2007 Annual Report

For the year ended June 30, 2007

Corby Distilleries Limited
A Leading Canadian Manufacturer & Marketer
of Spirits and Importer of Wines Since 1859

Affiliated with Pernod Ricard

Overview

Corby Distilleries Limited ("Corby" or the "Company") is a leading Canadian manufacturer and marketer of spirits and imported wines.

Corby's portfolio of owned brands includes some of the most renowned brands in Canada, including Wiser's Canadian whiskies, Lamb's rum, Polar Ice vodka and Seagram's Coolers. Through its affiliation with Pernod Ricard S.A., Corby also represents leading international brands such as Chivas Regal, The Glenlivet and Ballantine's scotches, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek and Wyndham Estate wines.

Corby has approximately a 25 percent share of spirit sales in Canada, representing over 4,000,000 cases of spirits sold annually. Corby owns or represents 8 of the 25 top-selling spirit brands in Canada, and 16 of the top 50. Our affiliation with Pernod Ricard S.A. provides us with global reach to complement our strong local roots in the Canadian marketplace. Additionally, with volume in excess of 900,000 cases, Corby is also a leading importer of wines.

Leveraging our portfolio of excellence across Canada is a national sales force in excess of 100 professionals supported by a first-class management team located at the Head Office in Toronto, Ontario, and production teams located at facilities in Montréal, Québec, and Windsor, Ontario. While Corby's sales remain predominantly Canadian, Corby products are also exported for sale to the United States, Europe and other international markets.

Corby Voting Class A Common Shares and Non-voting Class B Common Shares trade on the Toronto Stock Exchange under the symbols CDL.A and CDL.B, respectively.

Annual General Meeting Corby's Annual General Meeting of Shareholders is confirmed for Tuesday, November 13th, 2007, at 11:00 a.m. (E.S.T.) at the Carlu, located at 444 Yonge Street, 7th floor, Toronto, Ontario. Copies of the Annual Information Form and Management Proxy Circular are available upon request, or can be found on SEDAR at www.sedar.com.

2007 | Top 25 Brands in Canada

1	Smirnoff	**10**	**Polar Ice**	19	Alberta Premium
2	Bacardi Superior	**11**	**Wiser's Special Blend**	20	Bacardi Carta de Oro
3	Crown Royal	12	Appleton Estate VX	**21**	**Lamb's White**
4	Canadian Club	13	Gibsons Finest 12 yr	22	Jack Daniel's
5	Bailey's Irish Cream	14	Captain Morgan Spiced	**23**	**Beefeater**
6	**Wiser's De Luxe**	**15**	**Corby Royal Reserve**	**24**	**Kahlúa**
7	Absolut	**16**	**Lamb's Palm Breeze**	25	Golden Wedding
8	Captain Morgan White	17	Russian Prince		
9	Alberta	18	St. Remy Brandy Napoleon VSOP		

Key Financial Results

The financial results for the year ended June 30, 2007 reflect a solid performance by Corby as the Company managed to integrate the international operations of Lamb's rum ("Lamb's International") and Seagram's Coolers businesses while also growing from an organic perspective. EBITDA[1] for the year ended increased by 52% when compared to the transition year[2]. While the increase in EBITDA reflects the inclusion of results from the recently acquired Lamb's International and Seagram's Coolers businesses in addition to the fact that the comparative period includes two less months of operations, it also reflects a strong underlying performance for the Company as a whole.

Operating revenue, consisting of sales revenue and commission income, rose to $153.6 million for the year ended June 30, 2007, with support from the Company's owned brands, such as Wiser's Canadian whiskies, Polar Ice vodka and Lamb's rum. Corby's recent acquisitions, Lamb's International and Seagram's Coolers, contributed $11.6 million in operating revenue in the first nine months of their inclusion in Corby's results.

Basic earnings per share amounted to $3.53 for the year ended June 30, 2007 compared to $0.99 for the transition year. Net earnings for the year ended June 30, 2007 include a gain of $72.6 million from the sale of the Company's investment in the Tia Maria Group ("TMG"). Excluding the gain from the sale of TMG (and $1.2 million in related income taxes), the Company's earnings were $29.0 million compared with $28.0 in the transition year.

Financial Highlights

For the year ended June 30, 2007 *(in thousands of dollars, except share amounts)*		
RESULTS		
Operating revenue	$	153,587
EBITDA		44,006
Earnings before income taxes		116,801
Net earnings		100,424
Cash flows from operating activities		33,667
FINANCIAL POSITION AT BALANCE SHEET DATE		
Working capital	$	91,171
Total assets		238,034
Shareholders' equity		203,519
PER COMMON SHARE		
EBITDA	$	1.55
Net earnings		3.53
Dividends declared and paid		2.06
Shareholders' equity		7.15
FINANCIAL RATIOS		
Working capital		4.6
Return on average shareholders' equity		55.0%
Pre-tax return on average capital employed		63.1%

[1] Corby defines "EBITDA" as net earnings before equity earnings, net interest income, income taxes, depreciation, and amortization. This non-GAAP financial measure has been included in Management's Discussion & Analysis ("MD&A") as it is a measure which management believes is useful in evaluating and measuring the Company's operating performance, particularly following the transaction with Pernod Ricard S.A. EBITDA is also a common measure used by investors, financial analysts and rating agencies. These groups may use EBITDA and other non-GAAP financial measures to value the Company and assess its performance. However, EBITDA is not a measure recognized by GAAP and it does not have a standardized meaning prescribed by GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as alternatives to net earnings as determined in accordance with GAAP as indicators of performance.

[2] As previously disclosed, the Company announced a change in its fiscal year-end from August 31 to June 30, effective as of June 30, 2006. As a result, the comparative figures reported in the annual consolidated financial statements reflect the ten-month period ended June 30, 2006 (the "transition year"). For further details, please refer to Corby's MD&A and consolidated audited financial statements and accompanying notes for the year ended June 30, 2007 prepared in accordance with Canadian generally accepted accounting principles.

Letter to Shareholders

Fiscal 2007 has been an eventful year for Corby Distilleries Limited, and I am proud to report on it in my first letter to you as the Company's new President and Chief Executive Officer.

The year represented a new beginning for Corby, one that built off the successes achieved throughout its rich history and included our welcome into a new corporate family following the closing of the transaction with Pernod Ricard S.A. Significant effort was involved in completing Corby's reorganization and integration with the Canadian operations of Pernod Ricard early in fiscal 2007, while maintaining our focus on delivering value for shareholders.

Producing such strong results while completing the integration is a testament to the collective commitment and passion of our employees, trade partners, Canadian liquor boards and other customers, Pernod Ricard and, of course, our loyal consumers. Thank you all for your dedication and contribution.

