

Cott Beverages Limited

Annual report and financial statements
for the period ended 30 December 2006

Registered number 2836071

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Cott Beverages Limited

Annual report and financial statements for the period ended 30 December 2006

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Cott Beverages Limited

Directors and advisers for the period ended 30 December 2006

Current Directors

Jeremy Fowden
Wynn Willard
Mike Turner

Secretary

Hammonds Secretarial Services Ltd

Registered office

Citrus Grove
Side Ley
Kegworth
Derby DE74 2FJ

Registered Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands DE74 2UZ

Cott Beverages Limited

Directors' report for the period ended 30 December 2006

The Directors present their report and the audited group financial statements for the period ended 30 December 2006

Principal activities

The principal activity of the Company during the period was the manufacture and sale of soft drinks

Review of business and future developments

In late April 2006 the Competition Commission formally cleared the acquisition of Macaw (Holdings) Ltd that took place in August 2005. It was concluded that the acquisition would not be expected to result in a substantial lessening of competition in the market for the supply of own label PET bottled Carbonated Soft Drinks

The acquisition continues to be of key significance for Cott, as it enables Cott to expand its product offering to its customers, to enhance its scale to improve its cost base and to secure its position in the UK

These benefits are now starting to accrue as the integration process was put on hold until after the Competition Commission clearance

Cott will be able to grow and invest in the UK market as much of the expected operational synergies and purchasing efficiencies will combat the increases in input and other cost increases that have adversely impacted operating margins in recent years

Both companies have been significant innovators in the soft drinks market and with consumer trends shifting away from traditional soft drinks, both companies have been investing in innovation and new capital to ensure they are in a prominent position to fulfil consumer demands

In January 2007 the company's preferred resin supplier went into Administration. This resulted in an inventory loss of £4.5 million to Cott Beverages Ltd which is reflected in the 2006 accounts. This has affected the gross profit margins but has been mitigated by purchasing synergies & efficiency gains derived from the acquisition of the Macaw business

In November 2006 Cott (Nelson) Ltd commenced a significant capital project, to increase bottling capacity and product diversification at the Nelson plant in Lancashire

Future developments

On 27 January 2007 the Trade and assets of Cott (Nelson) Ltd, a 100% subsidiary of Cott Nelson (Holdings) Ltd, were transferred at their Fair Value to Cott Beverages Ltd. This transaction took place as part of the integration process following the acquisition of Cott Nelson (Holdings) Ltd (formerly Macaw (Holdings) Ltd) in August 2005

Cott Beverages Limited

Directors' report for the period ended 30 December 2006 (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risk, liquidity risk and interest rate risk. The company is a participant in the Cott Corporation global credit facility which provides it with additional funding capacity.

Management also has access to Cott Corporation's Treasury department that assists in the monitoring and managing of Financial Risk.

Price risk

The company is exposed to commodity price risk as a result of its operations. If the company's operations change in size or nature the Directors revisit Price risk to ensure the risks are still being managed appropriately. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The UK Directors manage the UK risk through monitoring performance against forecast and have regular discussions with the parent company to ensure appropriate funding.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at floating rates.

Results and Dividends

The consolidated profit and loss account for the period is set out on page 7.

The Directors do not recommend the payment of a dividend in respect of the period ended 30 December 2006 (2005: £nil).

Donations

The group made charitable donations totalling £8,975 (2005: £1,510).

Cott Beverages Limited

Directors' report for the period ended 30 December 2006 (continued)

Directors

The directors of the company who held office throughout the period, unless otherwise stated, were

Andrew Murfin	(resigned 1 August 2006)
David R Main	(resigned 8 March 2007)
Nicholas E Whitley	(resigned 19 October 2007)
Colin Walker	(resigned 1 August 2006)
B Clyde Preslar	(appointed 10 July 2006, resigned 1 December 2006)
Jonathan H Skofic	(appointed 12 December 2006, resigned 8 March 2007)
Wynn Willard	(appointed 4 December 2006)
Mike Turner	(appointed 8 March 2007)
Jeremy Fowden	(appointed 1 October 2007)

Company Secretary

David Main	(resigned 8 March 2007)
Hammonds Secretarial Services Ltd	(appointed 8 March 2007)

Directors' interests in shares of the company

No director had any beneficial interest in the shares of the company at any time during the period. Under statutory instrument 802 1985, the interests of the directors in the capital of the ultimate parent company or any of its subsidiaries incorporated overseas are not required to be disclosed.

