DESWELL INDUSTRIES INC
Form 20-F
July 08, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

o **Registration Statement Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934**

OR

þ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Fiscal Year Ended:	Commission File Number:
March 31, 2005	0-26448

DESWELL INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

British Virgin Islands
(Jurisdiction of incorporation or organization)

17B, Edificio Comercial Rodrigues
599 Avenida da Praia Grande
Macao
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: Common shares, no par value per share

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: Common shares, no par value per share

As of March 31, 2005, there were 14,778,730 common shares of the registrant outstanding.

Indicate by check mark whether the registrant: (i) 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 (ii) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 o Item 18 þ

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This Annual Report on Form 20-F contains forward-looking statements. These statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to those discussed in the section entitled Risk Factors under Item 3. Key Information.

Readers should not place undue reliance on forward-looking statements, which reflect management s view only as of the date of this Report. The Company undertakes no obligation to revise these forward-looking statements to reflect subsequent events or circumstances. Readers should also carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission.

As used in this Report, we, our, us, Deswell or the Company refers to Deswell Industries, Inc. and its subsidi unless the context otherwise indicates.

All share and per share information in this Report, has been adjusted to reflect the Company s three-for-two stock split effected in July 2002 and the Company s three-for-two stock split effected in March 2005.

FINANCIAL STATEMENTS AND CURRENCY PRESENTATION

The Company prepares its consolidated financial statements in accordance with generally accepted accounting principles in the United States of America and publishes such statements in United States dollars. See Report of Independent Registered Public Accounting Firm included elsewhere herein. The Company publishes its financial statements in United States dollars as the Company is incorporated in the British Virgin Islands, where the currency is the United States dollar, and the functional currency of the Company s subsidiaries are Hong Kong dollar and Chinese renminbi. All dollar amounts ($) set forth in this Report are in United States dollars, the references to HK$ refer to Hong Kong dollars and RMB to Chinese renminbi.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

Selected Financial Data [(1)]

The selected consolidated financial data set forth below should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Report. The selected income statement data for each of the three fiscal years in the period ended March 31, 2005, and the balance sheet data as of March 31, 2004 and 2005 are derived from our audited consolidated financial statements included in this Report. The selected income statement data for the years ended March 31, 2001 and 2002, and the balance sheet data as of March 31, 2001, 2002 and 2003 are derived from our audited consolidated financial statements, which are not included in this Report.

	(In thousands, except per share and percentage data) Year ended March 31,				
	2001	**2002**	**2003**	**2004**	**2005**
Income Statement Data					
Net sales	$ 80,847	$ 83,320	$ 90,905	$ 97,195	$ 125,590
Cost of sales	52,596	54,448	61,006	66,105	92,072
Gross profit	28,251	28,872	29,899	31,090	33,518
Selling, general and administrative expenses	15,414	14,939	15,354	14,718	15,759
Operating income	12,837	13,933	14,545	16,372	17,759
Interest expense	(6)	(26)	(6)	(16)	(12)
Other income, net	915	877	818	910	342
Income before income taxes	13,746	14,784	15,357	17,266	18,089
Income taxes	315	535	3,826	589	576
Income before minority interests	13,431	14,249	11,531	16,677	17,513
Minority interests	621	925	1,288	1,957	2,330
Net income	$ 12,810	$ 13,324	$ 10,243	14,720	15,183
Basic earnings per share (2)(3)	$ 1.06	$ 1.06	$ 0.79	$ 1.08	$ 1.04
	12,096	12,605	13,008	13,664	14,656

Average number of shares outstanding basic (2)(3)					
Diluted earnings per share (3)	$ 1.05	$ 1.05	$ 0.77	$ 1.04	$ 1.02
Average number of shares outstanding diluted (2)(3)	12,229	12,699	13,278	14,160	14,933
Statistical Data:					
Gross margin	34.9%	34.7%	32.9%	32.0%	26.7%
Operating margin	15.9%	16.7%	16.0%	16.8%	14.1%
Dividends per share (3)	$ 0.39	$ 0.57	$ 0.51	$ 0.63	$ 0.65

			At March 31,		
	2001	**2002**	**2003**	**2004**	**2005**
Balance Sheet Data					
Working capital	$ 47,356	$ 54,922	$ 58,223	$ 52,876	$ 57,576
Total assets	83,466	94,744	106,172	113,534	136,976
Long-term debt, less current portion					
Total debt		482			
Shareholders equity	63,877	69,651	81,846	89,730	104,767

(1) Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America and are stated in U.S. dollars. See Financial Statements and Currency Presentation.

(2) Basic EPS excludes dilution from potential common shares and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution from potential common shares.

(3) Share and per share amounts presented above have been adjusted to reflect the three-for-two stock splits effected in July 2002 and March 2005 (see Note 11 of Notes to Consolidated Financial Statements).

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Risk Factors

We may from time to time make written or oral forward-looking statements. Written forward-looking statements may appear in this document and other documents filed with the Securities and Exchange Commission, in press releases, in reports to shareholders, on our website, and other documents. The Private Securities Reform Act of 1995 contains a safe harbor for forward-looking statements on which we rely in making such disclosures. In connection with this safe harbor we are hereby identifying important factors that could cause actual results to differ materially from those contained in any forward-looking statements made by us or on our behalf. Any such statement is qualified by reference to the following cautionary statements:

We face numerous risks as a result of our operations in China.

Our manufacturing facilities are located in China. As a result, our operations and assets are subject to significant political, economic, legal and other uncertainties associated with doing business in China, which are discussed in more detail below.

The Chinese government could change its policies toward or even nationalize private enterprise, which could result in the total loss of our investment in that country.

Over the past several years, the Chinese government has pursued economic reform policies including the encouragement of private economic activity and greater economic decentralization. The Chinese government may not continue to pursue these policies or may significantly alter them to our detriment from time to time without notice. Changes in policies by the Chinese government resulting in changes in laws, regulations, or their interpretation, or the imposition of confiscatory taxation, restrictions on currency conversion or imports and sources of supply could materially and adversely affect us. The nationalization or other expropriation of private enterprises by the Chinese government could result in the total loss of our investment in that country.

There may be a lack of remedies and impartiality under the Chinese legal system that prevents us from enforcing the agreements under which we operate our factories.

We do not own the land on which our factories in China are located. We occupy our manufacturing facilities under land use agreements or under tenancy agreements with the local Chinese government. These agreements may be difficult to enforce in China, which could force us to accept terms that may not be as favorable as those provided in our agreements. Unlike the U.S., China has a civil law system based on written statutes in which judicial decisions have little precedential value. The Chinese government has enacted some laws and regulations dealing with matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, their experience in implementing, interpreting and enforcing these laws and regulations is limited, and our ability to enforce commercial claims or to resolve commercial disputes is unpredictable. These matters may be subject to the exercise of considerable discretion by agencies of the Chinese government, and forces unrelated to the legal merits of a particular matter or dispute may influence their determination.

If our business licenses in China were not renewed, we would be required to move our operations out of China, which would impair our profitability, competitiveness and market position and jeopardize our ability to continue operations.

Our activities in China require business licenses. This requires a review and approval of our activities by various national and local agencies of Chinese government. The Chinese government may not continue to approve our activities or grant or renew our licenses. Our inability to obtain needed approvals or licenses could prevent us from continuing to conduct operations in China. If for any reason we were required to move our manufacturing operations

outside of China, our profitability would be substantially impaired, our competitiveness and market position would be materially jeopardized and we may not be able to continue operations.

A fire, severe weather, flood, or other act of God could cause significant damage to our properties in China and disrupt our business operations.

Firefighting and disaster relief or assistance in China are primitive by Western standards. At March 31, 2005, we maintained fire, casualty and theft insurance aggregating approximately $44,371,000 covering certain of

our stock in trade, goods and merchandise, furniture and equipment and factory buildings in China. The proceeds of this insurance may not be sufficient to cover material damage to, or the loss of, any of our factories due to fire, severe weather, flood, or other act of God or cause. We do not maintain any business interruption insurance.

Possible changes and uncertainties in economic policies in the Special Economic Zones of China in which we operate could harm our operations by eliminating benefits we currently enjoy.

As part of its economic reform, China has designated certain areas, including Shenzhen where we have certain manufacturing facilities, as Special Economic Zones. Foreign enterprises in these areas benefit from greater economic autonomy and more favorable tax treatment than enterprises in other parts of China. Changes in the policies or laws governing Special Economic Zones could eliminate these benefits. Moreover, economic reforms and growth in China have been more successful in certain provinces than others, and the continuation or increase of these disparities could affect the political or social stability of China.

Changes to Chinese tax laws and heightened efforts by the Chinese tax authorities to increase revenues could subject us to greater taxes.

Under applicable Chinese law, we can obtain and have obtained tax breaks by reinvesting profits of certain of our subsidiaries in China. For information on our income taxes, rates and concessions with respect to our Chinese operations, see Note 8 of Notes to Financial Statements. However, the Chinese tax system is subject to substantial uncertainties with respect to its interpretation and enforcement. Moreover, the Chinese government has attempted to augment its revenues through heightened tax collection efforts. Continued efforts by the Chinese government to increase tax revenues could result in decisions or interpretations of the tax laws by the Chinese tax authorities that would increase our future tax liabilities or deny us expected concessions or refunds.

We could suffer losses from corrupt or fraudulent business practices. Conducting business in China is inherently risky.

Corruption, extortion, bribery, pay-offs, theft, and other fraudulent practices are common in China. We could suffer losses from these practices if we are not successful in implementing and maintaining preventative measures.

Controversies affecting China s trade with the United States could harm our operations or depress our stock price.

While China has been granted permanent most favored nation trade status in the United States, controversies between the United States and China may arise that threaten the status quo involving trade between the United States and China. These controversies could adversely affect our business by, among other things, causing our products in the United States to become more expensive, which could result in a reduction in the demand for our products by customers in the United States. Political or trade friction between the United States and China, whether or not actually affecting our business, could also adversely affect the prevailing market price of our common shares.

Changes in currency rates involving the Hong Kong dollar or Chinese renminbi could increase our expenses or cause economic or political problems affecting our business. Tariffs imposed as a result of China s refusal to adjust its currency would make our products exported to the United State more expensive.

Our sales are mainly in United States dollars and Hong Kong dollars and our expenses are mainly in United States dollars, Hong Kong dollars and Chinese renminbi. The Chinese government may not continue to maintain the present currency exchange mechanism, which fixes the Hong Kong dollar at approximately 7.80 to each United States dollar and has cause the Chinese renminbi to trade between 8.276 and 8.280 to the United States dollar for the last several years. Over the years, and especially in the last several months, there have been reports that the Chinese Government

is under economic and political pressure from countries with which it trades to permit its currency to appreciate against the United States dollar. For example, lawmakers in the United States have threatened to impose high tariffs on Chinese imports if China does not adjust its currency. If the currency exchange mechanism between the Hong Kong dollar and the U.S. dollar is changed, our results of operations and financial condition could be materially adversely affected. Any material increase in the value of the Hong Kong dollar or Chinese renminbi relative to the U.S. dollar would increase our expenses when translated to US dollars and could make our products

more expensive in global markets, such as the United States and the European Union. Tariffs imposed as a result of China s refusal to adjust its currency would make our products exported to the United State more expensive and could place us at a severe competitive disadvantage.

Our financial results could be adversely impacted by tax audits by the Hong Kong Inland Revenue Department on profits derived from activities of certain of our subsidiaries.

The Hong Kong Inland Revenue Department, or IRD, which is tax authority of the Hong Kong Government, is currently engaged in aggressive and frequent field audits and close and critical scrutiny of commercial transactions. For example, during 2003 through July 2003, the Company engaged in discussions with the IRD regarding whether Deswell should be assessed taxes on profits derived from activities of certain of its subsidiaries during the six fiscal years ended March 31, 2002, which the Company believed were conducted outside of Hong Kong and were not subject to a profits tax under the Hong Kong Inland Revenue Ordinance. While, based on consultations with Hong Kong tax experts, Deswell believes that its tax position for these years was sound and supportable, management nevertheless concluded that it would be in the Company s best interest to reach an immediate resolution of the tax issue with the IRD in order to avoid the expenditure of substantial time, effort and expense involved in proceedings that could extend years and to limit the assessment of taxes, interest and/or penalties that would be incurred if the Company did not prevail or sought to settle the dispute later. Accordingly, in June 2003 the Company made a proposal to settle the entire tax dispute and in July 2003, the IRD accepted the proposal. As a result, a provision of $3,532,000 was charged to the Company s consolidated income statements for year ended March 31, 2003 and this adversely impacted the Company s net income reported for the fourth quarter of, and the year ended, March 31, 2003. The Company believes, based on consultations with Hong Kong tax experts, that it has restructured the operations of its subsidiaries in order to strengthen further its tax position if audited by the IRD in the future for fiscal years after March 31, 2002. However, litigating with the IRD is inherently uncertain, lengthy, time consuming and expensive and there is no guarantee that the Company would prevail. Even if the Company believed it would prevail, Deswell might choose to settle future assessments for amounts in excess of the tax provisions it made for the years involved in order to eliminate the expense or uncertainty of challenging such assessments. In either event, Deswell s financial results could be adversely impacted.

Any future outbreak of severe acute respiratory syndrome or other diseases may have a negative impact on our business and operating results.

In the first calendar quarter of 2003, several economies in Asia, including Hong Kong, where our logistic support office and some of our customers are located, and southern China, where our factories are located, were affected by the outbreak of severe acute respiratory syndrome, or SARS. If there is a recurrence of an outbreak of SARS, it may adversely affect our business and operating results. For example, a future SARS outbreak could result in quarantines or closure to our office in Hong Kong or factories in China if our employees are infected with SARS and ongoing concerns regarding SARS, particularly its effect on travel, could negatively impact our customers and suppliers based in Hong Kong or China and our business and operating results.

In addition, there has recently been an outbreak of avian influenza in humans in Asian countries, including Vietnam, South Korea and Japan, which has proven fatal in some instances. As the human death toll continues to grow, many are concerned that the virus will mutate and trigger a human pandemic. If such an outbreak were to spread to southern China, it may adversely affect our business operating results.

Political and economic instability of Hong Kong and Macao could harm our operations.

Our administration and accounting office are located in Macao, formerly a Portuguese Colony and some of our customers and suppliers are located in Hong Kong, formerly a British Crown Colony. Sovereignty over Macao and

Hong Kong was transferred to China effective on December 20, 1999 and July 1, 1997, respectively. Since their transfers, Macao and Hong Kong have become Special Administrative Regions of China, enjoying a high degree of autonomy except for foreign and defense affairs. Moreover, China s political system and policies are not practiced in Macao or Hong Kong. Under the principle of one country, two systems, Macao and Hong Kong maintain legal systems that are different from that of China. Macao s legal system is based on the Basic Law of the Macao Special Administrative Region and, similarly, Hong Kong s legal system is based on the Basic Law of the Hong Kong Special Administrative Region. It is generally acknowledged as an open question whether Hong Kong s future prosperity in its role as a hub and gateway to China after China s accession to the World Trade Organization

(introducing market liberalization in China) will be diminished. The continued stability of political, economic or commercial conditions in Macao and Hong Kong remain uncertain, and any instability could have an adverse impact on our business.

