increases the disclosure requirements for derivative instruments and hedging activities to improve the transparency of financial reporting. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The provisions of this statement are to be applied prospectively in the first annual reporting period beginning on or after November 15, 2008 with comparative disclosures for earlier periods at initial adoption being optional. We are currently evaluating the impact of this standard on our disclosure requirements.

Note 2 Restructuring, Asset Impairment and Other Charges

The following table is a summary of our cash restructuring charges for the three months ended March 29, 2008:

(in millions of U.S. dollars)	**Balance at December 29, 2007**	**Payments made during the year**	**Balance at March 29, 2008**
Severance and termination benefits	**$ 1.1**	**$ (0.8)**	**$ 0.3**
Lease contract termination loss	**13.1**	**(0.3)**	**12.8**
	$ 14.2	**$ (1.1)**	**$ 13.1**

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As of March 29, 2008, $11.8 million (December 29, 2007 $12.1) of lease contract termination loss liability has been recorded as other long-term liabilities and $1.3 million of severance and termination benefits and lease contract termination loss liability (December 29, 2007 $2.1 million) has been classified as accounts payable and accrued liabilities.

In 2006 and 2007, we recorded pre-tax restructuring charges totaling $44.8 million in connection with the closure of our facilities at Elizabethtown, Kentucky (Elizabethtown) and Wyomissing, Pennsylvania (Wyomissing) and severance costs relating to headcount reductions. We completed all of our previously announced cost restructuring programs as of the end of 2007.

We may also rationalize products, customers and production capacity, and accordingly, additional asset impairment charges or changes in useful lives of assets may result. We will continue to evaluate the useful lives of and our estimates of future cash flows generated by, certain equipment and intangibles. If our evaluation results in a material impairment, the carrying value of the related assets will be reduced.

Note 3 Business Seasonality

Our net (loss) income for the three months ended March 29, 2008 is not necessarily indicative of the results that may be expected for the full year due to business seasonality. Operating results are impacted by business seasonality, which normally leads to higher sales in the second and third quarters versus the first and fourth quarters of the year. Conversely, fixed costs such as depreciation, amortization and interest are not impacted by seasonal trends.

Note 4 Share-Based Compensation

As of March 29, 2008, we had various share-based compensation plans, which are described below.

The table below summarizes the compensation expense for the three-month periods ended March 29, 2008 and March 31, 2007. This compensation expense was recorded in selling, general and administrative expenses.

(in millions of U.S. dollars)	**March 29, 2008**	**March 31, 2007**
Stock options	**$ 0.2**	$ 1.5
Performance share units		0.9
Share appreciation rights	**0.2**	0.1
CEO award (1)	**1.9**	0.1
Interim CEO award	**1.2**	
Share purchase plan	**0.1**	
Total	**$ 3.6**	$ 2.6

(1) Includes expense for restricted shares of $0.4 million and $0.1 million, respectively, for the quarters ended March 29, 2008 and March 31, 2007.

The table below summarizes the unrecognized compensation expense as of March 29, 2008 and the weighted average years over which such compensation expense is expected to be recognized.

(in millions of U.S. dollars)	Unrecognized compensation expense as of March 29, 2008	Weighted average years expected to recognize compensation
Stock options	$ 0.8	0.3
Performance share units	4.2	1.4
Share appreciation rights	1.0	1.3
Interim Chief Executive Officer award	1.2	1.0
Total	$ 7.2	

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. The estimates are based on three factors: risk-free interest rate, expected term and expected volatility. The risk-free interest rate is based on the implied yield available on zero coupon Government of Canada bonds with an equivalent remaining term. The expected term of the options represents the estimated period of time until exercise and is based on historical experience of similar awards, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. The expected stock price volatility is based on a combination of historical volatility of our stock and the implied volatility of our traded options.

Common Share Option Plan

Under the 1986 Common Share Option Plan, as amended, we have reserved 14.0 million common shares for future issuance. Options are granted at a price not less than fair value of the shares on the grant date. As of March 29, 2008, there were 6.5 million shares available for issuance under the Plan.

There were no common shares issued pursuant to option exercises in the first quarter of 2008.

Option activity was as follows:

	Shares *(In Thousands)*	Weighted average exercise price *(C$)*
Balance at December 29, 2007	2,368	$ 30.03
Forfeited or expired	(554)	32.06
Outstanding at March 29, 2008	1,814	29.40
Exercisable at March 29, 2008	1,673	$ 29.79

Long-Term Incentive Plans

During the second quarter of 2006, our shareowners approved and adopted two new long-term incentive plans for 2006 and future periods, the Performance Share Unit Plan (PSU Plan) and the Share Appreciation Rights Plan (SAR Plan). The PSU Plan and SAR Plan were amended and restated in the second quarter of 2007.