Our enhanced portfolio of market-leading brands is now stronger in key categories and premium industry segments as a result of the 15-year representation agreement with Pernod Ricard. That agreement provides Corby with secure, long-term representation for some of the world's best-known premium and super-premium spirit and wine brands such as Chivas Regal, The Glenlivet and Ballantine's scotches, Jameson Irish whiskey, Beefeater gin, Malibu and Havana Club rums, Martell cognac, Kahlúa liqueur, Mumm and Perrier Jouët champagnes, and Jacob's Creek and Wyndham Estates wines to name only a few, and it set the stage for growth, starting with the year just ended.

Complemented by Corby's owned brands such as Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka, Seagram's Coolers and McGuinness liqueurs, we now take to market a portfolio that has become our competitive advantage. Corby is now better positioned to aggressively compete in growing and profitable beverage alcohol segments with brands that have proven track records in both the Canadian and international arenas.

Our enhanced portfolio positions us to capitalize on consumer trends toward premiumization. Our brands are being enjoyed by a more informed, value-conscious and sophisticated consumer. Affluence and aspirational life styles are drivers of taste and preference, as much as age and demographics used to be. Canadian consumers are discovering the joys of a well-aged scotch, the finer points of wine appreciation or how to mix a good martini, and demonstrating greater willingness to experiment with categories of alcoholic beverages that were not part of their repertoire a decade ago.

At the same time, we also have a loyal and dedicated base of consumers who rely on the rich heritage of our brands. For example, we are proud that our consumers appreciate that every drop of Wiser's Canadian whisky will be as good as the very first produced by J.P. Wiser only 150 short years ago!

We need to be responsive to all these consumers, and flexible and innovative enough to capture their interests and nurture their loyalties. Our affiliation with Pernod Ricard has strengthened our ability to do so as we can now develop better, and more secure, long-term organizational and brand investment strategies.

Over the course of my first five months with Corby, I've often been asked to comment upon the September 2006 transaction with Pernod Ricard. From a purely economic perspective, we attained the targets established in connection with the transaction: solid commission income from the 15-year representation agreement of the Pernod Ricard brands; a successful year with the acquired Seagram's Coolers brand; and a strong delivery from Lamb's rum in export markets.

As a result, we finished the year with solid momentum on all spirits and wines, while innovation and portfolio optimization were big factors behind the success of Seagram's Coolers, particularly the national launch of our new Seagram Vodka Spritzers, which captured a new segment of the cooler market. Lamb's Navy rum benefited internationally from a renewed focus in the United Kingdom and travel retail markets.

As part of the transaction, we also secured a long-term supply agreement with Hiram Walker & Sons Limited, Pernod Ricard's production facility in Windsor, Ontario, and were granted responsibility to manage its operations. Together with our owned-production facility in Montréal, Québec, our supply sources are sound, and we have an effective and economic platform from which to build our domestic and international businesses.

Economically, we delivered on all our objectives related to the transaction thus far and, strategically, we have the security of knowing that our focus and momentum will carry forward to benefit shareholders for the long-term.

Fiscal 2007 will long be remembered as a year of change, a year in which we dealt with many challenges – cultural and operational integration, realignment of portfolio priorities, expanded global presence with the acquisition of Lamb's rum outside of Canada, and new leadership at both the senior management level and on the Board of Directors. Importantly, however, Corby re-emerged from this period as a stronger and healthier entity.

We have done so by rallying and aligning around a new strategy for Corby, one that is based on focus and value creation, and one whose vision it is to win over the hearts and minds of our key customers, our targeted and loyal consumers and all our employees. Underpinning this, we are fuelled by our flagship brand – Wiser's, the largest-selling Canadian whisky family in Canada, and the one constant throughout the last 150 years since J.P. Wiser gave birth to his Canadian whisky. We constantly remind ourselves of the brand values that Wiser's Canadian whisky represents and celebrates on its 150th birthday – hard work over short cuts, substance over style, and character above all.

On a more personal note, let me say how proud I am to be back in Canada and at the helm of Corby, an iconic Canadian company with long-standing tradition and a successful track record. I am fortunate to be supported by an experienced and committed executive team, and a professional Board of Directors. Most of all, I am privileged and honoured to be supported by the many Corby employees, all of whom have embraced me with open arms, supported my direction, and taken ownership to deliver outstanding results for our shareholders.

Already well established as one of the industry's leaders, Corby has emerged even stronger this last year, and as we celebrate the 150th anniversary of Wiser's Canadian whisky and our rich history, I am optimistic that we are also enabling an even more promising future.

Sincerely,

Con Constandis
President and Chief Executive Officer
Corby Distilleries Limited

Affiliated with Pernod Ricard

An Interview with Con Constandis

The following transcript is from an interview with Con Constandis that deals with various aspects of the Pernod Ricard S.A. agreement, the dynamics of the Canadian and global spirit and wine industry, and Corby's long-term vision.

How did the integration between the Corby and Pernod Ricard organizations, which began in April 2006, work out? Were there any issues in integrating the two cultures?

Integrating two organizations always has its challenges, and, in our case, the main one was the disparity in size. Corby, with a 25% market share in Canada, had a much larger Canadian presence than Pernod Ricard Canada, so the logical course was to integrate their operation into ours. We have benefited from the addition of many talented individuals and practices from Pernod Ricard Canada. By taking the best of both companies, we have made Corby a stronger organization.

Pernod Ricard now owns 51% of Corby's Voting Class A Common Shares. How does this impact the decision-making at Corby? Will decision-making remain entirely in Canada, or will there be direction from Pernod Ricard?

Pernod Ricard has a very decentralized operating structure and management philosophy, and this is one of their competitive advantages. They believe that it allows them to get maximum value from their brand assets through promoting entrepreneurial, action-oriented leadership. Their corporate tag-line is "Local Roots, Global Reach", and that describes our relationship very well, particularly given Corby's competitive strength in Canada.

That being said, they certainly take interest in the long-term strategic direction of the business, but the day-to-day decision-making and accountability rests with our team, under the appropriate governance of our Board of Directors.

Will retailers (i.e., the liquor boards) notice any differences as a result of the representation agreement with Pernod Ricard?

They should notice that our decentralized management style makes decision-making even quicker, and they will certainly notice a stronger commitment to investing behind our brands, as we leverage the new premium and deluxe brands to support more effective promotion of our entire business.

What are the global dynamics of the spirit and wine industry that are impacting Corby?

Premiumization, globalization and industry consolidation are three dynamics which are common to most spirit and wine markets. Our relationship with Pernod Ricard has given us additional premium and super-premium brands to compete in growing segments, and our local scale and distribution capability is a perfect platform for this portfolio breadth to keep driving top-line growth and value creation for shareholders. However, having premium brands is not a solution unto itself. You must be prepared to invest heavily and communicate consistent messaging to your consumers. Pernod Ricard's global approach with their brands and Canada's importance to their overall market mix puts Corby in a strong position to leverage Pernod Ricard's commitment to their brands.