A recent labor shortage in southern China could adversely affect our gross margins or decrease revenue.

The Company carries out all of its manufacturing operations in Southern China, where it has been able to take advantage of the lower overhead costs and inexpensive labor rates as compared to Hong Kong. Historically, there has been an abundance of labor in southern China, but, according to a recent Chinese government survey, factories in southern China are facing a labor shortage as migrant workers seek better wages and working conditions elsewhere. If this trend continues, the Company s operations could be adversely affected by, for example, preventing the Company from manufacturing at peak capacity or forcing the Company to increase wages to attract necessary workers. This could result in lower revenues or increased manufacturing costs, which would adversely affect gross margins.

We are dependent on a few major customers and have no long-term contracts with them. Our sales would substantially decrease and we would suffer decreases in net income or losses if we lose any of our major customers, if they substantially reduce their orders or if they are unable to pay us.

Historically, a substantial percentage of our sales have been to a small number of customers. Our four largest customers during the year ended March 31, 2005 were Digidesign Inc., Epson Precision (H.K.) Limited, Line 6 Manufacturing and VTech Telecommunications Limited. Each of these customers individually accounted for 10% or more of our total net sales during the year ended March 31, 2005 and accounted for an aggregate of 47.2%, 57.6% and 64.6%, respectively, of our total net sales during the years ended March 31, 2003, 2004 and 2005, respectively. Our sales are based on purchase orders and we have no long-term contracts with any of our customers and the percentage of sales to any of our customers may fluctuate from time to time. The loss of any one of our largest customers or a substantial reduction in orders from any of them would adversely impact our sales and decrease our net income or cause us to incur losses unless and until we were able to replace the customer or order with one or more of comparable size. In addition, a substantial portion of our sales is made on credit and our results of operations would be adversely affected if a major customer were unable to pay for our products or services.

We have no long-term contracts to obtain plastic resins and our profit margins and net income could suffer from an increase in resin prices.

The primary materials used by us in the manufacture of our plastic injection molded products are various plastic resins. The following table shows our cost of plastic resins as a percentage of our cost of plastic products sold and as a percentage of our total costs of goods sold for the years ended March 31, 2003, 2004 and 2005:

	Year ended March 31,		
	2003	**2004**	**2005**
Resins cost as a % of plastic products sold	53%	52%	58%
Resins cost as a % of total cost of goods sold	25%	25%	24%

We have no long-term contracts with our resin suppliers. Accordingly, our financial performance is dependent to a significant extent on resin markets and the ability to pass through price increases to our customers. The capacity, supply and demand for plastic resins and the petrochemical intermediates from which they are produced are subject to cyclical price fluctuations, including those arising from supply shortages. Consequently, resin prices may fluctuate as a result of changes in natural gas and crude oil prices and the capacity, supply and demand for resin and petrochemical intermediates from which they are produced. We have found that increases in resin prices are difficult to pass on to

our customers. In the past increases in resin prices have increased our costs of goods sold and adversely affected our profit margins. A significant increase in resin prices in the future could likewise adversely affect our profit margins and results of operations.

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We are facing increasing competition, which has had an adverse effect on our gross profit margins.

Over the last few years we have been forced to lower our prices as a result of increasing competition in our market segments. This has resulted in lower gross profit margins, which have declined by:

16.6% from 32.0% during the year ended March 31, 2004, to 26.7% during the year ended March 31, 2005,

2.7%, from 32.9% during the year ended March 31, 2003, to 32.0% during the year ended March 31, 2004, and

5.2%, from 34.7% during the year ended March 31, 2002, to 32.9% during the year ended March 31, 2003,

If we are forced to continue to lower our prices and are unable to offset this decrease by increasing our sales volumes, our net sales and gross margins will decline. If we cannot stem the decline in our gross margins, our financial position may be harmed and our stock price may decrease.

Our customers are dependent on shipping companies for delivery of our products and interruptions to shipping could materially and adversely affect our business and operating results.

Generally, we sell our products F.O.B. Hong Kong or F.O.B. China and our customers are responsible for the transportation of products from Hong Kong or China to their final destinations. Our customers rely on a variety of carriers for product transportation through various world ports. A work stoppage, strike or shutdown of one or more major ports or airports could result in shipping delays materially and adversely affecting our customers, which in turn could have a material adverse effect on our business and operating results. Similarly, an increase in freight surcharges due to rising fuel costs or general price increases could materially and adversely affect our business and operating results.

Because our operations are international, we are subject to significant worldwide political, economic, legal and other uncertainties.

We are incorporated in the British Virgin Islands and have subsidiaries incorporated in the British Virgin Islands, Hong Kong, Macao, Samoa, Malaysia and China. Our administrative and accounting office is located in Macao. We manufacture all of our products in China. As of March 31, 2005, approximately 97% of the net book value of our total identifiable fixed assets was located in China. We sell our products to customers principally in China, the United States, Europe and Hong Kong. Our international operations may be subject to significant political and economic risks and legal uncertainties, including:

changes in economic and political conditions and in governmental policies,

changes in international and domestic customs regulations,

wars, civil unrest, acts of terrorism and other conflicts,

changes in tariffs, trade restrictions, trade agreements and taxation,

difficulties in managing or overseeing foreign operations, and

limitations on the repatriation of funds because of foreign exchange controls.

The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region and decrease the profitability of our operations in that region.

Our loss of certain members of our senior management could cause disruptions in our business and harm our customer relationships thereby adversely affecting sales.

We depend to a large extent on the abilities and continued participation of

Richard Lau, our Chairman of the Board and Chief Executive Officer;

C. P. Li, our Executive Director, General Manager in charge of manufacturing and administrative operations for plastic products, and Chief Financial Officer;

C. W. Leung, Executive Director of Engineering in charge of the mold division and engineering for our plastic manufacturing operations;

S. K. Lee, our Director of Administration and Marketing and General Manager in charge of administrative and marketing operations for electronic and metallic products; and

M. C. Tam, our Director of Engineering and Manufacturing, in charge of manufacturing and operations for electronic and metallic products.

Messrs. Lau, Li and Leung founded our company and have played integral roles in the management, growth and development of our company in general and our plastic injection molding business in particular. They have developed and maintain relationships with several of our key customers in our plastic injection molding business. Mr. S. K. Lee and Mr. M. C. Tam founded our electronic products manufacturing business and have developed and continue to manage it since we acquired control of the business from them. We have no employment contracts with any of these executives and their loss would require us to find executives suitable to replace them, which could be difficult and disruptive to our business. Customers with whom they have relationships may cease to deal with us or choose to use a competitor for a greater portion of their business, resulting in our loss of sales.

The concentration of share ownership in our senior management allows them to control or substantially influence the outcome of matters requiring shareholder approval.

Our senior management as a group, each of whom are also members and constitute a majority of our board of directors, directly or indirectly through an affiliated company beneficially own approximately 31.0% our shares at June 28, 2005. As a result, acting together they may be able to control, and they can substantially influence, the outcome of all matters requiring approval by our shareholders, including the election of directors and approval of significant corporate transactions. This ability may have the effect of delaying or preventing a change in control of Deswell, or causing a change in control of Deswell that may not be favored by our other shareholders.

If we do not receive an unqualified opinion on the adequacy of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002 (currently required for our fiscal year ending March 31, 2007 and thereafter), investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our shares.

As directed by Section 404 of the Sarbanes-Oxley Act of 2002, the SEC adopted rules requiring public companies to include a report of management on the company s internal control structure and procedures over financial reporting in their annual reports on Form 20-F that contains an assessment by management of the effectiveness of the company s internal control structure and procedures over financial reporting. In addition, the public accounting firm auditing the company s financial statements must attest to and report on management s assessment of the effectiveness of the company s internal control structure and procedures over financial reporting. While we intend to conduct a rigorous review of our internal control structure and procedures over financial reporting in order to assure compliance with Section 404 requirements by the deadline applicable to us (currently March 31, 2007 and fiscal years thereafter), if our independent auditors interpret Section 404 requirements and the related rules and regulations differently from us or if our independent auditors are not satisfied with our internal control structure and procedures over financial reporting or with the level at which it is documented, operated or reviewed, they may decline to attest to management s assessment or issue a qualified report. This could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements, which could cause the market price of our shares to decline.

Legislative actions and potential new accounting pronouncements are likely to impact our future financial position and results of operations and in the case of FASB s new pronouncement regarding the expensing of stock options will adversely impact our financial results.

There have been regulatory changes, including the Sarbanes-Oxley Act of 2002, new SEC regulations and Nasdaq Stock Market rules and there may be potential new accounting pronouncements or regulatory rulings, which will have an impact on our future financial position and results of operations. These regulatory changes and other legislative initiatives have increased general and administrative costs. The Financial Accounting Standards Board s recent change to mandate the expensing of stock options will require us to record charges to earnings for stock option grants to

employees and directors and will adversely affect our financial results after we implement the new pronouncement, which we expect will be in the quarter ending June 30, 2006 unless the compliance date to implement this accounting change is again postponed by the SEC.

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Our board s ability to amend our charter without shareholder approval could have anti-takeover effects that could prevent a change in control.

As permitted by the law of the British Virgin Islands, our Memorandum and Articles of Association, which are the terms used in the British Virgin Islands for a corporation s charter and bylaws, may be amended by our board of directors without shareholder approval provided that a majority of our independent directors do not vote against the amendment. This includes amendments to increase or reduce our authorized capital stock or to create from time to time and issue one or more classes of preference shares (which are analogous to preferred stock of corporations organized in the United States). Our board s ability to amend our charter documents without shareholder approval, including its ability to create and issue preference shares, could have the effect of delaying, deterring or preventing a change in control of Deswell, including a tender offer to purchase our common shares at a premium over the then current market price.

Our exemptions from certain of the reporting requirements under the Exchange Act limits the protections and information afforded to investors.

We are a foreign private issuer within the meaning of rules promulgated under the Securities Exchange Act of 1934. As a foreign private issuer, we are exempt from certain provisions applicable to United States public companies including:

- the rules under the Exchange Act requiring the filing with the Commission of quarterly reports on Form 10-Q or current reports on Form 8-K;

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect to a security registered under the Exchange Act;

- and the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short-swing trading transaction (i.e., a purchase and sale, or sale and purchase, of the issuer s equity securities within less than six months).

In addition, because the Company is a foreign private issuer, certain of the corporate governance standards of The Nasdaq Stock Market that are applied to domestic companies having securities included on The Nasdaq Stock Market may not be applied to us or their effectiveness may be delayed beyond the effective date applicable to domestic companies.

Because of these exemptions, investors are not afforded the same protections or information generally available to investors in public companies organized in the United States or with securities included on The Nasdaq Stock Market.

ITEM 4. INFORMATION ON THE COMPANY

History and Development of Deswell

The Company was incorporated in December 1993 as a limited liability International Business Company under the laws of the British Virgin Islands. The Company s registered agent in the British Virgin Islands is HWR Services Limited, P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands. The Company s principal administrative office is located in 17B, Edificio Comercial Rodrigues, 599 Avenida da Praia Grande, Macao, and its telephone number is (853) 322096 and its facsimile number is (853) 323265.

Deswell developed from the initial incorporation of Jetcrown Industrial Limited (JIL), a Hong Kong limited liability company, in February 1987. Richard Lau, C. P. Li and C. W. Leung founded JIL to manufacture injection-molded plastic parts for OEMs and contract manufacturers. JIL is the ultimate predecessor of the Company as restructured in March 1994. In January 1990, Jetcrown Industrial (Shenzhen) Limited, a limited liability China foreign operation (Jetcrown Shenzhen), was organized to conduct the Company s manufacturing operations in China and JIL s manufacturing operations were relocated to China in 1990. Marcon Enterprises Limited, a British Virgin Islands International Business Company (Marcon), was organized in July 1991 to hold the beneficial ownership of Jetcrown Shenzhen and to supervise the latter s manufacturing operations. Marcon has been dormant since April 2003 and was sold to a third party in October 2003. Richtex Services Limited (Richtex), a Hong Kong

limited liability company, was organized in November 1991 to serve as Marcon s local agent and to discharge Marcon s duties to supervise the manufacturing operations of Jetcrown Shenzhen. Richtex was deregistered from the Companies Registry in March 2004. JIL has been dormant since January 2004.

In October 1992, the Company purchased a controlling interest of the outstanding stock of Kwanasia Electronics Company Limited, a Hong Kong limited liability company (Kwanasia) and an independent contract manufacturer of electronic products, components and subassemblies, from two former shareholders. In December 1994, the Company increased its interest in Kwanasia to 51% of the outstanding Kwanasia shares by purchasing the requisite stock from Mr. S. K. Lee and Mr. M. C. Tam, Kwanasia s then remaining two shareholders. The total price paid by the Company in 1994 for its majority interest in Kwanasia s shares was approximately $517,000, which was paid in cash.

Kwanasia originally conducted the Company s contract electronic manufacturing operations through a joint venture enterprise (organized as a limited liability China company) called Shenzhen Kwanam Electronics, Co., Ltd. (Shenzhen Kwanam). Shenzhen Kwanam was initially established as a 70%-30% joint venture company pursuant to a Joint Venture Agreement between Kwanasia and Commercial Trading Corporation (CTC), an independent Chinese party. However, the parties to the Joint Venture Agreement subsequently elected to modify such arrangement. Such modification took various forms but in each case essentially provided that Kwanasia and its successor (through the subsidiaries which held the joint venture interest) would have in substance a 100% economic interest in the joint venture enterprise, subject to a RMB60,000 (approximately $7,200 at May 30, 1996) annual payment by it to CTC. In May 1996, Kwanasia and CTC agreed that Kwanasia would purchase CTC s 30% interest in Shenzhen Kwanam (the Buy-out Agreement) for RMB180,000 (approximately $22,000 at May 30, 1996, the day the purchase price was paid). This transaction was completed during the year ended March 31, 1998 and resulted in Shenzhen Kwanam becoming a wholly owned subsidiary. Following reorganization in electronic operations and its move into a new manufacturing plant in Dongguan, China, the manufacturing operations of Shenzhen Kwanam were switched to another wholly owned subsidiary, Dongguan Kwan Hong Electronics Co. Ltd. (Kwan Hong) commencing April 1, 1999. Kwan Hong was initially established as an 85%-15% joint venture company pursuant to a Joint Venture Agreement dated January 31, 1997 between Kwanasia and Dongguan Cheung On Lang Wang Electronics Development Company (Lang Wang), an independent Chinese party. Pursuant to a subsequent supplemental agreement signed on February 27, 1997 between Kwanasia and Lang Wang, both parties agreed that Kwanasia would have in substance a 100% economic interest in the joint venture enterprise with Lang Wang guaranteed an annual rental income for the buy out. In March 2004, Kwanasia s 85% interest in Kwan Hong was transferred to Integrated International Limited (see discussion of Integrated below) and in May 2004, Lang Wang s 15% interest in Kwan Hong was also transferred to Hong Xin Electronics Company Limited (Hong Xin), a new independent Chinese party. The registrations of Integrated and Hong Xin with the Chinese Government were approved in April and July 2004, respectively. In a supplemental agreement signed on July 1, 2004, both parties agreed that Intergrated s wholly-owned subsidiary would have in substance a 100% economic interest in the joint venture enterprise with Hong Xin guaranteed an annual rental income for the buy out.