Amended and Restated PSU Plan

Under the Amended and Restated PSU Plan, performance share units (PSUs) may be awarded to employees of our Company and its subsidiaries. The value of an employee s award under our PSU Plan will depend on (i) our performance over a maximum three-year performance cycle; and (ii) the market price of our common shares at the time of vesting. Performance targets will be established annually by the Human Resources and Compensation Committee of the Board of Directors. PSUs granted will vest over a term not to exceed three fiscal years. The amendments to the PSU Plan allow for early funding by us under the PSU Plan and clarify the authority of our Board of Directors to accelerate the vesting of all or a portion of the unvested PSUs of all of or any of the participants under

the PSU Plan on a Change of Control (as such term is defined in the PSU Plan) irrespective of whether termination has occurred.

Amended and Restated SAR Plan

Under the Amended and Restated SAR Plan, share appreciation rights (SARs) may be awarded to employees and directors of our Company and its subsidiaries. SARs will typically vest on the third anniversary of the grant date. On vesting, each SAR will represent the right to be paid the difference, if any, between the price of our common shares on the date of grant and their price on the vesting date of the SAR. Payments in respect of vested in-the-money SARs will be made in the form of our common shares purchased on the open market by an independent trust with cash contributed by us. If our share price on the date of vesting is lower than on the date of grant, no payment will be made in respect of those vested SARs. Prior to vesting, there are no dividends paid on the SARs, and holders do not have the right to vote the common shares represented by their SARs. The amendments to the SAR Plan allow for early funding by us and clarify the authority of our Board of Directors to accelerate vesting of some or all of the SARs of all of or any of the participants under the SAR Plan as determined by the Board of Directors or the Committee (as such term is defined in the SAR Plan) in its sole discretion, irrespective of whether termination or a Change of Control (as such term is defined in the SAR Plan) has occurred.

We recognize the compensation cost of the PSUs and SARs based on the fair value of the grant. We recognize 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. Compensation cost of the PSUs may vary depending on management s estimates of the probability of the performance measures being achieved and the number of PSUs expected to vest.

During the first three months of 2008, the PSU and SAR activity was as follows:

	Number of PSUs *(in Thousands)*	**Number of SARs** *(in Thousands)*
Balance at December 29, 2007	**860**	**622**
Forfeited	**(145)**	**(52)**
Outstanding at March 29, 2008	**715**	**570**

Subject to meeting certain performance targets and other the terms of the PSU Plan, the vesting date for the PSUs awarded in fiscal 2006 and 2007 will be December 27, 2008 and December 26, 2009, respectively. In 2007, we determined that it was no longer probable that the performance targets for the 2006 and 2007 PSU awards would be achieved and as such, no compensation costs for these awards have been recognized nor are they expected to be recognized in 2008. As of March 29, 2008, no fair value was assigned to these units.

We awarded $4.2 million of PSUs to certain executives as part of an executive retention plan. If certain minimal performance targets are met, $1.4 million of these awards will vest as of December 27, 2008 with the remainder vesting as of December 26, 2009. The number of shares to be issued will be based upon the share closing price as of May 1, 2008. This award is payable in shares and has been accounted for as an equity award in accordance with SFAS 123R, Share-Based Payments (SFAS 123R).

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CEO Share-Based Compensation

In 2006, Brent Willis, our former Chief Executive Officer, received a net cash award of $0.9 million at the commencement of his employment to purchase shares of the Company. The purchased shares were required to be held for a minimum of three years. As part of his termination agreement, we will no longer enforce the requirement that he hold the shares. For 2008, $0.4 million (March 31, 2007 - $0.1 million) was recorded as compensation expense. In addition, in 2006, 204,000 common shares with a fair value of $3.2 million, which vest over three years, were granted to Mr. Willis. For 2008, compensation costs of $1.4 million (grant date March 31, 2007 - $0.3 million) were expensed as compensation expense in the first quarter with respect to this grant. On May 16, 2007, one third of his grant vested and, as a result, he received 68,000 common shares, which was recognized as an issuance of share capital. As part of his termination agreement, the remaining 136,000 shares were vested upon his termination and $0.3 million of cash (which was reclassified as a liability award) was paid based on the fair value of such shares and $1.4 million was expensed as non-cash compensation expense.

We granted to David Gibbons, our Interim CEO, 720,000 restricted stock units as of March 24, 2008 of which 360,000 units vested immediately. We expensed $1.2 million of this award to reflect the value of the 360,000 vested restricted stock units as of March 29, 2008. The remaining 360,000 restricted stock units will vest ratably over six months beginning October 24, 2008. The fair value and compensation cost vary based on share price and this has been accounted for as a liability award in accordance with SFAS 123R.