Finally, industry consolidation will inevitably continue and will likely occur in various forms, be it within, or across, beverage alcohol categories, or simply as the continued shakeout of brand and asset sales. We are always open to investments, but only if they support our strategy. We will also keep an active interest in global transactions which Pernod Ricard may pursue so as to ensure that Corby can capitalize on resultant benefits in the Canadian marketplace.

95% of Corby's net operating revenue is from sales within Canada. Is this likely to remain the same for the foreseeable future, or do you have plans to expand exports?

We plan to grow the business intelligently – to seed international business rather than drive it aggressively. Over time, the 95%–5% split will change, especially as we continue to build distribution for Lamb's Navy rum, which we acquired in fiscal 2006, and as we look to expand the Wiser's Canadian whisky franchise in light of Canadian whisky's emergence internationally.

However, penetrating new markets is an expensive venture, and failure comes at a high price in the long run. Thus, our strategy is "managed and profitable growth" on the international side, while using a flexible and low-cost business model. We are already using third-party distributors in the U.S. and the U.K.

Wiser's Canadian whisky is celebrating its 150th birthday. Tell us about the brand, and the impact on Corby of having a Canadian whisky in its portfolio that dates back to 1857.

Wiser's Canadian whisky is a successful Canadian brand with deep historical and cultural roots, and a tradition of quality dating back to 1857.

We are celebrating Wiser's 150th anniversary with television and radio advertising that began in April, in-store merchandising, and promotional activities such as the launch of a limited edition "Red Letter" whisky – the name of the first Wiser's brand launched in the mid-nineteenth century. We also held a first-ever country-wide convention in Windsor, Ontario, the home of Wiser's Canadian whisky, to celebrate its history and align all our employees around the brand and business strategies for the future. It's going to be a busy and full year for a great Canadian brand.

You've spent your entire career in the spirit and wine industry, working with leading brands in Canada, the U.S., Europe and Africa. How will this experience be put to work at Corby?

As a Canadian who has lived abroad for the last 13 years, I am thrilled to be back home and at the helm of a leading company in an industry that I have loved for nearly 25 years. As a result of my career with Seagram and then Allied Domecq, the former majority shareholder in Corby, I am very familiar with the portfolio, and my previous service on the Corby Board of Directors gave me exposure to the high-calibre management team in place. This is very much a homecoming for me.

As to how I can put that experience to work, doing business in Canada requires solid focus on both customers and consumers. The route to market is predominantly the 13 liquor board jurisdictions. They have tremendous centralized buying power and control, and are rapidly moving toward sophisticated retail management. My international experiences merge well with these needs, and will also be beneficial as we bring our Canadian offerings to international customers.

The environment and social responsibility are key issues we read about every day. What is Corby's position on these issues and what related plans do you have?

We take these agendas very seriously and are active in all industry initiatives which support corporate social responsibility and the environment. In fiscal 2006, we were recognized for launching the first environmentally friendly "tetra pack" with the French Rabbit line of wines. In fiscal 2007, we were again at the forefront of innovation and the environment. In a three-way initiative with the Liquor Control Board of Ontario and Boissett, we launched the first ever line of French wines in an environmentally friendly plastic lightweight bottle, under the name "Yellow Jersey".

We will continue to focus on being good and responsible corporate citizens. I am very proud of the fact that at Corby, this means more than just an initiative we tick off on our to-do lists. Rather, it's a function of our corporate value system.

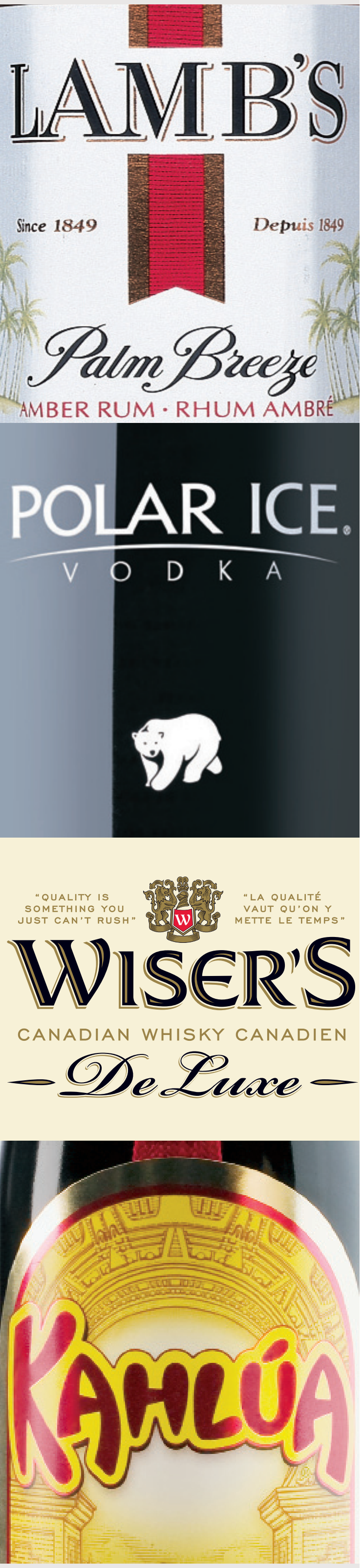
Where do you see Corby five to ten years from now? Do you envisage going from the number two to number one position in Canada, or are you satisfied that your current market share is the most profitable and sustainable for the company?

This game is about being number one, but the question we have to ask ourselves is, "number one at what?" This is not a peer size game. I prefer that Corby not be number one in volume, if that comes at the expense of sustainable long-term profit growth. Instead, I want Corby to be known as the number one spirit and wine company in the industry in terms of our ability to create and build value for everyone, including our retail customers.

We are prioritizing our portfolio and investment choices around defined growth engines, while also ensuring we protect our portfolio breadth and seed smaller investments behind those latent opportunities that represent future revenue streams. By being selective and focused, we will win where we choose to compete, and we will achieve our long-term vision of being the preferred choice of our principal customers and stakeholders, our loyal consumers, and our valued employees.

Domestic & International | Brand Review

Unless otherwise noted, references to volumes and volume changes reflect over-the-counter sales in the domestic market as reported by the Association of Canadian Distillers.



Wiser's Canadian Whisky

Wiser's Canadian whisky continues to be Canada's best-selling Canadian whisky family, surpassing 650,000 cases this year. The family has grown by over 200,000 cases since 2001 and continued its strong performance in 2007, up 4.4%, in a category that was flat. The brand will continue to celebrate its 150th anniversary with an integrated promotion and advertising campaign in the fall of 2007. In the U.S. market, sales of Wiser's Canadian whisky exceeded 50,000 cases, growing at over 12% compared to the previous year.

Polar Ice Vodka

Polar Ice vodka, the 10th largest brand and 4th largest vodka in Canada, is now a 300,000 case brand. Polar Ice vodka has more than doubled in volume since 2001. The brand continued its very strong performance in 2007 by outpacing the vodka market with 7.5% growth. In June 2007, the brand donated over $25,000 to the Canadian AIDS Society, as part of a retail program with the LCBO where $0.25 from every bottle was donated to the charity. Polar Ice vodka volumes in the U.S. market exceeded 80,000 cases in fiscal 2007, continuing to grow in the highly competitive imported vodka category.