The Company s incorporation in the British Virgin Islands in December 1993 was part of a restructuring in which Deswell Industries, Inc. was organized to become the ultimate parent holding company of the companies engaged in actual business operations and to spin off to Messrs. Lau, Li and Leung other companies that hold real estate in Hong Kong. This restructuring, which was completed in March 1994, involved the following steps. First, on December 13, 1993, the Company (i) allotted a total of 2,539 common shares to provide the initial capital of the Company and (ii) acquired the entire issued share capital of Leesha Holdings Limited, the former ultimate parent company, in exchange for which it issued a total of 3,387,304 common shares. These shares were issued in equal portions to Messrs. Lau, Li and Leung, the former shareholders of Leesha Holdings Limited. Second, on March 22, 1994, the Company acquired the entire issued share capitals of JIL, Marcon (including its interest in Jetcrown Shenzhen) and Richtex from Leesha Enterprises Limited, a wholly owned subsidiary of Leesha Holdings Limited and a second-tier holding company, in exchange for which the Company issued an aggregate of 7,618 common shares in equal proportions to Messrs. Lau, Li

and Leung. Third, also on March 22, 1994, the Company acquired Leesha Enterprises Limited s 50.00005% interest in Kwanasia in exchange for the issue of 2,539 common shares in the Company in equal proportions to Messrs. Lau, Li and Leung and the assignment of a debt due to JIL of approximately $465,000 relating to the original purchase of Kwanasia. Finally, on March 22, 1994, the Company made a distribution in specie of the entire share capital of Leesha Holdings Limited to Messrs. Lau, Li and Leung.

The immediate effect of this restructuring was that the Company wholly owned JIL, Marcon (which wholly owned Jetcrown Shenzhen) and Richtex and also owned 51% of the outstanding capital stock of Kwanasia (which, in turn had a 100% economic interest in Shenzhen Kwanam). Messrs. Lee and Tam owned the balance of Kwanasia. In 1995, this restructuring was fine-tuned further, with the Company forming two new corporations, Union International Limited (which changed its name to Integrated International Limited on May 1, 1996) (Integrated) and Oriental Enterprises Limited (which changed its name to Bright Oriental Enterprises Limited on May 1, 1996) (Oriental Enterprises), both corporations organized under the laws of Samoa. Integrated issued its shares proportionately to Deswell and Messrs. Lee and Tam in exchange for all outstanding capital stock of Kwanasia respectively held by them, with the result that through February 1998, Integrated was 51%-owned by Deswell and 49%-owned by Messrs. Lee and Tam.

In March 1998, Messrs. Lee and Tam together sold 5% shareholding interest in Integrated to Micropower Enterprises, Ltd. In January 2003, the Company increased its interest in Integrated to 71% by purchasing an additional 20% from Messrs. Lee and Tam in exchange for the issuance to Messrs. Lee and Tam of an aggregate of 251,880 common shares of Deswell. In April 2005, the Company increased its interest in Integrated to 76% by purchasing the 5% interest owned by Micropower Enterprises Ltd. in exchange for the issuance to Micropower Enterprises Ltd. of 120,000 common shares of Deswell. Integrated in turn owns all of the outstanding capital stock of Kwanasia. Messrs. Lee and Tam still own, in equal shares, 24% of the capital stock of Integrated and continue to serve as the executives in charge of administrative and manufacturing operations, respectively, for the Company s contract manufacturing operations for electronic products and subassemblies. See Item 6 Directors, Senior Management and Employees.

As part of the Company s restructuring, Oriental Enterprises was organized as a wholly-owned subsidiary of Integrated and it was assigned Kwanasia s joint venture interest in Shenzhen Kwanam and assumed Kwanasia s rights and responsibilities under the Shenzhen Kwanam joint venture. With the completion during the year ended March 31, 1998 of the purchase of CTC s 30% joint venture interest in Shenzhen Kwanam pursuant to the Buy-out Agreement, Shenzhen Kwanam became a wholly owned subsidiary of Oriental Enterprises. Shenzhen Kwanam was closed on January 1, 2004 upon the expiration of its 10-year business license. Oriental Enterprises has been dormant since April 2002 and was sold to a third party in October 2003.

In October 1996, Integrated acquired a 64.9% interest in Kwanta Precision Metal Products Co., Ltd. (Kwanta), a corporation organized under the laws of Hong Kong, for $64,000, which was paid in cash. In April and July 1999, Integrated acquired the remaining 35.1% interest in Kwanta for $6,000, which was paid in cash. Kwanta manufactures metallic molds and accessory parts for use in audio equipment, copying machines and fax machines. Kwanta supplies metallic molds for the Company s plastic and electronic operations and manufactures metal parts for OEMs and contract manufacturers, including the Company. Since September 2002, the Company s metallic manufacturing operation was shifted to Kwan Hong and Kwanta has been dormant since then.

In January 1999, the Company organized Star Peace Limited, a British Virgin Islands International Business Company, in order to hold securities the Company acquires for investment.

In January 2000, the Company organized Blue Collar Holdings Limited (Blue Collar), a British Virgin Islands International Business Company to hold the beneficial ownership of Jetcrown Industrial (Dongguan) Limited (Jetcrown Dongguan). Jetcrown Dongguan, a limited liability China Foreign Enterprise registered in January 2000, was organized to conduct the Company s plastic injection molding manufacturing operations in Dongguan, China. Jetcrown Dongguan commenced production in July 2000.

In April 2000, Integrated organized Digiwave Limited (originally named Wisetop Technology Limited), a limited liability Hong Kong Company, to carry on original design manufacturing, or ODM, in connection with our electronic

manufacturing business. Digiwave was deregistered from the Companies Registry in March 2004.

In June 2000, the Company organized Jetcrown Industrial Sdn. Bhd. (JISB), a limited liability Malaysian Company, to establish a representative office in Dongguan, China to handle our overseas plastic injection product sales. On May 22, 2001, the Company s representative office successfully obtained a registration certificate to allow it to do business from the Chinese Government and it commenced business in August 2001. The representative office was deregistered with the Chinese Government in January 2004 and JISB has been dormant since December 2003.

In August 2001, the Company organized Jetcrown & Kwanasia (OEM) Specialist Limited (J&K OEM), a limited liability Hong Kong Company, to conduct marketing for Deswell s plastic and electronic businesses. The capital stock of J&K OEM was owned 51% by Deswell, 39% by Dickson Lam, Deswell s former Director of Marketing for plastic and electronic products, and 10% by two other individuals, who were employees of J&K OEM. In March 2003, the Company reorganized J&K OEM s operations by organizing Triumph Wise Technology Limited (Triumph Wise), a British Virgin Islands International Business Company, and in August 2003 also incorporated a new Macao company, namely, J&K (OEM) Specialist (Macao Commercial Offshore) Limited (J&KMCO), that is wholly-owned by Triumph Wise. The capital stock of Triumph Wise is owned 51% by Deswell, 39% by Dickson Lam and 10% by two other individuals, who are now employees of J&KMCO. In August 2003, J&KMCO obtained business license approval to carry out offshore marketing service activities in Macao. J&K OEM s operations were transferred to J&KMCO in September 2003 and J&K OEM has been dormant since then. In March 2005, the Hong Kong Companies Registry approved the application to deregister J&K OEM from the Companies Registry. J&KMCO has been dormant since January 2005 following the retirement of Dickson Lam and in June 2005, the Macao Company Registry approved the application of Deswell and the minority shareholders of Triumph Wise to deregister J&KMCO from the Company Registry.

In March 2003, Deswell also organized Rainbow Hill Limited, a 100% owned British Virgin Islands International Business Company, in order to establish another new 100% owned Macao incorporated company, namely Jetcrown Industrial (Macao Commercial Offshore) Limited (JIMCO). In August 2003, JIMCO was incorporated and obtained business license approval to carry out offshore trading activities in Macao.

In October 2003, Deswell organized Ideatop Holdings Limited (Ideatop), a British Virgin Islands International Business Company to hold the beneficial ownership of Jetcrown Shenzhen. The registration of Ideatop with the Chinese Government was approved in December 2003. In September 2004, Ideatop reinvested retained earnings of $1,800,000 from Jetcrown Shenzhen to Jetcrown Donnguan, a sister subsidiary. At the same time, Ideatop also invested an additional cash capital of $1,800,000 in Jetcrown Dongguan, making its total investment holdings in Jetcrown Dongguan to approximately 26.1%. As a result, Blue Collar s holdings in Jetcrown Donnguan were reduced from 100% to approximately 73.9%.

In October 2003, the Company also organized Joint Harvest Industries Limited, a British Virgin Islands International Business Company and 100% owned by Integrated, in order to establish another new 100% owned Macao incorporated company, namely Kwanasia Electronics (Macao Commercial Offshore) Limited (KEMCO). In April 2004, KEMCO was incorporated and obtained business license approval to carry out offshore trading activities in Macao. Kwanasia has been dormant since June 2004 when KEMCO commenced operations.

In December 2003, the Company also organized Spring Fountain Investments Limited, a British Virgin Islands International Business Company and 100% owned by Integrated for investment holding purpose.

Organizational Structure

The following chart illustrates the organizational structure of the Company and its active subsidiaries at March 31, 2005.

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Capital Expenditures

Principal capital expenditures and divestitures made by Deswell during the three years in the period ended March 31, 2005 include the following:

	2003	2004	2005
Purchase of property, plant and equipment	$ 9,731,000	$ 19,862,000	$ 17,003,000
Proceeds from the sale of property, plant and equipment	127,000	430,000	36,000

Principal capital expenditures made and currently in progress relate to improvements we are constructing and have constructed on the land we purchased in Dongguan, China to build a new factory. The construction of our new Dongguan factory and dormitories is planned to occur in three to four phases. The pace of construction depends on our financial situation and future operating results.

Through March 31, 2005, Deswell spent an aggregate of approximately $7.5 million on the first phase of construction of its new plastic injection molding plant. The facility comprises approximately 440,000 square feet of factory space, an 85,000 square foot amenity center and 95,000 square feet of dormitory space. Construction began in October 2001 and was completed in March 2003 with interior build-out finished in June 2003. After installation of machinery and final touch up, Phase I of the new factory became operational at the end of November 2003. During the same period, approximately $14.6 million were used to expand the Company s injection molding and tool-making capacity through the purchase of additional injection molding and tooling machinery and $6.4 million were used to acquire and install furniture and fixtures for operations.

Following completion of space built through Phase I, we spent an aggregate of approximately $6.5 million for the second phase of construction, which comprises an additional two factory building units covering approximately 220,000 square feet and three additional dormitory units of 216,000 square feet. Phase III of construction, with a planned investment of $10 million, will consist of an approximate 133,000 square foot office building, an additional 377,000 square feet of factory space and one additional dormitory unit of 120,000 square feet. Phase IV of construction, which will consist of an additional two dormitory units and two other buildings, is planned for the long-term, with construction to begin following completion of Phase III, as resources become available.

In July 2003, Deswell s electronic & metallic subsidiary completed the $4.1 million acquisition of 240,000 square feet of land and 400,000 square feet of factory buildings and accommodations in Cheung On, Dongguan. These premises were previously leased from a local government unit for the Company s electronics and metallic operations.

All of the foregoing capital expenditures were financed principally from internally generated funds and our current plan is to continue to use internally generated funds principally to finance future capital expenditures. However, we may choose to obtain debt or equity financing if we believe it appropriate to accelerate the phases of construction of our new factory.

Business Overview

Introduction to Deswell

The Company is an independent manufacturer of injection-molded plastic parts and components, electronic products and subassemblies and metallic molds and accessory parts for original equipment manufacturers, or OEMs and contract manufacturers. The Company conducts all of its manufacturing activities at separate plastics, electronics and metallic operation factories located in the People s Republic of China.

The Company produces a wide variety of plastic parts and components that are used in the manufacture of consumer and industrial products, using different plastic injection technologies, such as film injection, integrated injection and insert injection. The products include

- cases and key tops for personal organizers;
- cases for flashlights, telephones, paging machines, projectors and alarm clocks;
- grips and rods for fishing tackle;
- toner cartridges and cases for photocopy machines;
- parts for electrical products such as air-conditioning and ventilators;
- parts for audio equipment;
- double injection caps and baby products;
- laser key caps; and
- automobile components.

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Electronic products manufactured by the Company include

complex printed circuit board assemblies using surface mount (SMT), ball grip assembly (BGA) and pin-through-hole (PTH) interconnection technologies and

finished products which include

- Ø telecommunication products such as special purpose telephones used as a private automated branch exchange (IPBX), a network terminal and an internet platform etc.,
- Ø IP switches, routers, and
- Ø sophisticated professional audio equipment such as power amplifiers, digital mixers, digital signal processors, etc.

Metal products manufactured by the Company include metallic molds and accessory parts used in audio equipment, telephones, copying machines, pay telephones, multimedia stations, automatic teller machines, etc.

As part of its manufacturing operations, the Company consults with its customers in the design of plastic parts and the design and production of the molds used to manufacture plastic parts, which are made by Deswell at its customers expense, and provides advice and assistance in the design and manufacturing of printed circuit boards. The Company believes that its ability to manufacture high-end plastic and metal parts of the quality required by OEMs and contract manufacturers which furnish products and services internationally, Deswell s expertise in designing and manufacturing molds for its customers and the Company s low production costs distinguish Deswell from most other manufacturers of plastic products and provide it with a competitive advantage. However, as a result of increased competition, Deswell has been forced to reduce the sales prices of its products during the years ended March 31, 2003, 2004 and 2005, which has resulted in lower gross profit margins during these years.

Industry Overview

Management believes that the injection molding and metal molds and parts manufacturing industries have each benefited in recent years from a trend among major users of injection molded and metal products to outsource an increasing portion of the parts requirements and to select a small number of suppliers or a sole supplier to provide those products. The Company is not aware of any empirical data defining the manufacturing industry in China, however, management believes that injection molding and metal manufacturing firms which are much smaller than the Company make up the largest segment of the industry in China. The Company s experience indicates that such smaller firms are often unable to react quickly and responsively to the diverse demands of many customers and are not capable of furnishing the level of quality that high-end plastic and metal products require. Management believes that this inability on the part of these smaller manufacturers has created opportunities for the Company to increase sales by catering to the outsourcing requirements of OEMs and contract manufacturers that manufacture such high-end products.

Similarly, as a result of the recognition by OEMs in the electronics industry of the rising costs of operating a manufacturing site and the need to add more sophisticated and expensive manufacturing processes and equipment, OEMs have turned increasingly to outside contract manufacturers. By doing so, OEMs are able to focus on research, product conception, design and development, marketing and distribution, and to rely on the production expertise of contract manufacturers. Other benefits to OEMs of using contract manufacturing include: access to manufacturers in regions with low labor and overhead costs, reduced time to market, reduced capital investment, improved inventory management, improved purchasing power and improved product quality. In addition, the use of contract manufacturers has helped OEMs manage production in view of increasingly shorter product life cycles.