Payment to suppliers

It is the group's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions. All suppliers are aware of this procedure and the group abides by the agreed payment terms subject to the terms and conditions being met by the suppliers. The creditor days outstanding at the period end was 33 days (2005 41 days).

Employees

The group's policy is to consult and discuss with employees, through unions, staff consultation committees and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through quarterly briefs and through the use of staff notice boards.

The group's policy is to recruit disabled employees for those vacancies that they are able to fill. All necessary assistance with initial training courses is given and, in common with all employees, a career plan is prepared so as to maximise individual development opportunities. Arrangements are made where possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

The group encourages the involvement of employees in the group's performance through a SIP (Share Incentive Plan). This enables employees to purchase shares in Cott Corporation.

Cott Beverages Limited

Directors' report for the period ended 30 December 2006 (continued)

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial period which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors confirm that the auditors have been provided with appropriate information and that

- So far as each director is aware there is no relevant audit information of which the company's auditors are unaware. Relevant information is defined as "*information needed by the company's auditors in connection with preparing their report*"
- Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting

By order of the board



Mike Turner
Director
7 December 2007

Independent auditor's report to the members of Cott Beverages Limited

We have audited the group and parent company financial statements (the "financial statements") of Cott Beverages Ltd for the period ended 30 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

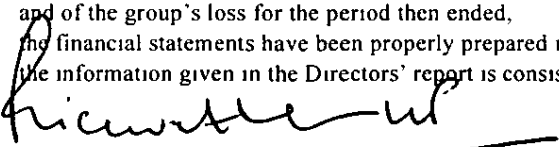
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 December 2006 and of the group's loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' report is consistent with the financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, East Midlands
7 December 2007

Cott Beverages Limited

Consolidated profit and loss account for the period ended 30 December 2006

	Notes	30 December 2006 £'000	31 December 2005 £'000
Turnover	2	185,201	139,426
Cost of sales (including exceptional items)	3	(149,581)	(111,158)
Gross profit		35,620	28,268
Net operating expenses	5	(32,474)	(20,905)
Operating profit		3,146	7,363
Other income	4	-	113
Profit before interest and taxation		3,146	7,476
Interest receivable	8	24	36
Interest payable	9	(4,779)	(1,869)
Other finance charges	24	(55)	(99)
(Loss)/profit on ordinary activities before taxation	10	(1,664)	5,544
Tax on (loss)/profit on ordinary activities	11	(845)	(2,370)
(Loss)/profit for the financial period	26	(2,509)	3,174

All items dealt with in arriving at the (loss)/profit on ordinary activities before taxation relate to continuing activities

There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the period stated above, and their historical cost equivalents

Cott Beverages Limited

Consolidated Statement of Total Recognised Gains and Losses (STRGL) for the period ended 30 December 2006

	Note	30 December 2006 £'000	31 December 2005 £'000
(Loss)/profit for the financial period		(2,509)	3,174
Actuarial gains/(losses)	24	2,096	(1,362)
Movement on deferred tax relating to pension (gain)/deficit	24	(680)	348
Movement on current tax relating to pension deficit	24	51	61
Total recognised gains and losses relating to the period	26	(1,042)	2,221
Prior period adjustment FRS17		-	(3,149)
Total gains and losses recognised since last annual report		(1,042)	(928)

Cott Beverages Limited

Balance sheets as at 30 December 2006

	Notes	Group 2006 £'000	Company 2006 £'000	Group 2005 £'000	Company 2005 £'000
Fixed assets					
Intangible fixed assets	13,14	46,239	1,370	49,211	1,875
Tangible assets	15,16	58,741	35,193	62,620	35,878
Investments	17	-	63,783	-	63,835
		104,980	100,346	111,831	101,588
Current assets					
Stocks	18	14,656	10,828	21,307	17,661
Debtors	19	38,155	30,133	34,259	24,298
Cash at bank and in hand		526	371	3,618	1,830
		53,337	41,332	59,184	43,789
Creditors amounts falling due within one period	20	(45,817)	(37,181)	(31,181)	(20,415)
Net current assets		7,520	4,151	28,003	23,374
Total assets less current liabilities		112,500	104,497	139,834	124,962
Creditors amounts falling due after more than one period	21	(83,554)	(77,054)	(108,732)	(95,032)
Provisions for liabilities and charges	22	(6,623)	(4,983)	(6,149)	(4,489)
Net assets excluding pension liability		22,323	22,460	24,953	25,441
Net pension liability	24	(2,374)	(2,374)	(3,962)	(3,962)
Net assets including pension liability		19,949	20,086	20,991	21,479
Capital and reserves					
Called-up share capital	25	49,623	49,623	49,623	49,623
Share premium account	26	11,765	11,765	11,765	11,765
Retained earnings	26	(41,439)	(41,302)	(40,397)	(39,909)
Total equity shareholders' funds	27	19,949	20,086	20,991	21,479