Lamb's Rum

Lamb's rum, the genuine Demerra rum, is the number three rum family in Canada, with over 500,000 cases sold, and grew by 1.7% in fiscal 2007. Lamb's Palm Breeze amber rum sold over 240,000 cases with growth of 2.3% in 2007. In Newfoundland, the brand's largest market, Lamb's has been supported with sponsorship of the George St. Festival and a partnership with Downhome magazine. Corby acquired the rights to Lamb's rum internationally in September 2006, adding in excess of 100,000 cases of Lamb's Navy rum to the portfolio, primarily in the U.K. market.

Malibu Rum

Malibu rum, the 'Seriously Easy Going' brand, reached 140,000 cases this year. The brand grew 6% this year, with performance accelerating to +20.4% compared to last year, since the brand relaunch in April. The relaunch included a new packaging design, launch of a new flavour – Tropical Banana – new advertising and the very successful 'Countdown to Summer' promotional program.

Kahlúa Liqueur

Kahlúa liqueur, the number one coffee liqueur in Canada, faced pressure from competitive flavour launches in Canada. In the fall of 2007, heavy activity and support is planned to invigorate this classic premium liqueur, including new packaging, a new flavour launch and a new advertising campaign.

Jameson Irish Whiskey

Jameson, the largest Irish whiskey in both Canada and the world, broke the 30,000 case mark in 2007. This outstanding growth of 12.5% pushed Jameson Irish whiskey's market share of the category up to 64.3% in Canada.

Havana Club Rum

Havana Club rum, the authentic premium Cuban rum, had a very strong year in 2007, growing 14.8% and approaching the 40,000 case plateau. The brand is gaining further momentum with the implementation of a new supply strategy, as well as extensive bartender training, distribution building, in-bar events, a partnership with the Cuba Tourism Board and strong retail activity.

Stolichanaya Vodka

Stolichnaya vodka launched a new global campaign in 2007, encouraging consumers to 'Choose Authenticity'. In Canada, this authentic Russian vodka had another strong year, with the base brand breaking the 100,000 case mark and achieving 11.2% growth. The flavoured range also performed well with 11.3% growth and was further bolstered with the launch of Blueberi in June 2007.

The Glenlivet Scotch Whisky

The Glenlivet Scotch whisky, 'The Single Malt That Started It All', saw sales approaching 35,000 cases this year. The brand grew 1% this year and 4.3% in the last three months of fiscal 2007. This healthy positive return was assisted by an integrated, national multimedia strategy, including a partnership launch with Score Golf Magazine and television advertising.

Chivas Regal Scotch Whisky

Chivas Regal Scotch whisky is the Deluxe Blended Scotch whisky leader in Canada, with sales of over 53,000 cases. The year ended positively supported by an outdoor advertising campaign and consumer in-bar tasting events delivering 3.3% growth over the last three months.

McGuinness Liqueurs

McGuinness liqueurs, the largest mixable liqueur family in Canada, sold over 113,000 cases – more than double the nearest competitor. The brand experienced 10.5% growth, driven by the continued consumer interest in cocktail making.

Seagram's Coolers

In 2007, Seagram's Coolers undertook an extensive new product development initiative listing 26 new items across Canada. This included a Wildberry 1L PET format, two new Seagram Swirl flavours and a complete new line – Seagram Vodka Spritzers. Seagram's Coolers also exhibited double-digit growth during key summer months leading into the fourth quarter of fiscal 2007.

Jacob's Creek Wine

Jacob's Creek wine is one of the world's best known wine brands, with around two million glasses enjoyed globally every day. Jacob's Creek wine completed fiscal 2007 at just over 194,000 cases, with strong momentum going into the summer months. The super premium Jacob's Creek Heritage Collection also received notable attention and new liquor board listings following the March 2007 winemaker tour.

Wyndham Estate Wine

Wyndham Estate wine is one of the original Australian wine brands in Canada and has been enjoyed by consumers across the country for over 20 years. Canada is the number one export market for Wyndham Estate wine, a key wine brand in the Corby portfolio. We're proud to say that Wyndham Estate wine successfully completed fiscal 2007 at 173,500 cases. Notably, the brand won the prestigious Grand Vinitaly Award at the 2007 Vinitaly International Wine Competition – the first time ever a wine producer from the southern hemisphere has taken home the coveted international prize.

Portfolio of Excellence

CORBY DISTILLERIES LIMITED. A LEADING CANADIAN MANUFACTURER & MARKETER OF SPIRITS AND IMPORTER OF WINES SINCE 1859. 2007 ANNUAL REPORT FOR THE TWELVE MONTHS ENDED JUNE 30, 2007.

Brown Spirits

Canadian Whisky Bonded Stock • Hiram Walker Special Old • McGuinness Silk Tassel • Meagher's 1878 • Royal Reserve • Royal Reserve Gold • Wiser's De Luxe • Wiser's Reserve • Wiser's Special Blend • Wiser's Very Old

Blended Scotch Ballantine's • Chivas Regal 12 Year-Old • Chivas Regal 18 Year-Old • Chivas Regal Royal Salute • Queen Anne • Teacher's Highland Cream

Single Malt Scotch Aberlour • Glendronach • Irish • Jameson • Laphroaig • Longmorn • Midleton • Paddy's • Power's • Redbreast • Scapa • Strathisla • The Glenlivet • Tormore • Tullamore Dew

Bourbon Wild Turkey

Cognac and Brandy Barclay's • Courvoisier • D'Eaubonne • Macieira • Martell Cordon Bleu • Monnet le Club • Tinville

White Spirits

Gin Beefeater • Geneva Gin • Seagram

Vodka De Kuyper Vodka • Grand Duke • McGuinness Red Tassel • Moskovskaya • Polar Ice • Stolichnaya • Stolichnaya Blueberi • Stolichnaya Elit • Stolichnaya Gold • Stolichnaya Razberi • Stolichnaya Vanil • Wyborowa • Wyborowa Single Estate • Zubrowka

Rum Black Diamond • Favell's London Dock • Havana Club Anejo Reserva • Havana Club Blanco • Havana Club 7 y.o. • Lamb's Navy • Lamb's Palm Breeze • Lamb's White • Lemon Hart • McGuinness White • Ron Cabana

Tequila Olmeca

Liqueurs

Becherovka • Carolans Irish Cream • De Kuyper • Frangelico • Hiram Walker • Irish Mist • Kahlúa • Kahlúa French Vanilla • Kahlúa Hazelnut • Malibu • Malibu Banana • Malibu Mango • Malibu Passion Fruit • Malibu Pineapple • McGuinness • Meagher's • Midori • Pernod • Pernod Absinthe • Phillips • Ramazzotti • Ricard 45 Pastis • Soho • Sour Puss • Tequila Rose • Tia Maria • Uphoria • Zen

Ready to Drink & Coolers

Black Russian • Kahlúa Drinks-to-Go • Long Island Iced Tea • Margarita Mix • Seagram's Cocktails • Seagram's Swirl • Seagram's Vodka Spritzers • Seagram's Wildberry

Wines

Arnaldo • Black Tower • Bosca Canei Sparkling • Brancott • Café de Paris • Campo Viejo • Dubonnet • Castillo de Molina • Etchart • French Rabbit • Gato Negro • Jacob's Creek • Mumm • Mumm Cuvee Napa • Perrier Jouët • Stoneleigh • Summerlake • Sandeman • Wyndham Estate • Yellow Jersey

Management's Discussion
and Analysis

Financial Report

Corby's Management Team

"Our enthusiastic and committed team expanded upon Corby's solid foundation and created opportunities for value growth."