Restated Executive Incentive Share Purchase Plan

In the second quarter of 2007, our shareowners approved a restated executive incentive share purchase plan which allows officers and senior management executives, as designated by the Compensation Committee, to elect to receive their performance bonus (or a portion thereof), provided that annual performance targets are met as: (a) a cash payment or (b) common share units held on their behalf by an independent trust. If the employee elects to receive common share units, we will provide to the employee an equal number of shares, which vest in three years provided certain corporate performance goals are achieved (Match Portion).

The Match Portion of the performance bonus is estimated based on the employee s election and will be amortized over the service period of approximately four years. In the first quarter of 2008, employees deferred a total of $1.1 million under this plan. The Company expensed $0.1 million in the first quarter of 2008 and nil in the first quarter of 2007 related to the 2008 and 2007 matching portion of the performance bonus. At March 29, 2008, the awards under this plan have been accounted for as a liability award in accordance with SFAS 123R.

Note 5 Income Taxes

Income tax provision was $2.4 million on pretax loss of $18.9 million in the first quarter of 2008 as compared to $2.0 million on pretax earnings of $6.8 million in the first quarter of 2007. The following table reconciles income taxes calculated at the basic Canadian corporate rate with the income tax provision:

(in millions of U.S dollars)	**March 29, 2008**	**March 31, 2007**
Income tax provision (recovery) based on Canadian statutory rates	**$ (5.9)**	$ 2.3
Foreign tax rate differential	**(0.9)**	(1.1)
Non-deductible expenses and other items	**0.6**	
Increase to other tax liabilities	**1.3**	0.8
Increase in valuation allowance	**7.3**	
Total	**$ 2.4**	$ 2.0

As of March 29, 2008, we recognized $1.4 million of interest in the income statement and $8.8 million of interest and penalties in the balance sheet. We have classified the interest and penalties as income tax expense.

We are currently under audit by the Canada Revenue Agency for tax years 2000 through 2004 and by the Internal Revenue Service for tax years 2000 through 2005. The amounts that may ultimately be payable by us as a result of these audits are uncertain. We believe that the amounts provided for the outcome of these audits in our tax liabilities are adequate; however, our estimates of tax liabilities for these audits may change materially in the near term as the audits progress.

Note 6 Comprehensive (Loss) Income

	For the three months ended	
(in millions of U.S. dollars)	March 29, 2008	March 31, 2007
Net (loss) income	**$ (21.3)**	$ 4.8
Foreign currency translation	**(3.1)**	1.1
Pension liabilities	**(0.1)**	
	$ (24.5)	$ 5.9

Note 7 Net (Loss) Income Per Common Share

Basic net (loss) income per common share is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted net (loss) income per common share is calculated using the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, that would occur if in-the-money stock options were exercised.

A reconciliation of the numerators and denominators of the basic and diluted net income (loss) per common share computations follows:

	Three months ended					
	March 29, 2008			March 31, 2007		
	Net (loss) (numerator) (in millions of U.S. dollars)	Weighted Average Shares (denominator) (in thousands)	Per-share amount	Net income (numerator) (in millions of U.S. dollars)	Weighted Average Shares (denominator) (in thousands)	Per-share amount
Basic (loss) income available to common shareholders						
Net (loss) income	**$ (21.3)**	**71,871**	**$ (0.30)**	$ 4.8	71,752	$ 0.07
Effect of dilutive securities						
Options					43	
Diluted (loss) income available to common shareholders						
Net (loss) income	**$ (21.3)**	**71,871**	**$ (0.30)**	$ 4.8	71,795	$ 0.07

At March 29, 2008, options to purchase 1,814,564 (March 31, 2007 2,508,389) shares of common stock at a weighted average exercise price of C$29.40 (March 31, 2007 C$30.45) per share were outstanding, but were not included in the computation of diluted net (loss) income per share because the options exercise price was greater than the average market price of the common stock.

Note 8 Segment Reporting

We produce, package and distribute retailer brand and branded bottled and canned soft drinks, waters, juice-based products, energy drinks and ready-to-drink teas to regional and national grocery, mass-merchandise and wholesale chains in North America and International business segments. The International segment includes our U.K. business, our European business, our Mexican business, our Royal Crown International business and our business in Asia.