The financial statements on pages 7 to 36 were approved by the board of directors on 7 December 2007 and were signed on its behalf by


Mike Turner
Director

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The directors consider that the company's accounting policies and estimation techniques are the 'most appropriate' in accordance with Financial Reporting Standard 18 ("FRS 18").

The financial statements are prepared on the going concern basis, under the historical cost convention.

Basis of consolidation

The company is a wholly owned subsidiary of Cott Retail Brands Limited, a company incorporated in Great Britain. Following the acquisition of Cott Nelson (Holdings) Ltd, formerly Macaw (Holdings) Ltd, the Directors have elected to prepare consolidated accounts for Cott Beverages Limited Group.

The group financial statements include the financial statements for the Company and all its subsidiary undertakings made up to 30 December 2006. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account. The amounts taken for subsidiary companies are taken from the latest audited financial statements which all have the same accounting reference date.

The cash flows of the group are included in the consolidated cash flow statement of Cott Corporation. Consequently, the group is exempt under the provisions of Financial Reporting Standard 1 from publishing a cash flow statement.

Goodwill and Intangible assets

Goodwill which represents the difference between the cost of acquisitions and the fair value of the net tangible assets acquired, is capitalised within Intangible Fixed Assets and amortised over its estimated useful economic life which is currently considered by the Directors to be 20 accounting periods. The amortisation charge is included within administration expenses.

The licence fee represents consideration paid for the right to use certain concentrates and recipes. It has been capitalised and is being written off over 5 accounting periods.

The brand represents consideration paid for the right to use a particular brand name. It has been capitalised and is being written off over 10 accounting periods.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

1 Principal accounting policies (continued)

Impairment of fixed assets and goodwill

In accordance with FRS11, the Group performs impairment reviews where there is an indication that the carrying amount of fixed assets or goodwill may not be recoverable. The impairment review involves using measurement techniques to estimate the asset's recoverable amount, based upon the higher of post tax net realisable value and value in use, and comparing that with the carrying value of the asset.

Where it is established that an asset has been impaired, then an amount equal to the impairment is charged to the profit and loss account in the period of the impairment.

Where an impairment review has been carried out and the recoverable amount has been based on value in use, the Group monitors the results of the review for the next five periods. If, during this monitoring period, the results of the original impairment review are no longer considered to be appropriate, then a reversing credit or increased charge is made to the profit and loss account.

Investments

Investments are stated at cost less provisions for impairment.

Capitalisation of Finance Costs

Financing fees are capitalised and written off on a straight line basis over the life of the financing arrangement.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are

Freehold buildings	2.5 - 10%
Plant and machinery	8.33% - 25%
Computer equipment	33%
Fixtures and fittings	10%
Motor vehicles	25%

Freehold land is not depreciated, and interest is not capitalised.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

1 Principal accounting policies (continued)

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value, cost being determined on the first-in, first-out basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced amounts derived from the manufacture and sale of soft drinks. Turnover is recognised when goods are despatched.

Share Incentive Plan (SIP)

The company has a SIP scheme (Share Incentive Plan). Shares in Cott Corporation are purchased mid month using the previous month's employee contributions. There are no free or matching shares. The SIP trust held no shares at 30 December 2006.

Foreign currencies

Foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Taxation

The charge for taxation is based on the profits for the period as adjusted for disallowable items.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. Deferred tax balances are not discounted and are recognised to the extent that it is regarded more than likely that there will be suitable taxable profits against which these assets can be recovered in future periods.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

1 Principal accounting policies (continued)

Pension costs

The Group's defined benefit pension scheme is assessed annually in accordance with FRS17

The accounting valuation, which was based on assumptions determined with independent actuarial advice, resulted in a deficit of £3,391,000 (2005 deficit of £5,659,000) before deferred taxation being recognised on the balance sheet at 30 December 2006. The size of the deficit is sensitive to the market value of the assets held by the scheme, and to actuarial assumptions which include price inflation, pension and salary increases, the discount rate used in assessing actuarial liabilities, mortality and other demographic assumptions and the level of contributions. Further details are included in note 24.