André Hémard, *Executive Vice President and Chief Operating Officer*

"Our 2007 results are a strong platform for growth prospects and value creation."

John Nicodemo, *Vice President Finance and Chief Financial Officer*

"Corby is well-aligned to achieve corporate goals and remain the preferred choice for our stakeholders."

Marc Valencia, *Vice President, General Counsel, Corporate Secretary and Chief Privacy Officer*

"Aligned with our strategy of core brand focus, in 2007, Corby's export division delivered solid shareholder value."

Howard Kirke, *Vice President, External Affairs*

CORBY DISTILLERIES LIMITED

Management's Discussion and Analysis

June 30, 2007

The following Management's Discussion and Analysis ("MD&A") dated August 30, 2007, should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2007, prepared in accordance with Canadian generally accepted accounting principles.

This MD&A contains forward-looking statements, including statements concerning possible or assumed future results of operations of Corby Distilleries Limited ("Corby" or the "Company"). Forward-looking statements typically are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including, but not limited to: the impact of competition; consumer confidence and spending preferences; regulatory changes; general economic conditions; and the company's ability to attract and retain qualified employees and, as such, the Company's results could differ materially from those anticipated in these forward-looking statements.

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of August 30, 2007. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Corby may, but is not obligated to, provide updates to forward-looking statements, including in subsequent news releases and its interim management's discussion and analyses filed with regulatory authorities. Additional information regarding Corby, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

All dollar amounts are in Canadian dollars unless otherwise stated.

Significant Events

Stock Split

On February 9, 2006, the Company's Board of Directors declared a four-for-one stock split by way of a stock dividend paid on March 15, 2006, on Voting Class A Common Shares and Non-voting Class B Common Shares of the Company to shareholders of record as at the close of business on February 28, 2006. As a result, all references to common shares, earnings per common share, diluted earnings per common share, and stock options have been retroactively restated to reflect the impact of the stock split.

Transaction with Pernod Ricard S.A.

On September 29, 2006, Corby closed its previously disclosed transaction with Pernod Ricard S.A. ("PR") concerning the Canadian representation of PR's brands, production of Corby's owned brands, an exchange of certain assets and a combined strategic approach to the Canadian market. PR wholly owns Corby's parent company, Hiram Walker & Sons Limited ("HWSL"), and is therefore considered to be the Company's ultimate parent. Both companies' Canadian operations were reorganized as a result of the transaction.

Pursuant to the transaction, Corby acquired the exclusive right to represent PR's brands in Canada for the next 15 years. Furthermore, Corby also acquired the international rights to Lamb's rum (excluding the Canadian rights, which Corby already owned) and the Canadian rights to Seagram's Coolers. Corby satisfied the purchase price by selling its 45% interest in the Tia Maria Group ("TMG") and by making a cash payment to PR.

The companies also agreed upon the terms for the continuation of production of Corby's owned brands by PR at its production facility in Windsor, Ontario for the next 10 years. Corby and PR further agreed that Corby will manage PR's business interests in Canada, including the Windsor production facility. Corby anticipates that the transaction shall provide the Company with greater assurance with respect to both earnings and production, in addition to the leverage of a global player in PR and its brands. The transaction generated approximately $10.4 million in earnings before equity earnings, interest income, income taxes, depreciation, and amortization ("EBITDA") during the first nine months since the close of the transaction. This is in line with the Company's original expectations of the transaction generating approximately $14 million in EBITDA on an annual basis.

The addition of PR's brands solidified Corby's leadership position in the Canadian market, while further enhancing the Company's premium portfolio. Corby and PR have operated as one organization in Canada since April 1, 2006. The reorganization of both companies has occurred and significant efforts have been spent over the past year integrating the two companies in Canada. Corby began earning commission income on the new additions to the brand portfolio effective April 3, 2006, although the transaction did not close until September 29, 2006.

Impact of the Transaction on Corby's Financial Statements

Long Term Representation Rights: Corby's acquisition of the exclusive right to represent PR's brands in Canada was valued at $70.4 million, including transaction related costs. The cost of these rights are being reflected as a long term asset which will be subject to amortization on a straight line basis over the 15-year term of the agreement, resulting in $4.7 million in annual amortization expense. Since Corby's acquisition of the representation rights was not considered to be an acquisition of a business, the annual amortization expense related to the rights will be presented as a reduction of the commission income earned from the PR brands being represented. Amortization of the representation rights began as of October 1, 2006.

Seagram's Coolers: The acquisition of the Canadian rights to Seagram's Coolers was valued at $20.1 million, including transaction-related costs. The $20.1 million also includes $2.2 million for a potential earn-out clause which becomes payable only in the event that the income (defined as sales, less cost of sales and advertising and promotional spend) derived from the brand over a four-year period exceeds $11.6 million. The maximum amount which may become payable is $2.2 million, subject to 5% interest compounded annually.

The Company has not recognized the cost of the $2.2 million earn-out clause since management cannot determine beyond a reasonable doubt the amount that will become payable. As a result, the Company recognized $17.9 million of the purchase price and allocated $1.3 million to inventory, $3.6 million to future income tax liabilities, $16.2 million to trademarks and licenses, and $4.0 million to goodwill.

Since the Canadian rights to Seagram's Coolers were deemed to have an indefinite life, the value of these rights will not be subject to amortization. Rather, it will be subject to annual impairment testing in accordance with CICA Handbook Section 3062.

Lamb's International: The acquisition of the international rights to Lamb's rum ("Lamb's International") was valued at $13.6 million, including transaction-related costs. The allocation of the purchase price resulted in $0.4 million in inventory, $11.8 million in trademarks and licences, and $1.4 million for goodwill. Since the international rights to Lamb's rum were deemed to have an indefinite life, the value of these rights will not be subject to amortization. Rather, it will be subject to annual impairment testing in accordance with CICA Handbook Section 3062.