	Business Segments		
(in millions of U.S. dollars)	North America	International	Total
For the three months ended March 29, 2008			
External revenue	**$ 274.6**	**$ 115.1**	**$ 389.7**
Depreciation and amortization	**16.3**	**4.6**	**20.9**
Operating (loss) income	**(14.0)**	**1.8**	**(12.2)**
Additions to property, plant and equipment	**11.8**	**5.3**	**17.1**
As of March 29, 2008			
Property, plant and equipment	**256.2**	**136.2**	**392.4**
Goodwill	**26.7**	**80.2**	**106.9**
Intangibles and other assets	**205.3**	**27.3**	**232.6**
Total assets	**700.9**	**439.0**	**1,139.9**

(in millions of U.S. dollars)	North America	International	Total
For the three months ended March 31, 2007			
External revenue	$ 295.5	$ 104.7	$ 400.2
Depreciation and amortization	13.1	4.8	17.9
Restructuring note 2	0.2	0.1	0.3
Operating income	10.6	4.9	15.5
Additions to property, plant and equipment	11.2	5.0	16.2
As of December 29, 2007			
Property, plant and equipment	250.8	137.6	388.4
Goodwill	28.0	80.3	108.3
Intangibles and other assets net	208.0	28.0	236.0
Total assets	700.0	448.9	1,148.9

For the three months ended March 29, 2008, sales to Wal-Mart accounted for 37.0% (March 31, 2007 39.0%) of our total revenues, 45.8% of our North American business (March 31, 2007- 48.7%) and 15.9% of our International business (March 31, 2007- 19.7%).

Credit risk arises from the potential default of a customer in meeting its financial obligations to us. Concentrations of credit exposure may arise with a group of customers that have similar economic characteristics or 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 by geographic area are as follows:

	For the three months ended	
(in millions of U.S. dollars)	March 29, 2008	March 31, 2007
United States	**$ 231.4**	$ 256.2
Canada	**43.2**	39.3
United Kingdom	**88.2**	79.3
Other countries	**26.9**	25.4
	$ 389.7	$ 400.2

Revenues are attributed to countries based on the location of the plant.

Property, plant and equipment by geographic area are as follows:

(in millions of U.S. dollars)	**March 29, 2008**	December 29, 2007
United States	**$ 199.9**	$ 191.4
Canada	**56.3**	59.4
United Kingdom	**123.1**	125.2
Other countries	**13.1**	12.4
	$ 392.4	$ 388.4

Note 9 Inventories

(in millions of U.S. dollars)	**March 29, 2008**	December 29, 2007
Raw materials	**$ 48.6**	$ 50.1
Finished goods	**68.7**	61.4
Other	**18.2**	18.6
	$ 135.5	$ 130.1

Note 10 Intangibles and Other Assets

	March 29, 2008			**December 29, 2007**		
	Cost	**Accumulated Amortization**	**Net**	**Cost**	**Accumulated Amortization**	**Net**
	(in millions of U.S. dollars)			*(in millions of U.S. dollars)*		
Intangibles						
Not subject to amortization						
Rights	**$ 80.4**	**$**	**$ 80.4**	$ 80.4	$	$ 80.4
Subject to amortization						
Customer relationships	**164.8**	**63.2**	**101.6**	165.9	60.8	105.1
Trademarks	**25.5**	**11.1**	**14.4**	29.9	13.6	16.3
Information technology	**66.1**	**45.8**	**20.3**	65.5	44.2	21.3
Other	**3.6**	**1.5**	**2.1**	4.0	1.5	2.5
	260.0	**121.6**	**138.4**	265.3	120.1	145.2
	340.4	**121.6**	**218.8**	345.7	120.1	225.6
Other Assets						
Financing costs	**6.2**	**3.9**	**2.3**	4.8	4.1	0.7
Other	**16.3**	**4.8**	**11.5**	14.5	4.8	9.7
	22.5	**8.7**	**13.8**	19.3	8.9	10.4
	$ 362.9	**$ 130.3**	**$ 232.6**	$ 365.0	$ 129.0	$ 236.0

Amortization expense of intangible assets was $7.8 million for the first quarter ended March 29, 2008 ($5.4 million March 31, 2007).

Note 11 Debt

Our total debt is as follows:

(in millions of U.S. dollars)	**March 29, 2008**	December 29, 2007
8% senior subordinated 8% notes due in 2011 [1]	**$ 269.0**	$ 269.0
Senior secured credit facility [2]	**144.8**	102.3
Receivables securitization		33.0
Other debt	**15.8**	3.1
Capital leases	**3.5**	3.9
Total debt	**433.1**	411.3
Less: Short-term borrowings and current debt:		
Senior secured credit facility	**144.8**	102.3
Receivables securitization		33.0
Other short-term debt	**15.6**	1.7
Total short-term borrowings	**160.4**	137.0
Capital leases current maturities	**1.6**	2.4
Total current debt	**162.0**	139.4
Long-term debt before discount	**271.1**	271.9
Less discount on 8% notes	**(2.8)**	(2.9)
Total long-term debt	**$ 268.3**	$ 269.0

[1] Our 8% senior subordinated notes were issued at a discount of 2.75% on December 21, 2001. The notes contain a number of financial covenants including limitations on capital stock repurchases, dividend payments and incurrence of indebtedness. Penalties exist if we redeem the notes prior to December 15, 2009.