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Operations

Plastic Injection Molding

Plastic injection molding manufacturing accounted for 54.9%, 54.6% and 47.5% of theALIGN="bottom">

Balance at March 30, 2013

95,371 $397.8 $41.1 $180.4 $(24.4) $9.9 $604.8

Balance at December 28, 2013

94,238 $392.8 $44.1 $176.3 $(16.8) $9.5 $605.9

Common shares repurchased and cancelled

(54) (0.4) (0.4)

Common shares issued - Time-based RSUs

141 1.2 (1.2)

Share-based compensation

1.3 1.3

Dividend payment

(5.1) (5.1)

Distributions to non-controlling interests

(2.3) (2.3)

Comprehensive (loss) income

Currency translation adjustment

(1.6) (1.6)

Unrealized loss on derivative instruments, net of tax

(0.1) (0.1)

Net (loss) income

(3.9) 1.4 (2.5)

Balance at March 29, 2014						
94,325	**$393.6**	**$44.2**	**$167.3**	**$(18.5)**	**$8.6**	**$595.2**

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

Cott Corporation

Notes to the Consolidated Financial Statements

Unaudited

Note 1 Business and Recent Accounting Pronouncements

Description of Business

Cott Corporation, together with its consolidated subsidiaries (Cott, the Company, our Company, Cott Corporation, 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, sports products, new age beverages and ready-to-drink teas, as well as alcoholic beverages for brand owners.

Basis of Presentation

The accompanying 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 in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements in conformity with U.S. GAAP. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of our results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. This Quarterly Report on Form 10-Q should be read in conjunction with the annual audited consolidated financial statements and accompanying notes in our Annual Report on Form 10-K for the year ended December 28, 2013. 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.

Recent 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 financial statements.

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Note 2 Acquisitions

Calypso Acquisition

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

The total consideration paid by us in the Calypso Acquisition, subject to final working capital adjustments, is summarized below:

(in millions of U.S. dollars)	
Cash	$ 7.0
Deferred consideration [1]	5.1
Total consideration	$ 12.1

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

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

Supplemental Pro Forma Data (unaudited)

The following unaudited financial information for the three months ended March 30, 2013 represent the combined results of our operations as if the Calypso Acquisition had occurred on December 30, 2012. 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 period.

(in millions of U.S. dollars, except share amounts)	For the Three Months Ended March 30, 2013
Revenue	$ 517.4
Net income	0.5
Net income per common share, diluted	$ 0.01

Cliffstar Acquisition

On August 17, 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation (Cliffstar) and its affiliated companies (the Cliffstar Acquisition) for approximately $503.0 million in cash, $14.0 million in deferred consideration payable in equal installments over three years and contingent consideration of up to $55.0 million. Contingent consideration of $34.9 million was ultimately paid to the seller of Cliffstar, and all claims for contingent consideration have been resolved as of December 28, 2013.

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Note 3 Restructuring and Asset Impairments

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 another one located in the United Kingdom (the 2014 Restructuring Plan). The plant closures are expected to be completed by the end of our 2014 fiscal year and will result 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 expect to incur total charges of approximately $6.0 million to $8.0 million. During the first quarter of the comparable prior year period, we did not have restructuring activity.

The following table summarizes restructuring charges for the three months ended March 29, 2014 in connection with the 2014 Restructuring Plan:

(in millions of U.S. dollars)	North America	United Kingdom	Total
Restructuring	$ 2.1	$ 0.1	$ 2.2
Asset impairments	0.9	0.7	1.6
	$ 3.0	$ 0.8	$ 3.8

The following tables summarize our restructuring liability as of March 29, 2014, along with charges to costs and expenses and cash payments:

2014 Restructuring Plan:

(in millions of U.S. dollars)	North America			
	Balance at December 28, 2013	Charges to costs and expenses	Cash payments	Balance at March 29, 2014
Severance liability restructuring	$	$ 2.1	$ (0.2)	$ 1.9
	$	$ 2.1	$ (0.2)	$ 1.9

(in millions of U.S. dollars)	United Kingdom			
	Balance at December 28, 2013	Charges to costs and expenses	Cash payments	Balance at March 29, 2014
Severance liability restructuring	$	$ 0.1	$	$ 0.1

$	$	0.1	$	$	0.1

Note 4 Share-Based Compensation

The table below summarizes the share-based compensation expense for the three months ended March 29, 2014 and March 30, 2013. 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, and (iii) Stock options mean non-qualified stock options granted under the Amended and Restated Equity Plan, the 2010 Equity Incentive Plan, or the 1986 Common Share Option Plan, as amended (the Option Plan), as the case may be.

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(in millions of U.S. dollars)	For the Three Months Ended March 29, 2014	March 30, 2013
Stock options	**$ 0.4**	$ 0.1
Performance-based RSUs	**0.2**	0.2
Time-based RSUs	**0.7**	0.4
Total	**$ 1.3**	$ 0.7

As of March 29, 2014, the unrecognized share-based compensation expense and years we expect to recognize it as compensation expense were as follows:

(in millions of U.S. dollars, except years)	Unrecognized share-based compensation expense as of March 29, 2014	Weighted average years expected to recognize compensation
Stock options	**$ 2.9**	**2.2**
Performance-based RSUs	**2.4**	**2.5**
Time-based RSUs	**5.3**	**2.2**
Total	**$ 10.6**	

Stock option activity for the three months ended March 29, 2014 was as follows:

	Shares *(in thousands)*	Weighted average exercise price
Balance at December 28, 2013	**830**	**$ 8.17**
Awarded	**441**	**8.00**
Outstanding at March 29, 2014	**1,271**	**$ 8.11**
Exercisable at March 29, 2014	**144**	**$ 8.35**

During the three months ended March 29, 2014, Performance-based RSU and Time-based RSU activity was as follows:

	Number of Performance-based	Weighted Average Grant-Date Fair	Number of Time-based RSUs	Weighted Average Grant-Date Fair

	RSUs *(in thousands)*		**Value**	*(in thousands)*		**Value**
Balance at December 28, 2013	534	$	7.81	831	$	8.04
Awarded	274		8.00	368		8.00
Issued				(141)		8.29
Forfeited	(23)		7.88	(41)		8.37
Outstanding at March 29, 2014	**785**	**$**	**7.87**	**1,017**	**$**	**7.98**

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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 2011 and 2012 prior to the amendment and restatement are generally governed by the 2010 Equity Incentive Plan.

Certain outstanding stock options were granted under the Option Plan. Our board of directors terminated the Option Plan as of February 23, 2011, and no further awards will be granted under it. In connection with the termination of the Option Plan, outstanding options will continue in accordance with the terms of the Option Plan until exercised, forfeited or terminated, as applicable.

Note 5 Income Taxes

Income tax benefit was $0.9 million on pretax loss of $3.4 million for the three months ended March 29, 2014, as compared to an income tax expense of $0.5 million on pretax income of $1.5 million for the three months ended March 30, 2013. The first quarter s income tax rate was 25% in comparison to the prior year rate of 33%. This is the result of an immaterial discrete item related to prior periods and a change to the earnings mix relative to the comparable prior year period.

Note 6 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 income per common share is calculated using 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 and Time-based RSUs. Diluted net loss per common share is equivalent to basic net loss per common share.

A reconciliation of the denominators of the basic and diluted net income per common share computations is as follows:

	For the Three Months Ended	
(in thousands)	**March 29, 2014**	**March 30, 2013**
Weighted average number of shares outstanding basic	**94,319**	**95,371**
Dilutive effect of stock options		**49**
Dilutive effect of Performance-based RSUs		**127**
Dilutive effect of Time-based RSUs		**254**
Adjusted weighted average number of shares outstanding diluted	**94,319**	**95,801**

At March 29, 2014, we excluded 882,951 (March 30, 2013 50,000) stock options from the computation of diluted net (loss) income per share because the options exercise price was greater than the average market price of the common

shares. In addition, we excluded the impact of the remaining stock options, Performance-based RSU s and Time-based RSUs from the computation of diluted net loss per share as they were considered anti-dilutive for purposes of calculating loss per share.

Note 7 Segment Reporting

Our product lines include CSDs, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks, sports products, new age beverages and ready-to-drink teas, as well as alcoholic beverages for brand owners. Our business operates through three reporting segments North America (which includes our U.S. operating segment and Canada operating segment), U.K. (which includes our United Kingdom operating segment and our Continental European operating segment), and All Other (which includes our Mexico operating segment, our Royal Crown International (RCI) operating segment and other Miscellaneous Expenses). 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. The primary measures used in evaluating our reporting segments are revenues, operating income (loss), and additions to property, plant and equipment, which have been included as part of our segment disclosures listed below. During the fourth quarter of 2013, management reviewed our reporting segments and subsequently combined 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.

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(in millions of U.S. dollars)	North America	United Kingdom	All Other	Corporate	Total
For the Three Months Ended March 29, 2014					
External revenue [1]	**$ 344.7**	**$ 115.6**	**$ 14.8**	**$**	**$ 475.1**
Depreciation and amortization	**20.9**	**4.0**	**0.4**		**25.3**
Operating income (loss)	**2.3**	**2.2**	**2.5**	**(2.9)**	**4.1**
Additions to property, plant and equipment	**5.8**	**3.0**			**8.8**
As of March 29, 2014					
Property, plant and equipment	**353.2**	**110.3**	**9.1**		**472.6**
Goodwill	**123.1**	**8.9**	**4.5**		**136.5**
Intangibles and other assets	**264.7**	**27.1**	**0.3**		**292.1**
Total assets [2]	**1,102.4**	**313.7**	**38.1**		**1,454.2**

1. Intersegment revenue between North America and the other reporting segments was $6.1 million for the three months ended March 29, 2014.
2. Excludes intersegment receivables, investments and notes receivable.

(in millions of U.S. dollars)	North America	United Kingdom	All Other	Corporate	Total
For the Three Months Ended March 30, 2013					
External revenue [1]	$ 393.2	$ 97.4	$ 14.8	$	$ 505.4
Depreciation and amortization	21.0	3.2	0.5		24.7
Operating income (loss)	16.7		1.3	(2.9)	15.1
Additions to property, plant and equipment	14.5	4.6	0.8		19.9
As of December 28, 2013					
Property, plant and equipment	363.3	111.0	9.4		483.7
Goodwill	124.0	8.8	4.5		137.3
Intangibles and other assets	268.2	27.7	0.3		296.2
Total assets [2]	1,089.5	296.3	40.3		1,426.1

1. Intersegment revenue between North America and the other reporting segments was $3.8 million for the three months ended March 30, 2013.
2. Excludes intersegment receivables, investments and notes receivable.

For the three months ended March 29, 2014, sales to Walmart accounted for 28.6% (March 30, 2013 32.8%) of our total revenue, 34.7% of our North America reporting segment revenue (March 30, 2013 37.8%), 14.2% of our U.K. reporting segment revenue (March 30, 2013 16.5%) and 0.3% of our All Other reporting segment revenue (March 30, 2013 6.7%).

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.

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Revenues are attributed to operating segments based on the location of the customer. Revenues by operating segment were as follows:

	For the Three Months Ended	
(in millions of U.S. dollars)	**March 29, 2014**	**March 30, 2013**
United States	**$ 324.1**	$ 354.8
Canada	**37.3**	47.5
United Kingdom	**115.6**	97.4
All Other	**14.8**	14.8
Elimination [1]	**(16.7)**	(9.1)
Total	**$ 475.1**	$ 505.4

1. Represents intersegment revenue among our operating segments, of which $6.1 million represents intersegment revenue between the North America reporting segment and our other operating segments for the three months ended March 29, 2014 and $3.8 million represents intersegment revenue between the North America reporting segment and our other operating segments for the three months ended March 30, 2013.

Revenues by product by reporting segment were as follows:

	For the Three Months Ended March 29, 2014			
(in millions of U.S. dollars)	**North America**	**United Kingdom**	**All Other**	**Total**
Revenue				
Carbonated soft drinks	**$ 119.3**	**$ 38.1**	**$ 1.2**	**$ 158.6**
Juice	**120.9**	**11.8**	**0.7**	**133.4**
Concentrate	**3.6**	**0.7**	**5.9**	**10.2**
Sparkling Waters/Mixers	**43.4**	**16.6**	**0.8**	**60.8**
Energy	**6.6**	**27.0**	**1.7**	**35.3**
All other products	**50.9**	**21.4**	**4.5**	**76.8**
Total	**$ 344.7**	**$ 115.6**	**$ 14.8**	**$ 475.1**

	For the Three Months Ended March 30, 2013			
(in millions of U.S. dollars)	**North America**	**United Kingdom**	**All Other**	**Total**
Revenue				
Carbonated soft drinks	$ 151.4	$ 32.7	$ 3.6	$ 187.7
Juice	135.0	3.1	0.5	138.6
Concentrate	3.1	0.6	6.8	10.5
Sparkling Waters/Mixers	43.1	14.7	1.3	59.1

Energy	6.2	28.0	1.6	35.8
All other products	54.4	18.3	1.0	73.7
Total	$ 393.2	$ 97.4	$ 14.8	$ 505.4

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Property, plant and equipment by geographic area as of March 29, 2014 and December 28, 2013 were as follows:

(in millions of U.S. dollars)	**March 29, 2014**	**December 28, 2013**
United States	**$ 312.1**	$ 319.5
Canada	**41.1**	43.8
United Kingdom	**110.3**	111.0
All Other	**9.1**	9.4
Total	**$ 472.6**	$ 483.7

Note 8 Inventories

The following table summarizes inventories as of March 29, 2014 and December 28, 2013:

(in millions of U.S. dollars)	**March 29, 2014**	**December 28, 2013**
Raw materials	**$ 93.2**	$ 89.0
Finished goods	**137.9**	126.3
Other	**17.9**	17.8
Total	**$ 249.0**	$ 233.1

Note 9 Intangibles and Other Assets

The following table summarizes intangibles and other assets as of March 29, 2014:

		March 29, 2014	
(in millions of U.S. dollars)	**Cost**	**Accumulated Amortization**	**Net**
Intangibles			
Not subject to amortization			
Rights	**$ 45.0**	**$**	**$ 45.0**
Subject to amortization			
Customer relationships	**379.9**	**174.0**	**205.9**
Trademarks	**32.6**	**25.7**	**6.9**
Information technology	**51.8**	**30.9**	**20.9**
Other	**6.4**	**3.9**	**2.5**
	470.7	**234.5**	**236.2**

	515.7	**234.5**	**281.2**
Other Assets			
Financing costs	**26.3**	**17.0**	**9.3**
Deposits	**1.1**		**1.1**
Other	**0.8**	**0.3**	**0.5**
	28.2	**17.3**	**10.9**
Total Intangibles & Other Assets	**$ 543.9**	**$ 251.8**	**$ 292.1**

Our only intangible asset with an indefinite life relates 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).

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Amortization expense of intangible and other assets was $8.4 million for the three months ended March 29, 2014 and $8.6 million for the three months ended March 30, 2013.