TMG Investment: Corby satisfied the acquisition of the representation rights, Seagram's Coolers, and Lamb's International by selling its 45% interest in TMG and by making a cash payment to PR. Corby also received a dividend of $28.6 million from TMG immediately prior to its disposition. The disposition of TMG resulted in the Company reflecting a gain of $72.6 million during the year ended June 30, 2007.

Corby's
Management Team

Andy Alexander, *Vice President, Sales*

Colin Kavanagh, *Vice President, Marketing*

Paul Holub, *Vice President, Human Resources*

Declaration and Payment of Special Dividend

On November 14, 2006, the Board of Directors of Corby declared a special dividend in the amount of $1.50 per share. This dividend was paid on January 15, 2007, on Voting Class A Common Shares and Non-voting Class B Common Shares of the Company to shareholders of record as at the close of business on November 30, 2006. The dividend was in addition to Corby's regular quarterly dividend of $0.14 per share which was also declared by Corby's Board of Directors on the same day and paid on December 15, 2006, to shareholders of record as at the close of business on November 30, 2006.

The special dividend resulted in a cash distribution of $42.7 million to shareholders and was sourced from the Company's surplus cash position, which was augmented in part by the $28.6 million dividend received immediately prior to the disposition of Corby's 45% interest in TMG. Both the special and regular dividend distributions were consistent with the Company's history of returning surplus cash to its shareholders.

Management Reorganization

On January 11, 2007, the Board of Directors of Corby announced that Krystyna Hoeg, President and Chief Executive Officer, decided to leave the Company, effective February 1, 2007, to pursue personal interests. Her successor is Con Constandis, a spirits industry veteran with extensive management and international experience at the former Allied Domecq and Seagram companies. Concurrently, Corby's Vice-President of Human Resources also left the Company and a successor was appointed shortly thereafter. Included in net earnings for the year ended June 30, 2007 is a charge of $2.0 million to reflect all the costs associated with this management reorganization.

Business Overview

Corby is a leading Canadian manufacturer and marketer of spirits and importer of wines. Corby's national leadership is sustained by a diverse brand portfolio which allows the Company to drive profitable, organic growth with strong, consistent cash flows.

The Company's activities comprise the production of spirits, along with the distribution of owned and represented spirits, liqueurs, coolers, and wines. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada.

Corby's portfolio of owned brands include some of the most renowned and respected brands in Canada, including Wiser's rye whiskies, Lamb's rum and Polar Ice vodka. Through its affiliation with PR, Corby also represents leading international brands such as Chivas Regal, The Glenlivet and Ballantine's scotches, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek and Wyndham Estate wines.

Approximately 72% of the Company's production requirements are sourced from HWSL, an indirectly wholly-owned subsidiary of PR located in Windsor, Ontario. HWSL owns in excess of 50% of the issued and outstanding Voting Class A Common Shares of Corby and is thereby considered to be the Company's parent. PR is considered to be Corby's ultimate parent, and affiliated companies are those that are also subsidiaries of PR. Approximately 24% of Corby's production requirements are sourced from the Company's owned plant in Montréal, Québec. The remaining 4% is sourced through an affiliated company located in Scotland which manufactures Lamb's rum for the international market.

Brand Performance Review

Corby's portfolio of owned brands continued to demonstrate strong volume growth, as evidenced by increases of 3% and 5% for the 12 months and 3 months ended June 30, 2007, respectively, in sales at the retail store level in Canada, as indicated by market data provided by the Association of Canadian Distillers ("ACD"). The following chart provides further details of retail sales in Canada for Corby's owned brands:

RETAIL SALES VOLUMES FOR CANADIAN MARKET ONLY

(in 000s 9L cases)	12 Months Ended June 30, 2007	12 Months Ended June 30, 2006	% Change 2007 vs. 2006*	3 Months Ended June 30, 2007	3 Months Ended June 30, 2006	% Change 2007 vs. 2006*
Brand						
Wiser's	650	623	4%	147	139	6%
Lamb's	511	503	2%	114	112	2%
Polar Ice	300	279	8%	71	65	9%
Seagram's Coolers	394	390	1%	125	112	12%
All other	857	836	3%	187	187	0%
Total	2,712	2,631	3%	644	615	5%

**Refers to the growth in sales at the retail store level, as measured by case volumes provided by the ACD.*

Wiser's whiskies have continued to be a success story for Corby as the brand remained the largest selling brand of rye whisky in Canada, as measured by case volumes. While the rye whisky category is experiencing a lack of growth in retail sales volumes, Wiser's whiskies have consistently outperformed the rye whisky category in recent years and captured market share as a result of effective advertising and promotional expenditures in key markets and a loyal consumer base. Furthermore, the Wiser's De Luxe brand is benefiting from the trend among consumers to trade up to premium quality spirit products.

The success of Polar Ice vodka can be partially attributed to the strong growth of the vodka category in Canada. Vodka has been one of the fastest growing spirit categories in recent years, due to the trend toward martinis and other forms of cocktail drinks. As a result of its award-winning quality and design, and effective retail programming, Polar Ice has become one of the leading premium vodka brands in the Canadian market.

During the first nine months in which Corby has owned the Seagram's Coolers brand, the Company has managed to streamline the portfolio by discontinuing poor performing variants while also focusing on innovation and several new product launches, namely Seagram Vodka Spritzers and Seagram Strawberry-Kiwi Swirl, which were launched this past spring. The benefits of these efforts are beginning to show as retail sales of Seagram's Coolers have grown by 12% during the three months ended June 30, 2007, as compared to the same period in the prior year.

Non-GAAP Financial Measures

Corby defines "EBITDA" as net earnings before equity earnings, net interest income, income taxes, depreciation, and amortization. This non-GAAP financial measure has been included in Management's Discussion and Analysis as it is a measure which management believes is useful in evaluating and measuring the Company's operating performance, particularly following the transaction with PR. EBITDA is also a common measure used by investors, financial analysts and rating agencies. These groups may use EBITDA and other non-GAAP financial measures to value the Company and assess its performance.

However, EBITDA is not a measure recognized by GAAP and it does not have a standardized meaning prescribed by GAAP. Therefore EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings as determined in accordance with GAAP as an indicator of performance.