[2] Includes $3.8 million of checks issued but not cashed.

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:

(in millions of U.S. dollars)	
Remainder of 2008	**$ 17.2**
2009	**2.1**
2010	
2011	**269.0**
2012	
2013	
Thereafter	
	$ 288.3

Short-term borrowings include bank overdrafts and borrowings under our credit facilities and receivables securitization facility.

Asset Based Lending Facility

On March 31, 2008, we entered into an agreement which created a new asset-based lending credit facility (the ABL Facility) that provides for financing in the United States, Canada, and the United Kingdom. We anticipate the ABL Facility will be expanded to provide funding for Mexico commencing in the second quarter ending June 28, 2008. The new ABL Facility replaced our former senior secured credit facilities in the United States, Canada, the United Kingdom, and Mexico and our receivables securitization facility in the United States, the latter of which was terminated on March 28, 2008. Cott Corporation, Cott Beverages Inc. and Cott Beverages Limited are borrowers under the ABL Facility. On March 31, 2008, we paid off the remaining balance of the former senior secured credit facility and terminated this credit facility. At that time, there were no amounts due under the receivables securitization facility.

The ABL Facility is a five-year revolving facility of up to $250.0 million. The five-year term is subject to the refinancing of our 8% senior subordinated notes due 2011; the new ABL Facility will mature early if such notes have not been refinanced six months prior to their maturity on terms and conditions specified in the ABL Facility. If excess availability falls below $30.0 million, we will be required to maintain a fixed charge coverage ratio of 1:1 (see Note 13 for more information).

Senior Secured Credit Facilities

As of March 29, 2008, we maintained senior secured credit facilities providing for financing in North America, the U.K. and Mexico with an expiration date of March 31, 2010.

The facilities allowed for revolving credit borrowings in a principal amount of up to $225.0 million provided we were in compliance with the covenants and conditions of the agreement and were comprised of two separate facilities:

- a $220.0 million multicurrency facility for our North American and U.K. operations, and

- a $5.0 million Mexican facility.

The weighted average interest rate was 6.25% on these facilities as of March 29, 2008 (7.19% - December 29, 2007).

Receivables Securitization Facility

Our principal U.S. operating subsidiaries maintained a receivables securitization facility under which they agreed to sell substantially all of their receivables generated from their ordinary course operations to our special purpose indirect subsidiary, Cott USA Receivables Corporation. This subsidiary in turn sold and assigned undivided interests in the receivables and related assets to an unaffiliated entity and certain other financial institutions in exchange for cash. These transfers were treated as financing activities for purposes of our consolidated financial statements. The agreement contained representations, warranties, covenants, and indemnities customary for facilities of this type. The facility did not contain any covenants that we viewed as materially constraining our activities or the activities of our subsidiaries, except for Cott USA Receivables Corporation. We had nil (December 29, 2007- $33.0) outstanding and a weighted average interest rate of nil at March 29, 2008 (December 29, 2007 7.41%).

Long-Term Borrowings

8% Senior Subordinated Notes

We have outstanding 8% senior subordinated notes (Notes), which are due on December 15, 2011. As of March 29, 2008, the principal amount of those Notes was $269.0 million (December 29, 2007- $269.0 million). The issuer of the Notes is Cott Beverages Inc., but we and most of our U.S., Canadian and U.K. subsidiaries guarantee the Notes. The interest on these Notes is payable semi-annually on June 15th and December 15th .

Covenant Compliance

Our senior secured credit facility, which was replaced by the ABL Facility on March 31, 2008, contained and the indenture respecting the Notes contains a number of business and financial covenants and events of default that apply to the borrowers and the restricted subsidiaries. The restricted subsidiaries are, in general, the guarantor subsidiaries organized in Canada, the U.S., and the U.K. Among other events of default or triggers for prepayment provided for under these agreements include: a change of control of us in certain circumstances; unsatisfied judgments or cross default or cross acceleration to other indebtedness in excess of $10.0 million, in the case of the indenture, and $15.0 million, in the case of the credit facility; our insolvency or that of the restricted subsidiaries; and covenant default under the credit facilities or indenture. Some of the more material financial covenants are discussed below.

Our senior secured credit facility contained financial covenants. Absent the repayment and termination of this facility through the use of the ABL Facility, we would not have been in compliance with the two primary financial covenants of the senior secured credit facility, the total leverage ratio and the fixed charge coverage ratio.