The estimated amortization expense for intangibles over the next five years is:

(in millions of U.S. dollars)	
Remainder of 2014	**$ 23.1**
2015	**29.4**
2016	**26.0**
2017	**22.7**
2018	**21.8**
Thereafter	**113.2**
Total	**$ 236.2**

Note 10 Debt

Our total debt as of March 29, 2014 and December 28, 2013 was as follows:

(in millions of U.S. dollars)	**March 29, 2014**	**December 28, 2013**
8.375% senior notes due in 2017 [1]		15.0
8.125% senior notes due in 2018	**375.0**	375.0
ABL facility	**130.9**	50.8
GE Term Loan	**9.9**	10.3
Capital leases and other debt financing	**6.8**	7.2
Total debt	**522.6**	458.3
Less: Short-term borrowings and current debt:		
ABL facility	**130.9**	50.8
Total short-term borrowings	**130.9**	50.8
GE Term Loan current maturities	**2.0**	1.9
Capital leases and other financing current maturities	**1.9**	2.0
Total current debt	**134.8**	54.7
Long-term debt before discount	**387.8**	403.6
Less discount on 8.375% notes		(0.1)
Total long-term debt	**$ 387.8**	$ 403.5

1. Our 8.375% senior notes were issued at a discount of 1.425% on November 13, 2009.

Asset-Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank, N.A. as Agent that created an asset-based lending credit facility (the ABL facility) to provide financing for our North America, U.K. and Mexico operations. In connection with the Cliffstar Acquisition, we refinanced the ABL facility on August 17, 2010 to, among other things, provide for the Cliffstar Acquisition, the issuance of $375.0 million of 8.125% senior notes that are due on September 1, 2018 (the 2018 Notes) 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 to July 19, 2017. We incurred $1.2 million of financing fees in connection with the amendment of the ABL facility. This amendment was considered to be a modification of the original agreement under generally accepted accounting principles.

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 to increase 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 to the earliest of (i) October 22, 2018 or (ii) March 1, 2018, if we have not redeemed, repurchased or refinanced the 2018 Notes by February 15, 2018, 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. This amendment was considered to be a modification of the original agreement under generally accepted accounting principles.

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 on July 19, 2012 and on October 22, 2013, are being amortized using the straight-line method over the duration of the amended ABL facility.

As of March 29, 2014, we had $130.9 million of outstanding borrowings under the ABL facility. The commitment fee was 0.375% per annum of the unused commitment, which, taking into account $7.5 million of letters of credit, was $141.1 million as of March 29, 2014.

8.125% Senior Notes due in 2018

On August 17, 2010, we issued the 2018 Notes. The issuer of the 2018 Notes is our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and United Kingdom subsidiaries guarantee the 2018 Notes. The interest on the 2018 Notes is 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. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2018 Notes.

8.375% Senior Notes due in 2017

On November 13, 2009, we issued the 2017 Notes. The 2017 Notes were issued at a $3.1 million discount. The issuer of the 2017 Notes was our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and United Kingdom 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 as well as approximately $4.5 million in deferred financing fees, discount charges and other bond redemption costs.

On February 19, 2014, we redeemed all of 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 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 5.23%

interest.

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Note 11 Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income by component[1] for the three months ended March 29, 2014 were as follows:

	March 29, 2014			
(in millions of U.S. dollars)	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance December 28, 2013	$ 0.2	$ (8.4)	$ (8.6)	$ (16.8)
OCI before reclassifications			(1.6)	(1.6)
Amounts reclassified from AOCI	(0.1)			(0.1)
Net current-period OCI	(0.1)		(1.6)	(1.7)
Ending balance March 29, 2014	$ 0.1	$ (8.4)	$ (10.2)	$ (18.5)

1. All amounts are net of tax. Amounts in parentheses indicate debits.

The following table summarizes the amounts reclassified from accumulated other comprehensive (loss) income[1] for the three months ended March 29, 2014 and March 30, 2013, respectively.

(in millions of U.S. dollars)	For the Three Months Ended		
Details About AOCI Components	March 29, 2014	March 30, 2013	Affected Line Item in the Statement Where Net Income Is Presented
Gains and losses on derivative instruments			
Foreign currency hedges	$ 0.1	$ 0.1	Cost of sales
	$ 0.1	$ 0.1	Total before taxes
			Tax (expense) or benefit
	$ 0.1	$ 0.1	Net of tax
Amortization of pension benefit plan items			
Prior service costs [2]	$	$ (0.1)	
Actuarial adjustments [2]		(0.1)	
		(0.2)	Total before taxes

			Tax (expense) or benefit
	$	$ (0.2)	Net of tax
Total reclassifications for the period	$ 0.1	$ (0.1)	Net of tax

1. Amounts in parentheses indicate debits.
2. These AOCI components are included in the computation of net periodic pension cost.

Note 12 Commitments and Contingencies

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 Acquisition which included deferred payments of $2.3 million and $3.0 million to be paid on the first and second anniversary of the closing date, respectively.

We had $7.5 million in standby letters of credit outstanding as of March 29, 2014 (March 30, 2013 $11.2 million).

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 the remaining $0.5 million is due in January 2015.

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Note 13 Share Repurchase Program

On April 30, 2013, our board of directors renewed our share repurchase program for up to 5% of Cott s outstanding common shares over a 12-month period commencing upon the expiration of the prior share repurchase program on May 21, 2013. During the first quarter ended March 29, 2014, we repurchased 6,453 common shares for less than $0.1 million through open market transactions. We are unable to predict the number of shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of the shares actually purchased. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

Note 14 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 certain 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. We do not enter into derivative financial instruments for trading purposes.

All derivatives are carried at fair value in the Consolidated Balance Sheets in the line item other receivables or other payables. 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 accumulated other comprehensive income (loss) (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. Ineffectiveness was not material for all periods presented.

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (refer to Note 15). 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 or other exposures. 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 any downgrade in credit rating immediately. 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 three months ended March 29, 2014 or March 30, 2013, respectively. The maximum length of time over which we hedge our exposure to future cash flows is typically 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 values of derivatives that were designated and qualify for our foreign currency cash flow hedging program were $6.3 million and $3.6 million as of March 29, 2014 and December 28, 2013, respectively.

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 certain commodities. The total notional values of derivatives that were designated and qualified for our commodity cash flow hedging program were $15.0 million and $0.0 million as of March 29, 2014 and December 28, 2013, respectively.

The fair value of the Company s derivative instruments was nil and $0.3 million as of March 29, 2014 and December 28, 2013, respectively.

The settlement of our derivative instruments resulted in a credit to cost of sales of $0.1 million for the three months ended March 29, 2014 and $0.1 million for the comparable prior year period.

Note 15 Fair Value Measurements

Accounting Standards Codification No. 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 represents a Level 2 instrument. Level 2 instruments are valued based on observable inputs for quoted prices for similar assets and liabilities in active markets. The fair value for the derivative assets as of March 29, 2014 and December 28, 2013 was nil and $0.3 million, respectively.

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Fair Value of Financial Instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents, 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 March 29, 2014 and December 28, 2013 were as follows:

	March 29, 2014		**December 28, 2013**	
(in millions of U.S. dollars)	**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**	**398.4**	375.0	404.1
Total	**$ 375.0**	**$ 398.4**	$ 390.0	$ 419.7

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.

Note 16 Guarantor Subsidiaries

The 2018 Notes issued by our 100% owned subsidiary, Cott Beverages Inc., are, and the 2017 Notes prior to their redemption were, 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 2017 Notes and 2018 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 an unconsolidated 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.

We reclassified certain intercompany dividends and advances to affiliates previously reported in the Condensed Consolidating Statement of Cash Flows for the quarter ended March 30, 2013 included in our Quarterly Report on Form 10-Q. The intercompany dividends represented transactions between Cott Corporation, Cott Beverages, Inc., the Guarantors and Non-Guarantors and the cash flows related to these transactions should have been classified as financing activities. The advances to affiliates represented activity between Cott Corporation and Non-Guarantors that should not have impacted the Condensed Consolidating Statement of Cash Flow as they represented non-cash charges.

These reclassifications do not change the total cash flows reported in each column presented in the Condensed Consolidating Statement of Cash Flows. We assessed the materiality of these items on our previously issued annual report and quarterly financial statements in accordance with SEC Staff Accounting Bulletin No. 99, and concluded that the errors were not material to the consolidated financial statements taken as a whole. The statements of cash flows presented below for the three months ended March 29, 2014 and March 30, 2013 as revised, reflect the correct classification of these items.

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Condensed Consolidating Statement of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 29, 2014					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	$ 37.2	$ 175.1	$ 242.3	$ 32.3	$ (11.8)	$ 475.1
Cost of sales	34.2	155.4	219.4	27.6	(11.8)	424.8
Gross profit	3.0	19.7	22.9	4.7		50.3
Selling, general and administrative expenses	6.5	24.5	9.2	2.1		42.3
Loss on disposal of property, plant & equipment		0.1				0.1
Restructuring and asset impairments						
Restructuring	1.9	0.2	0.1			2.2
Asset impairments	0.9		0.7			1.6
Operating (loss) income	(6.3)	(5.1)	12.9	2.6		4.1
Other expense (income), net	0.2	(2.6)		0.1		(2.3)
Intercompany interest (income) expense, net		(3.5)	3.5			
Interest expense, net	0.1	9.0	0.7			9.8
(Loss) income before income tax (benefit) expense and equity income (loss)	(6.6)	(8.0)	8.7	2.5		(3.4)
Income tax (benefit) expense	(1.0)	0.3	(0.3)	0.1		(0.9)
Equity income (loss)	1.7	1.3	(6.8)		3.8	
Net (loss) income	$ (3.9)	$ (7.0)	$ 2.2	$ 2.4	$ 3.8	$ (2.5)
Less: Net income attributable to non-controlling interests				1.4		1.4
Net (loss) income attributed to Cott Corporation	$ (3.9)	$ (7.0)	$ 2.2	$ 1.0	$ 3.8	$ (3.9)
Comprehensive (loss) income attributed to Cott Corporation	$ (5.6)	$ (2.9)	$ 5.4	$ 0.9	$ (3.4)	$ (5.6)

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Condensed Consolidating Statement of Operations

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 30, 2013					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	$ 39.0	$ 195.3	$ 239.8	$ 37.1	$ (5.8)	$ 505.4
Cost of sales	33.8	168.2	219.3	33.5	(5.8)	449.0
Gross profit	5.2	27.1	20.5	3.6		56.4
Selling, general and administrative expenses	7.1	20.2	11.9	2.1		41.3
Operating (loss) income	(1.9)	6.9	8.6	1.5		15.1
Other expense, net	0.2			0.1		0.3
Intercompany interest (income) expense, net		(2.9)	2.9			
Interest (income) expense, net	(0.1)	13.3	0.1			13.3
(Loss) income before income tax expense (benefit) and equity income (loss)	(2.0)	(3.5)	5.6	1.4		1.5
Income tax expense (benefit)	0.3	(0.1)	0.2	0.1		0.5
Equity income (loss)	2.3	1.1	(2.1)		(1.3)	
Net (loss) income	$	$ (2.3)	$ 3.3	$ 1.3	$ (1.3)	$ 1.0
Less: Net income attributable to non-controlling interests				1.0		1.0
Net (loss) income attributed to Cott Corporation	$	$ (2.3)	$ 3.3	$ 0.3	$ (1.3)	$ 0.0
Comprehensive (loss) income attributed to Cott Corporation	$ (12.0)	$ (34.0)	$ (14.0)	$ 0.6	$ 47.4	$ (12.0)

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Consolidating Balance Sheets

(in millions of U.S. dollars)

Unaudited

	As of March 29, 2014					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 4.0	$ 5.9	$ 26.4	$ 4.3	$	$ 40.6
Accounts receivable, net of allowance	17.4	134.1	225.2	16.0	(154.8)	237.9
Income taxes recoverable	0.5	0.6				1.1
Inventories	17.1	76.9	147.4	7.6		249.0
Prepaid expenses and other assets	2.0	11.9	5.1	0.1		19.1
Total current assets	**41.0**	**229.4**	**404.1**	**28.0**	**(154.8)**	**547.7**
Property, plant & equipment, net	45.1	186.5	231.6	9.4		472.6
Goodwill	24.9	4.5	107.1			136.5
Intangibles and other assets, net	1.3	89.1	192.0	9.7		292.1
Deferred income taxes	4.1			0.8		4.9
Other tax receivable	0.2	0.2				0.4
Due from affiliates	39.4	126.9	3.0	41.9	(211.2)	
Investments in subsidiaries	508.5	249.8	689.0		(1,447.3)	
Total assets	**$ 664.5**	**$ 886.4**	**$ 1,626.8**	**$ 89.8**	**$ (1,813.3)**	**$ 1,454.2**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$ 96.0	$ 34.9	$	$	$ 130.9
Current maturities of long-term debt		2.4	0.6	0.9		3.9
Accounts payable and accrued liabilities	34.5	176.6	209.6	7.9	(154.8)	273.8
Total current liabilities	**34.5**	**275.0**	**245.1**	**8.8**	**(154.8)**	**408.6**
Long-term debt	0.1	384.2	2.0	1.5		387.8
Deferred income taxes		31.8	8.8	1.2		41.8
Other long-term liabilities	0.1	5.6	15.1			20.8
Due to affiliates	43.2	1.6	129.2	37.2	(211.2)	
Total liabilities	**77.9**	**698.2**	**400.2**	**48.7**	**(366.0)**	**859.0**
Equity						

Capital stock, no par	393.6	509.4	1,566.3	82.3	(2,158.0)	393.6
Additional paid-in-capital	44.2					44.2
Retained earnings (deficit)	167.3	(349.3)	(347.0)	(51.2)	747.5	167.3
Accumulated other comprehensive (loss) income	(18.5)	28.1	7.3	1.4	(36.8)	(18.5)
Total Cott Corporation equity	586.6	188.2	1,226.6	32.5	(1,447.3)	586.6
Non-controlling interests				8.6		8.6
Total equity	**586.6**	**188.2**	**1,226.6**	**41.1**	**(1,447.3)**	**595.2**
Total liabilities and equity	**$ 664.5**	**$ 886.4**	**$ 1,626.8**	**$ 89.8**	**$ (1,813.3)**	**$ 1,454.2**

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Consolidating Balance Sheets

(in millions of U.S. dollars)

	As of December 28, 2013					
	Cott Corporation	**Cott Beverages Inc.**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
ASSETS						
Current assets						
Cash & cash equivalents	$ 1.5	$ 1.1	$ 39.1	$ 5.5	$	$ 47.2
Accounts receivable, net of allowance	19.0	114.1	229.8	15.5	(174.0)	204.4
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**	**28.1**	**(174.0)**	**505.1**
Property, plant & equipment, net	47.9	190.2	235.7	9.9		483.7
Goodwill	25.8	4.5	107.0			137.3
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	507.8	246.7	697.7		(1,452.2)	
Total assets	**$ 665.2**	**$ 858.3**	**$ 1,648.3**	**$ 90.6**	**$ (1,836.3)**	**$ 1,426.1**
LIABILITIES AND EQUITY						
Current liabilities						
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	214.4	225.6	6.7	(174.0)	298.2
Total current liabilities	**25.5**	**233.0**	**260.8**	**7.6**	**(174.0)**	**352.9**
Long-term debt	0.1	399.6	2.2	1.6		403.5
Deferred income taxes		32.0	9.1	0.4		41.5
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**	**669.0**	**419.6**	**46.9**	**(384.1)**	**820.2**
Equity						
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)	176.3	(344.1)	(322.1)	(49.8)	716.0	176.3
Accumulated other comprehensive (loss) income	(16.8)	24.0	(6.7)	1.5	(18.8)	(16.8)
Total Cott Corporation equity	596.4	189.3	1,228.7	34.2	(1,452.2)	596.4
Non-controlling interests				9.5		9.5
Total equity	**596.4**	**189.3**	**1,228.7**	**43.7**	**(1,452.2)**	**605.9**
Total liabilities and equity	**$ 665.2**	**$ 858.3**	**$ 1,648.3**	**$ 90.6**	**$ (1,836.3)**	**$ 1,426.1**