Payments to the Group's defined contribution schemes are charged as an expense as they fall due.

Research and Development

Costs incurred in respect of research and development are expensed to the profit and loss account in the period in which they are incurred.

2 Turnover

The directors consider there to be one class of business. The analysis by geographical area of destination of the group's turnover is set out below.

	30 December 2006	31 December 2005
	£'000	£'000
United Kingdom	172,472	132,590
Rest of Europe	12,621	6,773
Rest of World	108	63
	185,201	139,426

All the Company's assets and liabilities are held in the UK.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

3 Exceptional items

	30 December 2006	31 December 2005
	£'000	£'000
Cost of sales excluding exceptional items	145,081	111,158
Inventory loss on Administration of resin supplier	4,500	-
	149,581	111,158

4 Other income

Other income during the period was £nil (2005 £113,000)

5 Net operating expenses

	30 December 2006	31 December 2005
	£'000	£'000
Distribution costs	11,639	9,248
Administrative expenses	20,835	11,657
Total net operating expenses	32,474	20,905

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

6 Directors' emoluments

	30 December 2006	31 December 2005
	£'000	£'000
Aggregate emoluments paid by the group	504	512
Compensation for loss of office	227	-
Company pension contributions to money purchase pension schemes	14	21
	745	533

Emoluments for the services of C Walker, BC Preslar and W Willard were paid by other subsidiaries of the Cott Corporation group of companies and accordingly their emoluments are disclosed in the financial statements of Cott Corporation

Retirement benefits are accruing to two (2005 one) director under a money purchase pension scheme
Retirement benefits are accruing to two (2005 two) directors under defined benefit pension schemes No directors exercised share options in Cott Corporation during the period No directors received shares under long term incentive schemes

	30 December 2006	31 December 2005
Highest paid director	£'000	£'000
Aggregate emoluments	139	224
Compensation for loss of office	227	-
Company pension contributions to money purchase schemes	13	21
	379	245

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

7 Employee information

The average monthly number of persons (including executive directors) employed by the group during the period was

	Year to 30 December 2006	Year to 31 December 2005
	Number	Number
By activity		
Production	588	426
Sales	41	35
Administration	82	70
	711	531

	Year to 30 December 2006	Year to 31 December 2005
	£'000	£'000
Staff costs		
Wages and salaries	19,638	14,415
Social security costs	1,994	1,566
Other pension costs	963	731
Compensation for loss of office	227	-
	22,822	16,712

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

8 Interest receivable and similar income

	30 December 2006	31 December 2005
	£'000	£'000
On bank deposits or similar	24	36

9 Interest payable and similar charges

	30 December 2006	31 December 2005
	£'000	£'000
On bank loans and overdrafts	4,574	1,751
Amortisation of financing costs	205	118
	4,779	1,869

10 (Loss)/profit on ordinary activities before taxation

	30 December 2006	31 December 2005
	£'000	£'000
(Loss)/profit on ordinary activities before taxation is stated after charging		
Amortisation of intangible assets	2,920	1,752
Depreciation charge for the period Tangible owned assets	7,169	5,792
Auditors' remuneration for Audit	96	77
Other services – auditing of subsidiaries	45	45
Other services – tax fees	82	42
Hire of plant and machinery	595	583
Hire of plant and machinery – operating leases	660	305
Hire of other equipment – operating leases	64	220

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

11 Tax on (loss)/profit on ordinary activities

	30 December 2006	31 December 2005
	£'000	£'000
Current tax:		
UK Corporation Tax on (loss)/profits for the period	349	2,235
Adjustment in respect of previous periods	76	(99)
Total current tax	425	2,136
Deferred tax		
Origination and reversal of timing differences	420	234
Tax on (loss)/profit on ordinary activities	845	2,370

The current tax charge of £425,000 is £924,000 higher than the standard UK rate of 30% applied to the profit for the year. The differences are explained below.