Financial and Operating Results

Three months ended June 30, 2007

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in millions of Canadian dollars except per share amounts)	3 Months Ended June 30, 2007	3 Months Ended Mar. 31, 2007	3 Months Ended Dec. 31, 2006	3 Months Ended Sept. 30, 2006	3 Months Ended June 30, 2006	3 Months Ended Mar. 31, 2006	4 Months Ended Dec. 31, 2005	3 Months Ended Aug. 31, 2005
Operating revenue	$ 40.1	$ 33.3	$ 43.1	$ 37.1	$ 33.8	$ 28.5	$ 48.3	$ 35.9
EBITDA*	9.9	7.2	14.7	12.2	7.1	6.5	15.6	10.9
Equity earnings from TMG	–	–	–	2.1	0.8	2.5	3.3	2.6
Gain from sale of TMG	–	–	–	72.6	–	–	–	–
Net earnings	5.5	4.3	8.7	81.9	6.3	6.9	14.9	10.6
EBITDA per share*	0.35	0.25	0.52	0.43	0.25	0.23	0.55	0.38
Basic EPS	0.20	0.15	0.31	2.88	0.22	0.24	0.52	0.37
Diluted EPS	0.20	0.15	0.31	2.88	0.22	0.24	0.52	0.37

**EBITDA for 3 months ended September 30, 2006, excludes the gain on sale of the Company's investment in TMG.*

The financial results for the three months ended June 30, 2007 reflect a 39% increase in EBITDA when compared to the three months ended June 30, 2006. While the majority of the increase was driven by the additions of the recently acquired Lamb's International and Seagram's Cooler businesses, organic growth of 6% in sales revenue for Corby's owned brands and a 15% increase in commission income also contributed to the growth in EBITDA.

Partially offsetting the above items was an increase of $1.1 million in advertising and promotional expenditures during the three months ended June 30, 2007 as compared to the prior year. The majority of the increased expenditures are related to additional media and other promotional activities for the Wiser's brand, which is celebrating its 150th anniversary this year. The strong performance of the Company's owned brands reflects the benefits of these investments, as demonstrated by the fact that brands such as Wiser's have consistently grown at a faster pace than their respective categories in recent years. Please refer to the "Brand Performance Review" section for further details.

Basic earnings per share for the three months ended June 30, 2007 amounted to $0.20, compared to $0.22 in the three months ended June 30, 2006. The decrease in earnings per share is due to the inclusion of $0.8 million in equity earnings related to the Company's former interest in TMG in the prior period.

Corby's operating revenue, consisting of sales revenue and commission income, was $40.1 million for the three months ended June 30, 2007 compared to $33.8 million for the three months ended June 30, 2006, an increase of 18.6%. The increase mainly reflects the $5.5 million contribution in sales revenue from the recently acquired Lamb's International and Seagram's Coolers businesses. In addition, a combination of volume growth and increased pricing resulted in the aforementioned 6% organic sales revenue growth.

Commission income was $3.8 million for the three months ended June 30, 2007, compared with $4.3 million for the three months ended June 30, 2006. It should be noted that commission income for the three months ended June 30, 2007 is presented net of $1.2 million in amortization expense related to the aforementioned representation rights acquired on September 29, 2006, from PR. Growth of 15% in commission income before amortization was driven by the strong performance of PR brands in the final quarter as Malibu rum, Jacob's Creek wine, and Wyndham Estate wine all demonstrated significant volume growth as compared to the same period in the transition year.

For further details on the commission earned by Corby, please refer to the table below:

(in millions of Canadian dollars, except per share amounts)	**Three Months Ended June 30, 2007**	Three Months Ended June 30, 2006
Commission from PR brands	**$ 3.4**	$ 2.7
Less: representation rights amortization	**(1.2)**	–
Commission from unrelated 3rd parties	**1.6**	0.9
Commission from brands that are no longer represented by Corby	**–**	0.7
Net commission income	**$ 3.8**	$ 4.3

Financial and Operating Results

Year ended June 30, 2007

THREE YEAR FINANCIAL REVIEW
(in millions of Canadian dollars, except per share amounts)

	Year Ended June 30, 2007	Ten Months Ended June 30, 2006	Year Ended August 31, 2005
Operating revenue	**$ 153.6**	$ 110.8	$ 128.3
EBITDA*	**44.0**	29.2	40.8
Net earnings	**100.4**	28.0	39.9
Basic EPS	**3.53**	0.99	1.41
Diluted EPS	**3.53**	0.99	1.41
EBITDA per share*	**1.55**	1.03	1.44
Total assets	**238.0**	180.3	313.2
Total liabilities	**34.5**	22.0	170.5
Dividends paid per share	**2.06**	0.41	0.55

**EBITDA for year ended June 30, 2007, excludes the gain on sale of the Company's investment in TMG.*

Overview

As previously disclosed, the Company announced a change in its fiscal year end from August 31 to June 30, effective as of June 30, 2006. As a result, the comparative figures reported in the annual consolidated financial statements reflect the ten-month period ended June 30, 2006 (the "transition year").

The financial results for the year ended June 30, 2007 reflect a solid performance by Corby as the Company managed to integrate the Lamb's International and Seagram's businesses while also growing from an organic perspective. EBITDA for the year ended increased by 51% when compared to the transition year.

While the increase in EBITDA reflects the inclusion of results from the recently acquired Lamb's International and Seagram's businesses in addition to the fact that the comparative period includes two less months of operations, it also reflects a strong underlying performance for the Company as a whole. This is demonstrated by the fact that after excluding the impact of the Lamb's International and Seagram's Coolers businesses, shipment volumes and average gross selling prices of Corby's owned brands grew by 2% and 3%, respectively during the twelve months ended June 30, 2007 as compared to the previous twelve months.

Basic earnings per share amounted to $3.53 for the year ended June 30, 2007, compared to $0.99 for the transition year. Net earnings for the year ended June 30, 2007 include a gain of $72.6 million from the sale of the Company's investment in TMG.

Excluding the gain from the sale of TMG (and $1.2 million in related income taxes), the Company's earnings were $29.0 million compared with $28.0 in the transition year. Increased earnings as a result of the Seagram's Coolers and Lamb's International acquisitions, the aforementioned organic growth from the Company's owned brands, and the two less months of operations in the transition year, were partially offset by reduced equity earnings from TMG (as a result of the aforementioned sale on September 29, 2006).

Operating Revenue

Corby's operating revenue, consisting of sales revenue and commission income, was $153.6 million for the year ended June 30, 2007, compared to $110.8 million for the transition year, resulting in an increase of $42.8 million, or 38.7%.

Lamb's International and Seagram's Coolers contributed $11.6 million in operating revenue in the first nine months since their acquisition. The inclusion of these brands, combined with the aforementioned organic growth of Corby's owned brands and the two fewer months of operations in the transition year, led to an increase of $41.9 million in sales revenue.

The organic growth in sales revenue from Corby's owned brands was mainly the result of floor price increases by the Company's main customers, the provincial liquor boards, in addition to strategic price increases on brands such as Wiser's De Luxe.