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 29, 2014					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net (loss) income	$ (3.9)	$ (7.0)	$ 2.2	$ 2.4	$ 3.8	$ (2.5)
Depreciation & amortization	1.5	10.2	12.1	1.5		25.3
Amortization of financing fees		0.6				0.6
Share-based compensation expense	0.2	1.0	0.1			1.3
(Decrease) increase in deferred income taxes	(0.9)	(0.1)	0.2	(0.3)		(1.1)
Loss on disposal of property, plant & equipment		0.1				0.1
Asset impairments	0.9		0.7			1.6
Write-off of financing fees and discount		0.3				0.3
Equity (income) loss, net of distributions	(1.7)	(1.3)	6.8		(3.8)	
Intercompany dividends	2.3	2.4			(4.7)	
Other non-cash items		(0.2)				(0.2)
Net change in operating assets and liabilities, net of acquisition	10.3	(58.9)	(29.5)	0.2		(77.9)
Net cash provided by (used in) operating activities	8.7	(52.9)	(7.4)	3.8	(4.7)	(52.5)
Investing Activities						
Additions to property, plant & equipment	(0.6)	(5.1)	(3.1)			(8.8)
Additions to intangibles and other assets		(1.5)				(1.5)
Net cash used in investing activities	(0.6)	(6.6)	(3.1)			(10.3)
Financing Activities						
Payments of long-term debt		(15.6)	(0.1)	(0.3)		(16.0)
Borrowings under ABL		95.0				95.0
Payments under ABL		(15.1)				(15.1)
				(2.3)		(2.3)

Distributions to non-controlling interests						
Common shares repurchased and cancelled	(0.4)					(0.4)
Dividends paid to shareholders	(5.1)					(5.1)
Intercompany dividends			(2.3)	(2.4)	4.7	
Net cash (used in) provided by financing activities	(5.5)	64.3	(2.4)	(5.0)	4.7	56.1
Effect of exchange rate changes on cash	(0.1)		0.2			0.1
Net increase (decrease) in cash & cash equivalents	**2.5**	**4.8**	**(12.7)**	**(1.2)**		**(6.6)**
Cash & cash equivalents, beginning of period	**1.5**	**1.1**	**39.1**	**5.5**		**47.2**
Cash & cash equivalents, end of period	**$ 4.0**	**$ 5.9**	**$ 26.4**	**$ 4.3**	**$**	**$ 40.6**

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Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended March 30, 2013					
	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net (loss) income	$	$ (2.3)	$ 3.3	$ 1.3	$ (1.3)	$ 1.0
Depreciation & amortization	1.6	9.6	12.0	1.5		24.7
Amortization of financing fees		0.7				0.7
Share-based compensation expense	0.1	0.4	0.2			0.7
Increase (decrease) in deferred income taxes	0.4	(0.6)	0.2			
Equity (income) loss, net of distributions	(2.3)	(1.1)	2.1		1.3	
Intercompany dividends	10.8	2.2			(13.0)	
Other non-cash items		0.2	0.1			0.3
Net change in operating assets and liabilities	(6.7)	(22.2)	(57.5)	0.4		(86.0)
Net cash provided by (used in) operating activities	3.9	(13.1)	(39.6)	3.2	(13.0)	(58.6)
Investing Activities						
Additions to property, plant & equipment	(1.7)	(12.8)	(4.6)	(0.8)		(19.9)
Additions to intangibles and other assets		(0.1)		(0.1)		(0.2)
Proceeds from insurance recoveries		0.4				0.4
Net cash used in investing activities	(1.7)	(12.5)	(4.6)	(0.9)		(19.7)
Financing Activities						
Payments of long-term debt		(0.4)		(0.1)		(0.5)
Distributions to non-controlling interests				(2.1)		(2.1)
Common shares repurchased and cancelled	(2.9)					(2.9)
Intercompany dividends			(10.8)	(2.2)	13.0	

Net cash used in financing activities	(2.9)	(0.4)	(10.8)	(4.4)	13.0	(5.5)
Effect of exchange rate changes on cash	(0.8)		(1.9)	0.1		(2.6)
Net decrease in cash & cash equivalents	**(1.5)**	**(26.0)**	**(56.9)**	**(2.0)**		**(86.4)**
Cash & cash equivalents, beginning of period	**39.8**	**37.5**	**96.4**	**5.7**		**179.4**
Cash & cash equivalents, end of period	**$ 38.3**	**$ 11.5**	**$ 39.5**	**$ 3.7**	**$**	**$ 93.0**

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Note 17 Subsequent Events

On May 6, 2014, our board of directors declared a dividend of USD$0.06 per share on common shares, payable in cash on June 18, 2014 to shareowners of record at the close of business on June 6, 2014.

On May 6, 2014, our board of directors approved the renewal of our share repurchase program for up to 5% of Cott s outstanding common shares over a 12-month period commencing upon the expiration of Cott s currently effective share repurchase program on May 21, 2014.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations
This Management s Discussion and Analysis of Financial Condition and Results of Operations is intended to further the reader s understanding of the consolidated financial condition and results of operations of our Company. It should be read in conjunction with the financial statements included in this quarterly report on Form 10-Q and our annual report on Form 10-K for the year ended December 28, 2013 (the 2013 Annual Report). These historical financial statements may not be indicative of our future performance. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risks referred to under Risk Factors in Item 1A in our 2013 Annual Report.

Overview

We are one of the world s largest producers of beverages on behalf of retailers, brand owners and distributors. Our objective of creating sustainable long-term growth in revenue and profitability is predicated on working closely with our customers to provide proven profitable products. As a fast follower of innovative products, our goal is to identify which new products are succeeding in the marketplace and develop similar high quality products at a better value. This objective is increasingly relevant in more difficult economic times.

The beverage market is subject to some seasonal variations. Our beverage sales are generally higher during the warmer months and also can be influenced by the timing of holidays and weather fluctuations. Our purchases of raw materials and related accounts payable fluctuate based upon the demand for our products as well as the timing of the fruit growing seasons. The seasonality of our sales volume combined with the seasonal nature of fruit growing causes our working capital needs to fluctuate throughout the year, with inventory levels increasing in the first half of the year in order to meet high summer demand, and with fruit inventories peaking during the last quarter of the year when purchases are made after the growing season. In addition, our accounts receivable balances decline in the fall as customers pay their higher-than-average outstanding balances from the summer deliveries.

We typically operate at low margins and therefore relatively small changes in cost structures can materially affect results.

Ingredient and packaging costs represent a significant portion of our cost of sales. These costs are subject to global and regional commodity price trends. Our most significant commodities are aluminum, polyethylene terephthalate (PET) resin, corn, sugar, fruit and fruit concentrates. We attempt to manage our exposure to fluctuations in ingredient and packaging costs by entering into fixed price commitments for a portion of our ingredient and packaging requirements and implementing price increases as needed.

We supply Walmart and its affiliated companies, under annual non-exclusive supply agreements, with a variety of products in the United States, Canada, the United Kingdom, and Mexico, including carbonated soft drinks (CSDs), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks, sports products, new age beverages, and ready-to-drink teas. During the first three months of 2014, we supplied Walmart with all of its private-label CSDs in the United States. In the event Walmart were to utilize additional suppliers to fulfill a portion of its requirements for CSDs, our operating results could be materially adversely affected. Sales to Walmart for the three months ended March 29, 2014 and March 30, 2013 accounted for 28.6% and 32.8% of total revenue, respectively.

In June 2013, our United Kingdom (U.K.) reporting segment acquired 100 percent of the share capital of Cooke Bros. Holdings Limited (the Calypso Acquisition), which includes the subsidiary companies Calypso Soft Drinks Limited and Mr. Freeze (Europe) Limited (together, Calypso). Calypso produces fruit juices, juice drinks, soft drinks, and freeze products in the United Kingdom. The aggregate purchase price for the acquisition of Calypso was $12.1

million, which includes approximately $7.0 million paid at closing, deferred payments of approximately $2.3 million and $3.0 million to be paid on the first and second anniversary of the closing date, respectively. The closing payment was funded from available cash.

In 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation (Cliffstar) and its affiliated companies (the Cliffstar Acquisition) for approximately $503.0 million in cash, $14.0 million in deferred consideration payable in equal installments over three years and contingent consideration of up to $55.0 million. Contingent consideration of $34.9 million was ultimately paid to the seller of Cliffstar, and all claims for contingent consideration have been resolved as of December 28, 2013.

Forward-looking Statements

In addition to historical information, this report may contain statements relating to future events and future results. These statements are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation and involve known and unknown risks, uncertainties, future expectations and other factors that may cause actual results, performance or achievements of Cott Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements that relate to projections of sales, earnings, earnings per share, cash flows, capital expenditures or other financial items, discussions of estimated future revenue enhancements and cost savings. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. Generally, words such as anticipate, believe, continue, could, endeavor, estimate, expect, intend, may, will, should and similar terms and phrases are used to identify forward-looking statements in this report and in the documents incorporated in this report by reference. These forward-looking statements reflect current expectations regarding future events and operating performance and are made only as of the date of this report.

The forward-looking statements are not guarantees of future performance or events and, by their nature, are based on certain estimates and assumptions regarding interest and foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities and effective income tax rates, which are subject to inherent risks and uncertainties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in forward-looking statements may include, but are not limited to, assumptions regarding management s current plans and estimates, our ability to remain a low cost supplier, and effective management of commodity costs. Although we believe the assumptions underlying these forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could prove to be incorrect. Our operations involve risks and uncertainties, many of which are outside of our control, and any one or any combination of these risks and uncertainties could also affect whether the forward-looking statements ultimately prove to be correct. These risks and uncertainties include, but are not limited to, those described in Part I, Item 1A. Risk Factors in our 2013 Annual Report, and those described from time to time in our future reports filed with the Securities and Exchange Commission (SEC) and Canadian securities regulatory authorities.

The following are some of the factors that could affect our financial performance, including but not limited to, sales, earnings and cash flows, or could cause actual results to differ materially from estimates contained in or underlying the forward-looking statements:

- our ability to compete successfully in the highly competitive beverage category;
- changes in consumer tastes and preferences for existing products and our ability to develop and timely launch new products that appeal to such changing consumer tastes and preferences;
- loss of or a reduction in business with key customers, particularly Walmart;

fluctuations in commodity prices and our ability to pass on increased costs to our customers, and the impact of those increased prices on our volumes;

our ability to manage our operations successfully;

our ability to fully realize the potential benefit of strategic opportunities we pursue;

currency fluctuations that adversely affect the exchange between the U.S. dollar and the British pound sterling, the Euro, the Canadian dollar, the Mexican peso and other currencies;

our ability to maintain favorable arrangements and relationships with our suppliers;

our substantial indebtedness we incurred and our ability to meet our obligations;

our ability to maintain compliance with the covenants and conditions under debt agreements;

fluctuations in interest rates which could increase our borrowing costs;

credit rating changes;

the impact of global financial events on our financial results;

our ability to fully realize the expected cost savings and/or operating efficiencies from our restructuring activities;

any disruption to production at our beverage concentrates or other manufacturing facilities;

our ability to protect our intellectual property;

compliance with product health and safety standards;

liability for injury or illness caused by the consumption of contaminated products;

liability and damage to our reputation as a result of litigation or legal proceedings;

changes in the legal and regulatory environment in which we operate;

the impact of proposed taxes on soda and other sugary drinks;

enforcement of compliance with the Ontario Environmental Protection Act;

unseasonably cold or wet weather, which could reduce demand for our beverages;

the impact of national, regional and global events, including those of a political, economic, business and competitive nature;

our ability to recruit, retain, and integrate new management;

our exposure to intangible asset risk;

our ability to renew our collective bargaining agreements on satisfactory terms;

disruptions in our information systems; or

volatility of our stock price.

We undertake no obligation to update any information contained in this report or to publicly release the results of any revisions to forward-looking statements to reflect events or circumstances of which we may become aware of after the date of this report. Undue reliance should not be placed on forward-looking statements, and all future written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing.

Non-GAAP Measures

In this report, we supplement our reporting of financial measures determined in accordance with U.S. generally accepted accounting principles (GAAP) by utilizing certain non-GAAP financial measures. We exclude the impact of foreign exchange to separate the impact of currency exchange rate changes from our results of operations. We exclude these items to better understand trends in the business.

We also utilize earnings before interest expense, taxes, depreciation and amortization (EBITDA), which is GAAP earnings (loss) before interest expense, provision for income taxes, depreciation and amortization. We consider EBITDA to be an indicator of operating performance. We also use EBITDA, as do analysts, lenders, investors and others, because it excludes certain items that can vary widely across different industries or among companies within the same industry. These differences can result in considerable variability in the relative costs of productive assets and the depreciation and amortization expense among companies. We also utilize adjusted EBITDA, which is EBITDA excluding bond redemption costs, restructuring expenses and asset impairments, acquisition costs, and integration costs related to the Calypso Acquisition or the Cliffstar Acquisition, as the case may be (Adjusted EBITDA). We consider Adjusted EBITDA to be an indicator of our operating performance. Adjusted EBITDA excludes certain items to make more meaningful period-over-period comparisons of our ongoing core operations before material charges.

We also utilize adjusted net income (loss), which is GAAP earnings (loss) excluding bond redemption costs, acquisition costs, integration expenses, restructuring expenses and asset impairments, as well as adjusted earnings (loss) per diluted share, which is adjusted net income (loss) divided by diluted weighted average outstanding shares. We consider these measures to be indicators of our operating performance. These measures exclude certain items to make period-over-period comparisons of our ongoing core operations before material charges.

Additionally, we supplement our reporting of net cash provided by operating activities determined in accordance with GAAP by excluding capital expenditures to present free cash flow, which management believes provides useful information to investors about the amount of cash generated by the business that, after the acquisition of property and equipment, can be used for strategic opportunities, including investing in our business, making strategic acquisitions, paying dividends, and strengthening the balance sheet.

Because we use these adjusted financial results in the management of our business and to understand underlying business performance, we believe this supplemental information is useful to investors for their independent evaluation and understanding of our business performance and the performance of our management. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this report reflect our judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

Summary Financial Results

Our net loss for the three months ended March 29, 2014 (the first quarter) was $3.9 million or $0.04 net loss per diluted share, compared with net income that was effectively zero or $0.00 per diluted share for the three months ended March 30, 2013.