Factors affecting tax charge for period

(Loss)/profit on ordinary activities before tax	(1,664)	5,544
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in UK of 30% (2005: 30%)	(499)	1,663
Effect of:		
Expenses not deductible for tax purposes	251	356
Adjustment in tax charge in respect of previous periods	76	(99)
Accelerated capital allowances and utilisation of tax losses	597	216
Current tax charge for period	425	2,136

Factors that may affect future tax charges

Future tax charges may be affected by reversal of accelerated capital allowances.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

12 Profit for the financial period

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The Company's loss for the period before taxation, was £3,206,000 (2005 profit £5,692,000)

13 Group Intangible assets

	Goodwill	Licence	Brand	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2006	48,348	2,824	1,750	52,922
Adjustment in respect of prior period acquisition (note 22)	(52)	-	-	(52)
At 30 December 2006	48,296	2,824	1,750	52,870
Amortisation				
At 1 January 2006	1,012	2,494	205	3,711
Charge for the period	2,415	330	175	2,920
At 30 December 2006	3,427	2,824	380	6,631
Net book value				
At 30 December 2006	44,869	-	1,370	46,239
At 1 January 2006	47,336	330	1,545	49,211

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

14 Company Intangible assets

	Licence	Brand	Total
	£'000	£'000	£'000
Cost			
At 1 January 2006	2,824	1,750	4,574
At 30 December 2006	2,824	1,750	4,574
Amortisation			
At 1 January 2006	2,494	205	2,699
Charge for the period	330	175	505
At 30 December 2006	2,824	380	3,204
Net book value			
At 30 December 2006	-	1,370	1,370
At 1 January 2006	330	1,545	1,875

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

15 Group Tangible fixed assets

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Assets under con- struction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2006	32,127	55,313	4 815	146	125	92,526
Additions	32	2,844	34	-	524	3,434
Transfers	-	91	-	-	(91)	-
Disposals	-	(424)	(141)	(74)	(34)	(673)
At 30 December 2006	32,159	57,824	4,708	72	524	95,287
Depreciation						
At 1 January 2006	3,951	21,409	4,525	21	-	29,906
Charge for the period	914	6 052	162	41	-	7,169
On disposals	-	(367)	(141)	(21)	-	(529)
At 30 December 2006	4,865	27,094	4,546	41	-	36,546
Net book value						
At 30 December 2006	27,294	30,730	162	31	524	58,741
At 1 January 2006	28,176	33,904	290	125	125	62,620

The assets are subject to a fixed and floating charge in favour of the group's bankers

All land and buildings relate to freehold land and buildings

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

16 Company Tangible fixed assets

	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Assets under con- struction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2006	22,559	36,754	4,815	91	64,219
Additions	-	2,230	34	487	2,751
Transfers	-	91	-	(91)	-
Disposals	-	(409)	(141)	-	(550)
At 30 December 2006	22,559	38,666	4,708	487	66,420
Depreciation					
At 1 January 2006	3,753	20,063	4,525	-	28,341
Charge for the period	446	2,785	162	-	3,393
On disposals	-	(366)	(141)	-	(507)
At 30 December 2006	4,199	22,482	4,546	-	31,227
Net book value					
At 30 December 2006	18,360	16,184	162	487	35,193
At 1 January 2006	18,806	16,691	290	91	35,878

The assets are subject to a fixed and floating charge in favour of the company's bankers

All land and buildings relate to freehold land and buildings

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

17 Investments

Company interests in group undertakings	£'000
At 1 January 2006	63,835
Adjustment to Consideration (Note 23)	(52)
At 30 December 2006	63,783

Name of undertaking	Country of Incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held by group	Proportion of nominal value of issued shares held by company
Cott Private Label Limited	UK	Ordinary shares of 10p each	100%	100%
Cott Nelson (Holdings) Limited (formerly Macaw (Holdings) Limited)	UK	Ordinary shares of £1 each	100%	100%

Cott Private Label Limited is a non-trading company

On 10 August 2005 Cott Beverages Limited acquired 100% of the share capital of Cott Nelson (Holdings) Limited (formerly Macaw (Holdings) Limited). Cott (Nelson) Limited, (formerly Macaw (Soft Drinks) Limited) is a 100% owned subsidiary of Cott Nelson (Holdings) Limited, (formerly Macaw (Holdings) Limited).