The indenture for the Notes has numerous covenants that are applicable to Cott Beverages Inc., the restricted subsidiaries and us. We can only make restricted payments, such as paying dividends, buying back stock or making certain investments, if our fixed charge coverage ratio is at least 2.0 to 1.0. Even then, we can only make those restricted payments in an amount that is no greater than 50% of our consolidated net income subject to certain adjustments. Certain other investments, like those not exceeding $60.0 million in the aggregate, may be made without satisfying the restricted payments test.

We can only incur additional debt or issue preferred stock, other than certain specified debt, if our fixed charge coverage ratio is greater than 2.0 to 1.0. As of March 29, 2008, our fixed charge coverage ratio was greater than 2.0 to 1.0. Subject to some exceptions, asset sales may only be made where the sale price is equal to the fair market value of the asset sold and we receive at least 75% of the proceeds in cash. There are also limitations on what we may do with the sale proceeds such that we may be required to pay down debt or reinvest the proceeds in enumerated business uses within a specified period of time.

There are further restrictions in several of the covenants, such as a complete prohibition on paying any dividends, if we are in default under the indenture. Many of the covenants also effectively limit transactions with our unrestricted subsidiaries or non-guarantor entities.

We have been in compliance with all of the covenants under the Notes and there have been no amendments to any such covenants since they were issued.

The events of default in the Notes indenture related to other indebtedness arise only if there is a failure to pay principal, interest or premiums of such other indebtedness after the expiration of any applicable grace period, or if there has been acceleration in payment of such other indebtedness, in each case, in excess of a threshold amount. As at March 29, 2008, these conditions of default did not exist with respect to any other indebtedness. See Note 13 for a discussion of the business and financial covenants and events of default contained in the ABL Facility.

Note 12 Contingencies and Commitments

We are subject to various claims and legal proceedings with respect to matters such as governmental regulations, income taxes, 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 or results of operations.

In January 2005, we were named as one of many defendants in a class action suit alleging the unauthorized use by the defendants of container deposits and the imposition of recycling fees on consumers. On June 2, 2006, the British Columbia Supreme Court granted the summary trial application, which resulted in the dismissal of the plaintiffs action against us and the other defendants. On June 26, 2006, the plaintiffs appealed the dismissal of the action to the British Columbia Court of Appeals, which appeal was denied, and an appeal to the Supreme Court of Canada was rejected on December 20, 2007. In February 2005, similar class action claims were filed in a number of other Canadian provinces. Claims filed in Quebec have since been discontinued, but is unclear how the dismissal of the British Columbia case will impact the other cases.

We had $6.1 million in standby letters of credit outstanding as of March 29, 2008 ($6.5 million December 29, 2007).

We have revisited a foreign tax issue and are investigating the amount and probability of this possible liability for non-income based taxes. As of the date of this filing, this review is not complete due to the extensive amount of documentation which must be examined, however, as a result of this review to date, we have recorded a charge of $1.0 million. This charge was determined in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies, and represents our current best estimate of probable loss. While the ultimate outcome is not yet known, based on current facts we believe there is an additional possible risk of loss between nil and $2.0 million.

We are subject to various claims and legal proceedings with respect to matters such as governmental regulations, income taxes, other taxes (including value added taxes) 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, or results of operations or cash flows.

Note 13 Subsequent Events

On March 31, 2008, we entered into a new ABL Facility that provides for financing in the United States, Canada, and the United Kingdom. The ABL Facility replaced our former senior secured credit facility in the United States, Canada, the United Kingdom, and Mexico and our receivables securitization facility in the United States. Cott Corporation, Cott Beverages Inc. and Cott Beverages Limited are borrowers under the ABL Facility. The ABL Facility is a five-year revolving facility of up to $250.0 million. The five-year term is subject to the refinancing of our 8% senior subordinated notes due 2011; the new ABL Facility will mature early if such notes have not been refinanced six months prior to their maturity on terms and conditions specified in the ABL Facility.

The ABL Facility includes a revolver of up to $250.0 million, with availability dependent on a borrowing base calculated as a percentage of the value of eligible inventory, accounts receivable and property, plant and equipment. In general, the borrowing base will equal the sum of up to 85% of our eligible accounts receivable, 65% of our eligible inventory valued at the lower of cost or market, determined on a first-in, first-out basis, or, if less, up to 85% of the appraised liquidation value of such eligible inventory (provided that the maximum amount of such eligible inventory which may be included as part of the borrowing base may not exceed the lesser of 75% of our eligible accounts receivable and $150.0 million), and a property, plant and equipment component initially equal to the lesser of (i) 75% of the fair market value of the borrowers eligible real estate plus 85% of the liquidation value of the borrowers eligible equipment and (ii) $50.0 million.