The following items of significance affected our financial results for the first quarter of 2014:

filled beverage 8-ounce equivalents (beverage case volume), which excludes concentrate sales, decreased 7.7% due primarily to the prolonged aggressive promotional activity from the national brands in North America, the general market decline in the North America CSD category, as well as the exiting of case pack water, offset in part by a combination of increased hot fill and juice volumes with additional contract manufacturing business wins and the Calypso business;

revenue decreased 6.0% from the comparable prior year period due primarily to lower North American volumes. Excluding the impact of foreign exchange, revenue decreased 6.6% from the comparable prior year period;

gross profit as a percentage of revenue decreased to 10.6% for the first quarter from 11.2% in the comparable prior year period due primarily to the competitive environment and lower North America volume alongside additional freight and operating costs caused by inclement weather in North America;

selling, general and administrative (SG&A) expenses for the first quarter increased to $42.3 million from $41.3 million in the comparable prior year period due primarily to an increase in employee-related costs;

other income, net was $2.3 million in the first quarter compared to other expense of $0.3 million in the comparable prior year period due primarily to a favorable legal settlement of $3.5 million partially offset by bond redemption costs of $0.9 million, as well as other foreign exchange losses of approximately $0.3

million;

interest expense decreased by $3.5 million, or 26.3%, as compared to the prior year period due primarily to the redemption of our 8.375% Senior Notes due 2017 (the 2017 Notes) and to an amendment to our asset based lending (ABL) facility to more favorable terms;

income tax benefit was $0.9 million in the first quarter compared to an income tax expense of $0.5 million in the comparable prior year period due primarily to a reduction in pretax income;

Adjusted EBITDA decreased to $34.1 million in the first quarter compared to $40.1 million in the comparable prior year period due to the items listed above; and

adjusted net loss and adjusted net loss per diluted share were $2.5 million and $0.03, respectively, in the first quarter compared to adjusted net income of $0.4 million and adjusted earnings per diluted share of nil in the comparable prior year period.

The following items of significance affected our financial results for the first quarter of 2013:

filled beverage case volume decreased 4.9% due primarily to the residual effect of exiting low gross margin business in North America in the prior year, a general market decline in the North American CSD category, and loss of market share for the private label segment within the overall CSD category in North America;

revenue decreased by 3.5% from the comparable prior year period due to lower global volumes, slightly offset by an increase in average price per case in North America. Absent foreign exchange impact, revenue decreased 3.4%;

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gross profit as a percentage of revenue declined to 11.2% for the first quarter from 12.1% in the comparable prior year period due primarily to lower global volumes, which resulted in unfavorable fixed cost absorption;

SG&A expenses for the first quarter decreased to $41.3 million from $41.8 million in the comparable prior year period due primarily to a reduction in information technology costs;

other expense was $0.3 million in the first quarter compared to other income of $0.2 million in the comparable prior year period due to the recording of foreign exchange losses during the period compared to foreign exchange gains in the prior year period; and

income tax expense was flat as compared to the prior year period.

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The following table summarizes our Consolidated Statements of Operations as a percentage of revenue for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended			
	March 29, 2014		March 30, 2013	
(in million of U.S. dollars	$	%	$	%
Revenue, net	**475.1**	**100.0**	505.4	100.0
Cost of sales	**424.8**	**89.4**	449.0	88.8
Gross profit	**50.3**	**10.6**	56.4	11.2
Selling, general, and administrative expenses	**42.3**	**8.9**	41.3	8.2
Loss on disposal of property, plant and equipment	**0.1**			
Restructuring and asset impairments				
Restructuring	**2.2**	**0.5**		
Asset impairments	**1.6**	**0.3**		
Operating income	**4.1**	**0.9**	15.1	3.0
Other (income) expense, net	**(2.3)**	**(0.5)**	0.3	0.1
Interest expense, net	**9.8**	**2.1**	13.3	2.6
(Loss) income before income taxes	**(3.4)**	**(0.7)**	1.5	0.3
Income tax (benefit) expense	**(0.9)**	**(0.2)**	0.5	0.1
Net (loss) income	**(2.5)**	**(0.5)**	1.0	0.2
Less: Net income attributable to non-controlling interests	**1.4**	**0.3**	1.0	0.2
Net loss attributed to Cott Corporation	**(3.9)**	**(0.8)**		
Depreciation & amortization	**25.3**	**5.3**	24.7	4.9

The following table summarizes our revenue and operating income (loss) by reporting segment for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended	
(in millions of U.S. Dollars)	**March 29, 2014**	**March 30, 2013**
Revenue		
North America	**$ 344.7**	$ 393.2
United Kingdom	**115.6**	97.4
All Other	**14.8**	14.8
Total	**$ 475.1**	$ 505.4

Operating income (loss)

North America	**$**	**2.3**	$	16.7
United Kingdom		**2.2**		
All Other		**2.5**		1.3
Corporate		**(2.9)**		(2.9)
Total	**$**	**4.1**	$	15.1

Revenues are attributed to reporting segments based on the location of the customer.

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The following table summarizes our beverage case volume by reporting segment for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended	
(in millions of cases)	**March 29, 2014**	**March 30, 2013**
Volume 8 oz. equivalent cases Total Beverage (including concentrate)		
North America	**156.4**	172.6
United Kingdom	**44.8**	44.5
All Other	**57.3**	68.4
Total	**258.5**	285.5
Volume 8 oz. equivalent cases Filled Beverage		
North America	**133.7**	148.0
United Kingdom	**41.9**	40.1
All Other	**2.8**	5.1
Total	**178.4**	193.2

The following tables summarize revenue and volume by product for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended March 29, 2014			
(in millions of U.S. dollars)	**North America**	**United Kingdom**	**All Other**	**Total**
Revenue				
Carbonated soft drinks	**$ 119.3**	**$ 38.1**	**$ 1.2**	**$ 158.6**
Juice	**120.9**	**11.8**	**0.7**	**133.4**
Concentrate	**3.6**	**0.7**	**5.9**	**10.2**
Sparkling Waters/Mixers	**43.4**	**16.6**	**0.8**	**60.8**
Energy	**6.6**	**27.0**	**1.7**	**35.3**
All other products	**50.9**	**21.4**	**4.5**	**76.8**
Total	**$ 344.7**	**$ 115.6**	**$ 14.8**	**$ 475.1**

	For the Three Months Ended March 29, 2014			
(in millions of cases)	**North America**	**United Kingdom**	**All Other**	**Total**
Volume 8 oz. equivalent cases Total Beverage (including concentrate)				
Carbonated soft drinks	**55.3**	**18.1**	**0.5**	**73.9**

Juice	**30.1**	**2.2**	**0.1**	**32.4**
Concentrate	**22.7**	**2.9**	**54.5**	**80.1**
Sparkling Waters/Mixers	**19.3**	**9.1**	**0.5**	**28.9**
Energy	**1.2**	**5.7**	**1.0**	**7.9**
All other products	**27.8**	**6.8**	**0.7**	**35.3**
Total	**156.4**	**44.8**	**57.3**	**258.5**

For the Three Months Ended March 30, 2013

(in millions of U.S. dollars)	**North America**	**United Kingdom**	**All Other**	**Total**
Revenue				
Carbonated soft drinks	$ 151.4	$ 32.7	$ 3.6	$ 187.7
Juice	135.0	3.1	0.5	138.6
Concentrate	3.1	0.6	6.8	10.5
Sparkling Waters/Mixers	43.1	14.7	1.3	59.1
Energy	6.2	28.0	1.6	35.8
All other products	54.4	18.3	1.0	73.7
Total	$ 393.2	$ 97.4	$ 14.8	$ 505.4

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For the Three Months Ended March 30, 2013				
(in millions of cases)	North America	United Kingdom	All Other	Total
Volume 8 oz. equivalent cases Total Beverage (including concentrate)				
Carbonated soft drinks	66.8	17.4	2.4	86.6
Juice	30.8	0.8	0.1	31.7
Concentrate	24.6	4.4	63.3	92.3
Sparkling Waters/Mixers	18.1	9.0	1.4	28.5
Energy	0.9	6.3	0.8	8.0
All other products	31.4	6.6	0.4	38.4
Total	172.6	44.5	68.4	285.5

Results of operations

The following tables summarize the change in revenue by reporting segment for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended March 29, 2014			
(in millions of U.S. dollars, except percentage amounts)	Cott	North America	United Kingdom	All Other
Change in revenue	$ (30.3)	$ (48.5)	$ 18.2	$
Impact of foreign exchange[1]	(3.3)	3.2	(6.7)	0.2
Change excluding foreign exchange	$ (33.6)	$ (45.3)	$ 11.5	$ 0.2
Percentage change in revenue	(6.0)%	(12.3)%	18.7%	%
Percentage change in revenue excluding foreign exchange	(6.6)%	(11.5)%	11.8%	1.4%

	For the Three Months Ended March 30, 2013			
(in millions of U.S. dollars, except percentage amounts)	Cott	North America	United Kingdom	All Other
Change in revenue	$ (18.4)	$ (14.9)	$ (1.8)	$ (1.7)
Impact of foreign exchange[1]	0.6	0.1	0.7	(0.2)
Change excluding foreign exchange	$ (17.8)	$ (14.8)	$ (1.1)	$ (1.9)
Percentage change in revenue	(3.5)%	(3.7)%	(1.8)%	(18.7)%
Percentage change in revenue excluding foreign exchange	(3.4)%	(3.6)%	(1.1)%	(20.9)%

1. Impact of foreign exchange is the difference between the current year s revenue translated utilizing the current year s average foreign exchange rates less the current year s revenue translated utilizing the prior year s average foreign exchange rates.

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The following table summarizes our EBITDA and Adjusted EBITDA for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended	
	March 29, 2014	**March 30, 2013**
Net loss attributed to Cott Corporation	**$ (3.9)**	$
Interest expense, net	**9.8**	13.3
Income tax (benefit) expense	**(0.9)**	0.5
Depreciation & amortization	**25.3**	24.7
Net income attributable to non-controlling interests	**1.4**	1.0
EBITDA	**$ 31.7**	$ 39.5
Restructuring and asset impairments	**3.8**	
Bond redemption costs	**0.9**	
Tax reorganization and regulatory costs	**0.1**	
Acquisition and integration	**(2.4)**	0.6
Adjusted EBITDA	**$ 34.1**	$ 40.1

The following table summarizes our adjusted net (loss) income and adjusted earnings per share for the three months ended March 29, 2014 and March 30, 2013:

	For the Three Months Ended	
	March 29, 2014	**March 30, 2013**
Net loss attributed to Cott Corporation	**$ (3.9)**	$
Restructuring and asset impairments, net of tax	**2.9**	
Bond redemption costs, net of tax	**0.9**	
Tax reorganization and regulatory costs, net of tax	**0.1**	
Acquisition and integration, net of tax	**(2.5)**	0.4
Adjusted net (loss) income attributed to Cott Corporation	**$ (2.5)**	$ 0.4
Adjusted net (loss) income per common share attributed to Cott Corporation		
Basic	**$ (0.03)**	$ 0.00
Diluted	**$ (0.03)**	$ 0.00
Weighted average outstanding shares (millions) attributed to Cott Corporation		
Basic	**94.3**	95.4
Diluted	**94.3**	95.8

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The following unaudited financial information for the three months ended March 29, 2014 represents the activity of Calypso that has been combined with our United Kingdom operations as of the date of acquisition:

(in millions of U.S. dollars)	**For the Three Months Ended March 29, 2014**	
Revenue		
United Kingdom	$	115.6
Less: Calypso		(14.2)
United Kingdom excluding Calypso	$	101.4

The following table summarizes our free cash flow for the three months ended March 29, 2014 and March 30, 2013:

(in millions of U.S. dollars)	**For the Three Months Ended March 29, 2014**		**March 30, 2013**	
Net cash used in operating activities	**$**	**(52.5)**	$	(58.6)
Less: Capital expenditures		**(8.8)**		(19.9)
Free Cash Flow	**$**	**(61.3)**	$	(78.5)

Revenue

Revenue decreased $30.3 million, or 6.0%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 6.6% in the first quarter from the comparable prior year period.

North America revenue decreased $48.5 million, or 12.3%, in the first quarter from the comparable prior year period. Excluding the impact of foreign exchange, revenue decreased 11.5%, due primarily to lower market share for the private label segment within the overall CSD category as a result of prolonged aggressive promotional activity from the national brands, as well as a reduction in case pack water volume, offset in part by a combination of increased hot fill and juice volumes with additional contract manufacturing business wins. Net selling price per beverage case (which is net revenue divided by beverage case volume) decreased 3.2% in the first quarter from the comparable prior year period due primarily to a product mix shift.

U.K. revenue increased $18.2 million, or 18.7%, in the first quarter from the comparable prior year period due primarily to additional revenues from the Calypso business. Absent foreign exchange impact, U.K. revenue increased 11.8% in the first quarter. Excluding the revenues associated with Calypso, U.K revenue increased $4.0 million in the first quarter. Net selling price per beverage case increased 13.6% in the first quarter from the comparable prior year period due primarily to a favorable product mix.

All Other revenue remained flat in the first quarter from the comparable prior year period due to increased sales to contract manufacturing and export customers, offset by lower concentrate volumes.

Cost of Sales

Cost of sales represented 89.4% of revenue in the first quarter, compared to 88.8% in the comparable prior year period. The increase in cost of sales as a percentage of revenue was due primarily to unfavorable fixed cost absorption associated with lower global volumes.

Gross Profit

Gross profit as a percentage of revenue decreased to 10.6% in the first quarter from 11.2% in the comparable prior year period due primarily to lower global volumes which resulted in unfavorable fixed cost absorption.

Selling, General and Administrative Expenses

SG&A expenses increased $1.0 million, or 2.4%, in the first quarter from the comparable prior year period. The increase was due primarily to higher employee-related costs. As a percentage of revenue, SG&A increased to 8.9% in the first quarter from 8.2% in the comparable prior year period.

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Restructuring and Asset Impairments

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 another one located in the United Kingdom (the 2014 Restructuring Plan) and expect to incur total pre-tax charges of approximately $6.0 million to $8.0 million during fiscal year 2014. For the first quarter of 2014, in connection with the 2014 Restructuring Plan, we incurred charges of approximately $2.2 million related primarily to headcount reductions and $1.6 million related to asset impairments. We did not record any restructuring or impairment charges in the comparable prior year period.

Operating Income

Operating income was $4.1 million in the first quarter compared to $15.1 million in the comparable prior year period. The decrease was due primarily to lower gross profit as a percentage of revenue, higher SG&A expenses, and restructuring and asset impairment charges absent in the comparable prior year period.

Other (Income) Expense, Net

Other income was $2.3 million in the first quarter compared to other expense of $0.3 million in the comparable prior year period. The increase in other income was due primarily to $3.5 million income related to a favorable legal settlement partly offset by $0.9 million in costs related to the redemption of $15.0 million aggregate principal amount of our 2017 Notes, as well as other foreign exchange losses of approximately $0.3 million. In the comparable prior year period, other expense was $0.3 million due to foreign exchange losses.

Income Taxes

Income tax benefit was $0.9 million in the first quarter compared to income tax expense of $0.5 million in the comparable prior year period. The decrease was due primarily to a change to the earnings mix relative to the comparable prior year period.