18 Stocks

	Group	Company	Group	Company
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£ 000
Raw materials	9,036	7,160	15,647	13,913
Finished goods	5,620	3,668	5,660	3,748
	14,656	10,828	21,307	17,661

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

19 Debtors

	Group	Company	Group	Company
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£'000
Trade debtors	30,684	21,242	30,453	20,985
Amounts owed by group undertakings	39	4,681	262	262
Corporation tax	1,407	1,348	-	-
Other debtors	925	816	777	571
Prepayments and accrued income	5,100	2,046	2,767	2,480
	38,155	30,133	34,259	24,298

The amounts owed by group undertakings shown as falling due within one period are payable on demand and non interest bearing. All amounts fall due within one period.

20 Creditors: amounts falling due within one period

	Group	Company	Group	Company
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£'000
Trade creditors	15,679	8,978	19,381	10,895
Amounts owed to group undertakings	19,573	19,673	819	1,050
Other taxation and social security	3,212	2,062	1,850	1,090
Corporation tax	-	-	1,407	952
Other creditors and accruals	7,353	6,468	7,724	6,428
	45,817	37,181	31,181	20,415

The amounts owed to group undertakings are payable on demand and are non-interest bearing.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

21 Creditors: amounts falling due after more than one period

	Group	Company	Group	Company
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	55,000	48,500	79,343	65,643
Amounts owed to group undertakings	28,552	28,552	29,387	29,387
Redeemable preference shares	2	2	2	2
	83,554	77,054	108,732	95,032

On 31 March 2005 Cott Beverages Ltd entered into committed senior secured credit facilities. This agreement expires on 31 March 2010. On 10 August 2005 this multicurrency facility was increased to add Cott (Nelson) Limited (formerly Macaw (Soft Drinks) Limited) as a co-borrower. The facility is secured against the assets of the group and there are no fixed repayment dates.

Borrowings under the credit facility bear interest at either a floating or fixed rate for the applicable currency plus a margin based on a consolidated total leverage ratio.

Amounts owed to group undertakings are non-interest bearing, unsecured and have no fixed repayment date. However, the directors have received written confirmation from the ultimate parent undertaking that the amounts will not have to be repaid within one period.

The redeemable (at par) preference shares are undated and are eligible to a fixed cumulative dividend of ½% payable bi-annually on 25 March and 29 September on the nominal value of the shares. The shares are non-voting and have a preferential right to return of capital on a winding up. Since these shares were acquired by Cott Retail Brands Limited, the rights to these dividends have been waived.

22 Provisions for liabilities and charges

	Group	Company
	Deferred Taxation £'000	Deferred Taxation £'000
At 1 January 2006	6,149	4,489
Charged to the profit and loss account	474	494
At 30 December 2006	6,623	4,983

* excluding deferred tax on pension liability (see note 24)

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

22 Provisions for liabilities and charges (continued)

Deferred taxation provided in the financial statements, is as follows

	Group	Company	Group	Company
	Amount provided		Amount provided	
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£'000
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	6,623	4,983	6,149	4,489
Other	-	-	-	-
Deferred tax creditor excluding that relating to pension liability	6,623	4,983	6,149	4,489
Deferred tax asset on pension scheme liability (note 24)	(1,017)	(1,017)	(1,697)	(1,697)
Net deferred tax creditor	5,606	3,966	4,452	2,792

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

23 Effect of acquisitions

On 10 August 2005 the Company acquired the entire issued share capital of Cott Nelson (Holdings) Limited (formerly Macaw (Holdings) Ltd) whose consolidated assets and liabilities were

	Initial book value	Provisional fair value adjustments	Provisional fair value of assets acquired
	£'000	£'000	£'000
Tangible fixed assets	30,175	(2,229)	27,946
Stocks	3,959	-	3,959
Debtors	8,448	-	8,448
Cash at bank	10	-	10
Creditors	(11,421)	(561)	(11,982)
Bank loans and other financing	(11,396)	-	(11,396)
Deferred tax	(2,419)	821	(1,598)
Net separable assets	17,356	(1,969)	15,387
Goodwill as previously reported			48,348
Consideration as previously reported (including acquisition expenses of £1,668,000)			63,735
2006 amendment to acquisition expenses			(52)
Revised consideration			63 683
Revised Goodwill			48,296

Under the terms of the sale and purchase agreement none of the consideration is deferred

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

23 Effect of acquisitions (continued)

As at 1st July 2005 an independent third party, Henry Butcher International Ltd carried out a valuation of the company's plant and equipment (excluding motor vehicles) to reflect their value to the ongoing business. It was assumed that the assets will remain in their current working place and there will be security of tenure of the land and buildings for the foreseeable future and that the business is currently, or is capable of making sufficient profit to show a reasonable return on the value of the assets. This valuation resulted in a net impairment of £1,843,530.