The ABL Facility has subfacilities for letters of credit and swingline loans and geographical sublimits for Canada ($40.0 million) and the United Kingdom ($75.0 million). The ABL Facility may be increased up to an additional $100.0 million at our option if lenders agree to increase their commitments. The interest rate margin on loans under the facility is fixed for the first six months of the term, and then will vary quarterly based on our average aggregate availability. The interest rate on LIBOR (or other fixed rate) loans for the first six months will be LIBOR (or such other fixed rate) plus 2.50%. If utilized, prime (or other variable rate) loans during the first six months would bear an interest rate of prime (or such other variable rate) plus 1.00%.

The debt under the ABL Facility is guaranteed by most of our U.S., U.K. and Canadian subsidiaries. It is also expected to be subject to certain guarantees of our Mexican subsidiaries by the end of the second quarter of 2008. Subject to certain exceptions, the debt and guarantees are secured by (i) all of our and the guarantors ownership interests in our and their respective subsidiaries and (ii) substantially all of the personal property assets of the borrowers and the guarantors as well as specified real estate. We have agreed to pay usual and customary commitment fees that vary on a monthly basis depending on average utilization of the ABL facility.

The borrowers and restricted subsidiaries are subject to a number of business and financial covenants and events of default. The ABL Facility contains customary limitations on indebtedness, liens, mergers, consolidations, liquidations and sales, payment of dividends, investments, loans and advances, optional payments and modifications of subordinated and other debt instruments, and transactions with affiliates. Events of default under the ABL Facility include nonpayment, inaccuracy of representations and warranties, violation of covenants, cross-default to other indebtedness, bankruptcy, material judgments, and a change of control of the Company. Upon the occurrence of an event of default, the lenders may terminate the commitments and declare all loans due and payable. We have agreed to a mandatory prepayment provision (but without a reduction of the commitment), subject to certain exceptions, upon a sale or transfer of assets of a borrower or guarantor, upon the sale of any common stock or other equity, upon the receipt of proceeds from the issuance of any indebtedness, upon the occurrence of an availability shortfall under the revolver, or upon receipt of insurance proceeds or condemnation awards. The ABL Facility also contains a covenant requiring a minimum fixed charge coverage ratio of 1.1 to 1.0 effective when and if excess availability is less than $30.0 million. If availability is less than $37.5 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the revolver. We have agreed to maintain excess availability of at least $15.0 million.

Note 14 Guarantor Subsidiaries

The 8% senior subordinated notes issued by our wholly owned subsidiary, Cott Beverages Inc. are unconditionally guaranteed on a senior subordinated basis pursuant to guarantees by Cott Corporation and certain other wholly owned subsidiaries (the Guarantor Subsidiaries). Such guarantees are full, unconditional and joint and several.

The following supplemental financial information sets forth on an unconsolidated basis, our balance sheets, statements of income 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.

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Cott Corporation

Consolidating Statements of Operations

(in millions of U.S. dollars, unaudited)

	For the three months ended March 29, 2008					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue	$ 51.9	$ 222.8	$ 94.2	$ 33.5	$ (12.7)	$ 389.7
Cost of sales	44.6	202.9	82.9	31.2	(12.7)	348.9
Gross profit	7.3	19.9	11.3	2.3		40.8
Selling, general and administrative expenses	12.2	26.8	9.8	4.0		52.8
Loss on disposal of property, plant and equipment		0.2				0.2
Operating (loss) income	(4.9)	(7.1)	1.5	(1.7)		(12.2)
Other (income) loss, net		(1.5)	(0.2)	0.3		(1.4)
Interest (income) expense, net	(3.6)	10.7	0.2	0.4		7.7
Minority interest				0.4		0.4
(Loss) income before income taxes (recovery) and equity (loss) income	(1.3)	(16.3)	1.5	(2.8)		(18.9)
Income taxes expense (recovery)	0.8	2.3		(0.7)		2.4
Equity (loss) income	(19.3)	0.2	(16.3)		35.4	
Net (loss) income	$ (21.4)	$ (18.4)	$ (14.8)	$ (2.1)	$ 35.4	$ (21.3)

Cott Corporation

Consolidating Statements of Operations

(in millions of U.S. dollars, unaudited)

	For the three months ended March 31, 2007					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue	$ 48.5	$ 251.3	$ 82.8	$ 30.1	$ (12.5)	$ 400.2
Cost of sales	41.6	219.6	71.4	26.6	(12.5)	346.7
Gross profit	6.9	31.7	11.4	3.5		53.5
Selling, general and administrative expenses	6.5	21.4	8.3	1.5		37.7
Loss on disposal of property, plant and equipment	0.1	0.2				0.3
Operating (loss) income	0.3	10.1	3.1	2.0		15.5
Other (income) loss, net	0.2	2.5	(0.5)	(0.6)	(1.4)	0.2
Interest (income) expense, net		8.0	(0.4)	0.2		7.8
Minority interest				0.7		0.7
(Loss) income before income taxes (recovery) and equity (loss) income	0.1	(0.4)	4.0	1.7	1.4	6.8
Income taxes expense (recovery)	0.3	0.9	0.4	0.4		2.0
Equity (loss) income	5.0	1.0	2.1		(8.1)	
Net (loss) income	$ 4.8	$ (0.3)	$ 5.7	$ 1.3	$ (6.7)	$ 4.8