Liquidity and Capital Resources

The following table summarizes our cash flows for the three months ended March 29, 2014 and March 30, 2013, as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

	For the Three Months Ended	
(in millions of U.S. dollars)	**March 29, 2014**	**March 30, 2013**
Net cash used in operating activities	**$ (52.5)**	$ (58.6)
Net cash used in investing activities	**(10.3)**	(19.7)
Net cash provided by (used in) financing activities	**56.1**	(5.5)
Effect of exchange rate changes on cash	**0.1**	(2.6)
Net decrease in cash & cash equivalents	**(6.6)**	(86.4)
Cash & cash equivalents, beginning of period	**47.2**	179.4

Cash & cash equivalents, end of period	**$**	**40.6**	$	93.0

Financial and Capital Resources and Liquidity

As of March 29, 2014, we had total debt of $522.6 million and $40.6 million of cash and cash equivalents compared to $605.4 million of debt and $93.0 million of cash and cash equivalents as of March 30, 2013.

We believe that our level of resources, which includes cash on hand, available borrowings under the ABL facility and funds provided by operations, will be adequate to meet our expenses, capital expenditures, and debt service obligations for the next twelve months. Our ability to generate cash to meet our current expenses and debt service obligations will depend on our future performance. If we do not have enough cash to pay our debt service obligations, or if the ABL facility or our

8.125% senior notes due 2018 (the 2018 Notes) were to become currently due, either at maturity or as a result of a breach, we may be required to take actions such as amending our ABL facility or the indentures governing our 2018 Notes, refinancing all or part of our existing debt, selling assets, incurring additional indebtedness or raising equity. If we need to seek additional financing, there is no assurance that this additional financing will be available on favorable terms or at all.

Should we desire to consummate significant acquisition opportunities or undertake significant expansion activities, our capital needs would increase and could result in our need to increase available borrowings under our ABL facility or access public or private debt and equity markets.

As of March 29, 2014, our total availability under the ABL facility was $279.5 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets). We had $130.9 million of outstanding borrowings under the ABL facility and $7.5 million in outstanding letters of credit. As a result, our excess availability under the ABL facility was $141.1 million. Each month s borrowing base is not effective until submitted to the lenders, which usually occurs on the fifteenth day of the following month.

We earn approximately 100% of our consolidated operating income in subsidiaries located outside of Canada. All of these foreign earnings are considered to be indefinitely reinvested in foreign jurisdictions where we have made, and will continue to make, substantial investments to support the ongoing development and growth of our international operations. Accordingly, no Canadian income taxes have been provided for on these foreign earnings. Cash and cash equivalents held by our foreign subsidiaries are readily convertible into other foreign currencies, including Canadian dollars. We do not intend, nor do we foresee a need, to repatriate these funds into Canada.

We expect existing domestic cash, cash equivalents, cash flows from operations and the issuance of domestic debt to continue to be sufficient to fund our domestic operating, investing and financing activities. In addition, we expect existing foreign cash, cash equivalents, and cash flows from operations to continue to be sufficient to fund our foreign operating and investing activities.

In the future, should we require more capital to fund significant discretionary activities in Canada than is generated by our domestic operations and is available through the issuance of domestic debt or stock, we could elect to repatriate future periods earnings from foreign jurisdictions. This alternative could result in a higher effective tax rate during the period of repatriation. While the likelihood is remote, we could also elect to repatriate earnings from foreign jurisdictions that have previously been considered to be indefinitely reinvested. Upon distribution of those earnings in the form of dividends or otherwise, we may be subject to additional Canadian income taxes and withholding taxes payable to various foreign jurisdictions, where applicable. This alternative could result in a higher effective tax rate in the period in which such a determination is made to repatriate prior period foreign earnings.

In 2013, a dividend of C$0.06 per common share was declared each quarter for an aggregate dividend payment of approximately $21.9 million. During 2013, we repurchased 1,245,027 common shares for approximately $10.0 million through open market transactions.

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 as well as approximately $4.5 million in deferred financing fees, discount charges and other bond redemption costs.

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

We may, from time to time, depending on market conditions, including without limitation whether the 2018 Notes are then trading at a discount to their face amount, repurchase the 2018 Notes for cash and/or in exchange for shares of our common stock, warrants, preferred stock, debt or other consideration, in each case in open market purchases and/or privately negotiated transactions. The amounts involved in any such transactions, individually or in aggregate, may be material. However, the covenants in our ABL facility subject such purchases to certain limitations and conditions.

Operating Activities

Cash used in operating activities was $52.5 million during the first quarter compared to $58.6 million in the comparable prior year period. The $6.1 million decrease was due primarily to the timing of accounts receivable receipts and accounts payable payments relative to the prior year period.

Investing Activities

Cash used in investing activities was $10.3 million during the first quarter compared to $19.7 million in the comparable prior year period. The $9.4 million decrease was due primarily to a reduction in fixed asset purchases, offset by increased purchases of intangibles and other assets.

Financing Activities

Cash provided by financing activities was $56.1 million during the first quarter compared to cash used of $5.5 million in the comparable prior year period. The $61.6 million increase was due primarily to an increase in outstanding borrowings under our ABL facility for seasonal working capital needs, partially offset by our redemption of the remaining $15.0 million aggregate principal amount of the 2017 Notes and dividend payments to shareholders.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined under Item 303(a)(4) of Regulation S-K as of March 29, 2014.

Contractual Obligations

We have no material changes to the disclosure on this matter made in our 2013 Annual Report.

Debt

Asset-Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank N.A. as Agent that created an ABL facility to provide financing for our North America, U.K. and Mexico operations. In connection with 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 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 to July 19, 2017. We incurred $1.2 million of financing fees in connection with the amendment of the ABL facility. This amendment was considered to be a modification of the original agreement under generally accepted accounting standards.

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 to increase 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 to the earliest of (i) October 22, 2018, or (ii) March 1, 2018, if we have not redeemed, repurchased

or refinanced the 2018 Notes by February 15, 2018, 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. This amendment was considered to be a modification of the original agreement under generally accepted accounting standards.

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 on July 19, 2012 and on October 22, 2013, are being amortized using the straight line method over the duration of the amended ABL facility.

As of March 29, 2014, we had $130.9 million of outstanding borrowings under the ABL facility. The commitment fee was 0.375% per annum of the unused commitment, which, taking into account $7.5 million of letters of credit, was $141.1 million as of March 29, 2014.

8.125% Senior Notes due in 2018

On August 17, 2010, we issued $375.0 million of 2018 Notes. The issuer of the 2018 Notes is our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and U.K. subsidiaries guarantee the 2018 Notes. The interest on the 2018 Notes is 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. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2018 Notes.

8.375% Senior Notes due in 2017

On November 13, 2009, we issued $215.0 million of 2017 Notes. The 2017 Notes were issued at a $3.1 million discount. The issuer of the 2017 Notes was our wholly-owned U.S. subsidiary Cott Beverages Inc., and most of our U.S., Canadian and U.K. subsidiaries guaranteed the 2017 Notes. The interest on the 2017 Notes is 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 as well as approximately $4.5 million in deferred financing fees, discount charges and other bond redemption costs.

On February 19, 2014, we redeemed all of the remaining $15.0 million aggregate principal amount of 2017 Notes at 104.118% of par. The redemption included approximately $0.6 million in premium payments as well as 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 5.23% interest.

Credit Ratings and Covenant Compliance

Credit Ratings

We have no material changes to the disclosure on this matter made in our 2013 Annual Report.

Covenant Compliance

8.125% Senior Notes due in 2018

Under the indenture governing the 2018 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. We were in compliance with all of the covenants under the 2018 Notes and there have been no amendments to any such covenants since the 2018 Notes were issued.

8.375% Senior Notes due in 2017

Under the indenture governing the 2017 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. On February 19, 2014, we redeemed all of the remaining $15.0 million in aggregate principal amount of the 2017 Notes. At all times prior to the redemption of the remaining outstanding 2017 Notes, we were in compliance with all of the covenants under the 2017 Notes.

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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 excess availability is less than the greater of 10% of the lenders commitments under the ABL facility or $27.5 million. If excess availability is less than the greater of 12.5% of the lenders commitments under the ABL facility or $34.375 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 March 29, 2014.

Issuer Purchases of Equity Securities

Common Share Repurchase Program

On April 30, 2013, our board of directors renewed our share repurchase program for up to 5% of Cott s outstanding common shares over a 12-month period commencing upon the expiration of the prior share repurchase program on May 21, 2013. During the first quarter of 2014, we repurchased 6,453 common shares for less than $0.1 million through open market transactions. We are unable to predict the number of shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of the shares actually purchased. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

Tax Withholding

In the first quarter of 2014, 46,897 shares of our previously-issued common stock were withheld from delivery to our employees to satisfy their tax obligations related to stock-based awards. No such withholdings occurred during the first quarter of 2013.

Capital structure

Since December 28, 2013, equity has decreased by $10.7 million. The decrease was primarily the result of a net loss of $3.9 million, dividend payments of $5.1 million, common share repurchases of $0.4 million, other comprehensive loss of $1.7 million, and distributions to non-controlling interest of $2.3 million, partially offset by share-based compensation expense of $1.3 million and non-controlling interest income of $1.4 million.

Dividend payments

On February 11, 2014, the board of directors declared a dividend of C$0.06 per share on common shares, payable in cash on March 28, 2014 to shareowners of record at the close of business on March 11, 2014. The dividend payment was approximately $5.1 million in the aggregate. Cott intends to pay a regular quarterly dividend on its common shares subject to, among other things, the best interests of its shareowners, Cott s results of operations, cash balances and future cash requirements, financial condition, statutory regulations and covenants set forth in the ABL facility and indentures governing the 2018 Notes, as well as other factors that the board of directors may deem relevant from time to time.

Critical Accounting Policies

Our critical accounting policies require management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the accompanying notes. These estimates are based on historical

experience, the advice of external experts or on other assumptions management believes to be reasonable. Where actual amounts differ from estimates, revisions are included in the results for the period in which actual amounts become known. Historically, differences between estimates and actual amounts have not had a significant impact on our consolidated financial statements.

Critical accounting policies and estimates used to prepare the financial statements are discussed with our Audit Committee as they are implemented and on an annual basis.

We have no material changes to our Critical Accounting Policies and Estimates disclosure as filed in our 2013 Annual Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In the ordinary course of business, we are exposed to foreign currency, interest rate and commodity price risks. We hedge firm commitments or anticipated transactions and do not enter into derivatives for speculative purposes. We do not hold financial instruments for trading purposes.

Currency Exchange Rate Risk

Our North America and U.K. reporting segments purchase a portion of their inventory for our Canadian and European operations, respectively, through transactions denominated and settled in U.S. dollars and Euros, respectively, currencies different from the functional currency of those operations. These inventory purchases are subject to exposure from movements in exchange rates. We use foreign exchange forward contracts to hedge operational exposures resulting from changes in these foreign currency exchange rates. The intent of the foreign exchange contracts is to provide predictability in our overall cost structure. These foreign exchange contracts, carried at fair value, typically have maturities of less than eighteen months. We had outstanding foreign exchange forward contracts with notional amounts of $6.3 million and $3.6 million as of March 29, 2014 and December 28, 2013, respectively.

Debt Obligations and Interest Rates

We have exposure to interest rate risk from the outstanding principal amounts of our short-term and long-term debt. Our long-term debt is fixed and our short-term debt is variable. Our ABL facility is vulnerable to fluctuations in the U.S. short-term base rate and the LIBOR rate. Since we had $130.9 million of ABL borrowings outstanding as of March 29, 2014, a 100 basis point increase in the current per annum interest rate for our ABL facility (excluding the $7.5 million of outstanding letters of credit) would result in additional interest expense of approximately $1.3 million during the next year. The weighted average interest rate of our debt outstanding at March 29, 2014 was 6.8%.

Commodity Price Risk

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 certain commodities. The total notional values of derivatives that were designated and qualified for our commodity cash flow hedging program were $15.0 million and $0.0 as of March 29, 2014 and December 28, 2013, respectively.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). 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 March 29, 2014. Based upon this evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that, as of March 29, 2014, the Company s disclosure controls and procedures are functioning effectively to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and accumulated and communicated to the Company s management, including the Company s Chief Executive Officer and

Chief Financial Officer, to allow timely decisions regarding required disclosure.

In addition, our management carried out an evaluation, as required by Rule 13a-15(d) of the Exchange Act, with the participation of our Chief Executive Officer and our Chief Financial Officer, of changes in our internal control over financial reporting. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that there have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the legal proceedings described in our 2013 Annual Report.

Item 1A. Risk Factors

There has been no material change in our risk factors since December 28, 2013. Please refer to our 2013 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Common Share Repurchase Program

On April 30, 2013, our board of directors renewed our share repurchase program for up to 5% of Cott s outstanding common shares over a 12-month period commencing upon the expiration of the prior share repurchase program on May 21, 2013. During the first quarter ended March 29, 2014, we repurchased 6,453 common shares for less than $0.1 million through open market transactions. We are unable to predict the number of shares that ultimately will be repurchased under the share repurchase program, or the aggregate dollar amount of the shares actually purchased. We may discontinue purchases at any time, subject to compliance with applicable regulatory requirements.

The following table summarizes the repurchase activity under our share repurchase program during the first quarter of 2014:

	Total Number of Shares of Common Stock Purchased	Average Price Paid per Share of Common Stock	Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares of Common Stock that May Yet Be Purchased Under the Plans or Programs
January 2014	**2,988**	**$ 7.68**	**2,988**	**3,525,164**
February 2014	**3,465**	**7.68**	**3,465**	**3,521,699**
March 2014				**3,521,699**
Total	**6,453**	**$ 7.68**	**6,453**	

Tax Withholdings

The following table contains information about shares of our previously-issued common stock that we withheld from delivering to employees during the first quarter of 2014 to satisfy their tax obligations related to stock-based awards.

	Total Number of Shares of Common Stock Purchased	Average Price Paid per Share of Common Stock	Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares of Common Stock that May Yet Be Purchased Under the Plans or Programs
January 2014	**39,169**	**$ 8.07**	**N/A**	**N/A**
February 2014	**7,728**	**8.14**	**N/A**	**N/A**
March 2014			**N/A**	**N/A**
Total	**46,897**			

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Item 6. Exhibits

Number	Description
3.1	Articles of Amalgamation of Cott Corporation (incorporated by reference to Exhibit 3.1 to our Form 10-K filed February 28, 2007).
3.2	Second Amended and Restated By-laws of Cott Corporation, as amended (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the quarterly period ended March 29, 2014 (furnished herewith).
101	The following financial statements from Cott Corporation s Quarterly Report on Form 10-Q for the quarter ended March 29, 2014, filed May 8, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, (vi) Notes to the Consolidated Financial Statements (filed herewith).

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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, thereunto duly authorized.

	COTT CORPORATION
	(Registrant)
Date: May 8, 2014	*/s/ Jay Wells* Jay Wells
	Chief Financial Officer
	(On behalf of the Company)
Date: May 8, 2014	*/s/ Gregory Leiter* Gregory Leiter
	Senior Vice President, Chief Accounting Officer
	and Assistant Secretary
	(Principal Accounting Officer)

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