GVA Grimley, independent third party property advisors were also instructed in July 2005 to perform a valuation of the land and buildings. The premises were valued at their market value, assuming vacant possession. The valuation resulted in an impairment of £385,464.

The overall outcome of the valuation was a provisional fair value adjustment of £2,228,994 as noted above.

In addition, fair value adjustments of (£561,000) and £821,000 were made to adjust current and deferred tax balances to appropriate levels on the acquisition balance sheet.

24 Pension commitments

Defined contribution schemes

The group operates a number of defined contribution schemes.

The assets of these schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group, and amounted to £673,328 (2005 £489,000) for the period.

Defined benefit schemes

The Group also operates the Cott Beverages Limited Retirement and Death Benefit Scheme. The assets of the scheme, which is a funded scheme, are held in a separate trustee administered fund and employees are entitled to retirement benefits based on their final pensionable salaries and length of service.

FRS 17 Disclosures

The valuation of the scheme is based on the most recent actuarial valuation as at 1 May 2003, updated by the scheme actuary to 30 December 2006.

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

24 Pension commitments (continued)

The principal actuarial assumptions used at the balance sheet date were as follows

	30 December 2006	31 December 2005	1 January 2005
	%	%	%
Rate of increase in salaries	4.0	3.9	4.0
Rate of increase of pensions in payment			
Pre 88 GMP	Nil	Nil	Nil
Post 88 GMP	3.0	2.9	3.0
a) Ordinary Members			
Pre 6/4/97 excess over GMP	Nil	Nil	Nil
Post 5/4/97 excess over GMP	3.0	2.9	3.0
b) Executive members (all pension)	3.0	2.9	3.0
c) Ex-Crystal Members			
Pre 6/4/97 (excess over GMP)	3.0	3.0	3.0
post 5/4/97 (excess over GMP)	3.0	3.25	3.25
Discount rate	5.20	4.66	5.25
Inflation	3.0	2.9	3.0

The mortality assumptions used are PA92 C2006 for pensioners and PA92 C2020 for non-pensioners

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

24 Pension commitments (continued)

Amounts recognised in the profit and loss account

Operating profit charge

	30 December 2006	31 December 2005
	£'000	£'000
Current service cost	(290)	(238)
Past service cost	-	(4)
Total operating charge	(290)	(242)
Finance charge		
Expected return on pension scheme	660	526
Interest on pension scheme liabilities	(715)	(625)
Net charge	(55)	(99)
Total profit and loss account charge	(345)	(341)

Actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses ("STRGL")

	30 December 2006	31 December 2005
	£'000	£'000
Actual return less expected return on pension scheme assets	601	1,272
Experience gains and losses arising on scheme liabilities	(50)	171
Changes in assumptions underlying the present value of the scheme liabilities	1,545	(2,805)
Actuarial gain/(loss) recognised in the STRGL	2,096	(1,362)

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

24 Pension commitments (continued)

Amounts recognised in the balance sheet:

	30 December 2006	31 December 2005
	£'000	£'000
Total market value of scheme assets	11,253	9,578
Present value of scheme liabilities	(14,644)	(15,237)
Deficit in the scheme	(3,391)	(5,659)
Deferred tax on deficit in the scheme	1,017	1,697
Net pension liability recognised in the balance sheet	(2,374)	(3,962)

Movement in the deficit during the period:

	30 December 2006	31 December 2005
	£'000	£'000
Opening deficit in scheme	(5,659)	(4,498)
Movement in the period		
Current service cost	(290)	(238)
Contributions	517	542
Past service costs	-	(4)
Other finance charge	(55)	(99)
Actuarial gain/(loss)	2,096	(1,362)
Closing deficit in scheme	(3,391)	(5,659)

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

24 Pension commitments (continued)

The market value of the scheme assets and the expected rates of return were as follows

	Long term expected rate of return 30 December 2006	Market value at 30 December 2006	Long term expected rate of return 31 December 2005	Market value at 31 December 2005	Long term expected rate of return 1 January 2005	Market value at 1 January 2005
	%	£'000	%	£'000	%	£'000
Equities	7.6	8,036	7.1	8,256	7.5	6,094
Government Bonds	4.6	1,059	4.1	431	4.5	1,222
Corporate Bonds	5.2	2,121	4.7	872	-	-
Cash	4.6	37	4.1	19	-	-
Total market value of assets		11,253		9,578		7,316