Cott Corporation

Consolidating Balance Sheets

(in millions of U.S. dollars, unaudited)

	As of March 29, 2008					
	Cott Corporation	**Cott Beverages Inc.**	**Guarantor Subsidiaries**	**Non-guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
Assets						
Current assets						
Cash	$ 1.7	$ 0.7	$ 13.0	$ 6.0	$	$ 21.4
Accounts receivable	39.7	65.7	67.8	98.6	(72.8)	199.0
Income taxes recoverable	0.1	27.4		1.2	(0.7)	28.0
Inventories	25.8	74.0	28.1	7.6		135.5
Prepaid expenses and other assets	1.6	3.7	5.2	0.2		10.7
Deferred income taxes		0.8	(0.7)			0.1
	68.9	172.3	113.4	113.6	(73.5)	394.7
Property, plant and equipment	56.3	193.9	129.5	12.7		392.4
Goodwill	26.8	4.5	75.6			106.9
Intangibles and other assets	14.6	159.9	25.7	32.4		232.6
Due from affiliates	270.7	9.3	201.1	41.9	(523.0)	
Investments in subsidiaries	75.2	31.0		157.6	(263.8)	
Deferred income taxes	12.2		0.1	1.0		13.3
	$ 524.7	$ 570.9	$ 545.4	$ 359.2	$ (860.3)	$ 1,139.9
Liabilities						
Current liabilities						
Short-term borrowings	$ 14.0	$ 116.9	$ 13.9	$	$	$ 144.8
Current maturities of long-term debt		17.2				17.2
Income taxes payable			0.7		(0.7)	
Accounts payable and accrued liabilities	32.4	103.6	64.9	67.9	(72.8)	196.0
	46.4	237.7	79.5	67.9	(73.5)	358.0
Long-term debt		268.3				268.3
Other long-term liabilities		12.3	5.6			17.9
Due to affiliates	45.0	197.9	264.2	15.9	(523.0)	
Losses and distributions in excess of investment			284.6		(284.6)	
Other tax liabilities	23.6	11.7	1.5			36.8
Deferred income taxes		14.9	15.4			30.3
	115.0	742.8	650.8	83.8	(881.1)	711.3
Minority interest				18.9		18.9
Shareowners Equity						
Capital stock						
Common shares	275.0	178.4	318.7	175.1	(672.2)	275.0
Additional paid-in-capital	33.8	(1.0)		1.0		33.8
Retained earnings (deficit)	71.8	(349.1)	(401.3)	0.1	750.3	71.8
Accumulated other comprehensive income (loss)	29.1	(0.2)	(22.8)	80.3	(57.3)	29.1

	409.7	(171.9)	(105.4)	256.5	20.8	409.7
	$ 524.7	$ 570.9	$ 545.4	$ 359.2	$ (860.3)	$ 1,139.9

Cott Corporation

Consolidating Balance Sheets

(in millions of U.S. dollars)

			Consolidating Balance Sheets As of December 29, 2007			
(In millions of U.S. dollars)	**Cott Corporation**	**Cott Beverages Inc.**	**Guarantor Subsidiaries**	**Non-guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
ASSETS						
Current assets						
Cash	$ 13.2	$	$ 10.3	$ 3.9	$	$ 27.4
Accounts receivable	33.7	27.7	86.2	86.7	(34.4)	199.9
Income taxes recoverable	0.1	28.6	3.3	0.8		32.8
Inventories	26.1	71.7	25.2	7.1		130.1
Prepaid expenses and other assets	1.6	4.3	4.0	0.3		10.2
Deferred income taxes		1.8	0.7			2.5
	74.7	134.1	129.7	98.8	(34.4)	402.9
Property, plant and equipment	59.4	184.1	132.8	12.1		388.4
Goodwill	28.0	4.5	75.8			108.3
Intangibles and other assets	16.3	159.9	26.5	33.3		236.0
Deferred income taxes			12.8	0.5		13.3
Due from affiliates	266.7	9.0	198.0	41.7	(515.4)	
Investments in subsidiaries	95.6	20.7		164.1	(280.4)	
	$ 540.7	$ 512.3	$ 575.6	$ 350.5	$ (830.2)	$ 1,148.9
LIABILITIES						
Current liabilities						
Short-term borrowings	$ 20.4	$ 82.4	$			