History of experience gains and losses

	30 December 2006	31 December 2005	1 January 2005	3 January 2004
	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets	(601)	1,272	174	418
Percentage of scheme assets	5.3%	13.3%	2.4%	6.5%
Experience gains and losses arising on the scheme liabilities	(50)	171	24	328
Percentage of the present value of the scheme liabilities	0.3%	1.1%	0.2%	3.3%
Total amount recognised in the STRGL	2,096	(1,362)	(946)	249
Percentage of the present value of the scheme liabilities	14.3%	(8.9%)	(8.0%)	2.5%

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

25 Called-up share capital

Company

	30 December 2006	31 December 2005
	£'000	£'000
Authorised		
74,998,000 ordinary shares of £1 each	74,998	74,998
Allotted, called up and fully paid		
49,623,610 ordinary shares of £1 each	49,623	49,623

26 Reserves

	Share premium account Group	Share premium account Company	Reserves Group	Reserves Company
	£'000	£'000	£'000	£'000
At 1 January 2006	11,765	11,765	(40,397)	(39,909)
Loss for the period	-	-	(2,509)	(2,860)
Actuarial gain	-	-	2,096	2,096
Deferred tax on actuarial gain	-	-	(680)	(680)
Current tax on actuarial gain	-	-	51	51
As at 30 December 2006	11,765	11,765	(41,439)	(41,302)

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

27 Reconciliation of movements in equity shareholders' funds

	Group	Company	Group	Company
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£'000
(Loss)/profit for the period	(2,509)	(2,860)	3,174	3,662
Actuarial gain/(loss)	2,096	2,096	(1,362)	(1,362)
Movement on deferred tax re actuarial (gain)/loss	(680)	(680)	348	348
Movement on current tax re actuarial loss	51	51	61	61
Total movements	(1,042)	(1,393)	2,221	2,709
Opening shareholders' funds as previously stated	20,991	21,479	21,921	21,921
Prior period FRS 17 adjustment	-	-	(3,149)	(3,149)
Prior period FRS 25 adjustment	-	-	(2)	(2)
Opening shareholders' funds as restated	20,991	21,479	18,770	18,770
Closing shareholders funds	19,949	20,086	20,991	21,479

28 Contingent liabilities

The group has no material contingent liabilities

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

29 Financial commitments

At 30 December 2006 the group had annual commitments under non-cancellable operating leases as follows

	Group	Company	Group	Company
	30 December 2006	30 December 2006	31 December 2005	31 December 2005
	£'000	£'000	£'000	£'000
Expiring within one period	80	8	64	7
Expiring between one and two periods inclusive	81	-	3	3
Expiring between two and five periods	494	220	424	9
	655	228	491	19

All operating leases relate to plant, machinery and office equipment

30 Capital commitments

Capital expenditure contracted but not provided for in the financial statements amounts to £5,404,200 (2005 £403,198)

31 Related party disclosures

In May 2006 Nick Whitley purchased a BMW car from Cott (Nelson) Ltd at its Market Value of £17,750

Transactions with other companies within the Cott Group are not disclosed as the company and group have taken advantage of the exemption available under Financial Reporting Standard No 8 'Related party disclosures' as the consolidated accounts of Cott Corporation, in which the company and group are included, are publicly available

32 Post balance sheet events

On 27 January 2007 the trade and assets of Cott (Nelson) Ltd, a 100% subsidiary of Cott Nelson (Holdings) Ltd, were transferred at their fair value to Cott Beverages Ltd. This transaction took place as part of the integration process following the acquisition of Cott Nelson (Holdings) Ltd (formerly Macaw (Holdings) Ltd) in August 2005

Cott Beverages Limited

Notes to the financial statements for the period ended 30 December 2006 (continued)

33 Ultimate parent company

The directors consider Cott Retail Brands Limited, a company registered in England and Wales as the immediate and ultimate UK parent company. The ultimate parent company is Cott Corporation, a company incorporated in Canada, whom the directors consider to be the ultimate controlling party.

Copies of the ultimate UK parent's consolidated financial statements and the ultimate controlling party's consolidated financial statement may be obtained from The Secretary, Cott Retail Brands Limited, Citrus Grove, Side Ley, Kegworth, Derbyshire, DE74 2FJ.