Net commission income was $14.2 million for the year ended June 30, 2007, compared to $13.2 million in the transition year. Commission income for the year ended June 30, 2007 is presented net of $3.5 million in amortization expense related to the aforementioned representation rights acquired on September 29, 2006, from PR. For further details on the commission income earned by Corby, please refer to the table below:

(in millions of Canadian dollars)	**Year Ended June 30, 2007**	Ten Months Ended June 30, 2006
Commission from PR brands	**$ 12.8**	$ 6.3
Less: representation rights amortization	**(3.5)**	–
Commission from unrelated 3rd parties	**4.9**	2.7
Commission from brands that are no longer represented by Corby*	**–**	4.2
Net commission income	**$ 14.2**	$ 13.2

**Note: the transition year included income on brands which are no longer represented by Corby. These brands consisted mainly of Canadian Club rye whisky, Sauza tequila and Folonari wines.*

Cost of Sales

Cost of sales for the year ended June 30, 2007 was $71.6 million, compared to $48.1 million for the transition year. The majority of the increase in cost of sales was commensurate with the increase in sales revenue, which includes the costs associated with the newly acquired Seagram's Coolers and Lamb's International businesses. Gross margin from the sale of Corby's owned brands was 51.1% during the year ended June 30, 2007, compared with 53.7% during the transition year. The decrease in gross margin reflects the inclusion of Seagram's Coolers, which traditionally earn a lower gross margin than Corby's other spirit brands. Offsetting this shift in product mix was improved pricing on Corby's owned brands, as previously mentioned.

Marketing, Sales and Administration

Marketing, sales and administration expenses were $41.5 million for the year ended June 30, 2007, compared to $31.6 million for the transition year. The increase in the year ended June 30, 2007 reflects the additional two months of operations included this year combined with an increase in general overhead expenses, which are due to the growth in the Company's business following the integration with PR's Canadian operations. The current year includes a $2.0 million charge associated with the Company's previously disclosed management reorganization.

As previously mentioned, the Company also continued to make significant investments in its owned brands, as demonstrated by the additional media and other promotional spend on Wiser's whiskies.

Income Taxes

Corby's income tax provision for the year ended June 30, 2007 amounted to $16.4 million, compared with $9.1 million for the transition year. The income tax expense for the year ended June 30, 2007 includes $1.2 million in withholding and other taxes related to the disposition of TMG. The transaction was not subject to further tax expense, as a result of the use of Section 85 rollover provisions in the Income Tax Act (Canada). Corby has been indemnified for any further tax liabilities resulting from the disposition of TMG, should they occur, up to a maximum of $16 million. Excluding the gain on the sale of TMG, the Company's effective tax rate was 33.4% for the year ended June 30, 2007, compared to 24.4% for the transition year. The rise in the effective tax rate is mainly due to higher equity earnings in the transition year, which are not subject to income tax. This was coupled with the previously disclosed maturation of the Company's debt financing instruments in December 2005.

Seasonality

Corby's operations are typically subject to seasonal fluctuations in that the retail holiday season generally results in an increase in consumer purchases over the course of October, November and December. Further, the summer months traditionally result in higher consumer purchases of spirits as compared to the winter and spring months. As a result, the Company's first and second quarter of each fiscal year tend to typically reflect the impact of seasonal fluctuations in that more shipments are typically made during those quarters.

Balance Sheet Review

Working capital was $91.2 million as at June 30, 2007 compared to $144.0 million as at June 30, 2006. The decrease in working capital was mainly the result of the aforementioned $42.7 million special dividend paid by Corby and the classification of Corby's former investment in TMG of $31.1 million, which was classified as a current asset as at June 30, 2006. This was partially offset by the Company's current year positive cash flows from operating activities and the impact of two fewer months of operations being included in the transition year.

The increase of $6.4 million in accounts payable and accrued liabilities is mainly the result of higher balances owing to PR affiliates as at June 30, 2007, as compared to the previous year. The majority of this increase is offset by a $5.4 million increase in inventory as at June 30, 2007, as compared to the prior year. The higher balance of inventory mainly reflects increased lay-downs of maturing bulk whisky in addition to the inventory associated with the Seagram's Coolers business.

The June 30, 2007 net book value of Corby's long-term representation rights of $66.9 million and increase of $33.4 million for goodwill and intangible assets related to the Seagram's Cooler and Lamb's International business acquisitions are the result of the transaction with PR which closed on September 29, 2006. For further details regarding this transaction, please see the "Significant Events" section of this MD&A.

Corby's cash balance as at June 30, 2007 was $47.0 million.

Cash Flow Review

Corby's operating activities contributed $33.7 million to cash during the year ended June 30, 2007 compared with $21.5 million during the transition year. The increase in cash flows from operating activities was mainly driven by the aforementioned increase in EBITDA resulting from the PR transaction, in addition to the transition year including two less months of operations versus the current year. This was partially offset by higher income tax payments as a result of the increase in the Company's effective tax rate.

Investment activities provided an additional $3.1 million in cash flow when compared to the transition year. A cash inflow of $4.6 million was the result of the aforementioned transaction with PR, partially offset by $1.5 million of increased capital expenditures. The increase in capital asset additions was mainly the result of $0.7 million in purchases of barrels for maturing whisky coupled with an increase in capital expenditures related to the Company's manufacturing plant in Montréal.

The $58.3 million in cash flows used in financing activities mainly reflects the payment of Corby's special dividend of $42.7 million, in addition to $15.8 million of regular quarterly dividends. Corby's regular quarterly dividends were $4.1 million lower in the transition year as a result of there being one less quarterly dividend payment.

Outstanding Share Data

As at June 30, 2007, Corby had 24,274,320 Voting Class A Common Shares and 4,194,536 Non-voting Class B Common Shares outstanding. There were no options outstanding as at June 30, 2007.

Liquidity and Funding Requirements

Corby continues to generate strong cash flows from operations and does not have any long term debt. As a result, it is expected that the Company will be able to meet all funding and working capital requirements that may arise within the ordinary course of business. While demographic and financial market dynamics in recent years have increased the cost of providing pensions and other post-retirement benefits, the Company is committed to making any required contributions to ensure that it meets its obligations. Specifically, Corby intends to continue to fund its employee pension benefit plans as required.

The transaction with PR and the payment of the aforementioned special dividend has not had a negative impact with respect to Corby's liquidity and funding requirements. Nonetheless, readers are urged to review the "Significant Events" section of this MD&A for details of the expected impact of the aforementioned transaction with PR and the special dividend.

Related Party Transactions

HWSL, an indirectly wholly-owned subsidiary of PR, owns in excess of 50% of the issued and outstanding Voting Class A Common Shares of Corby and is thereby considered to be the Company's parent. PR is considered to be Corby's ultimate parent and affiliated companies are those that are also subsidiaries of PR.

Corby engages in a significant number of transactions with its parent company, its ultimate parent and various affiliates. Specifically, Corby renders services to its parent company, its ultimate parent, and affiliates for the marketing and sale of beverage alcohol products in Canada. Furthermore, Corby subcontracts the large majority of its distilling, maturing, storing, blending, bottling and related production activities to its parent company. A significant portion of Corby's bookkeeping, record-keeping services, data processing and other administrative services are also outsourced to its parent company.

The companies had previously been operating under the terms of agreements which expired on August 31, 2005. However, the companies are now operating under the terms of the agreements which became effective on September 29, 2006, as a result of the aforementioned transaction with PR. These agreements provide for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for the next 10 years. Corby also manages PR's business interests in Canada, including the Windsor production facility. Certain officers of Corby have been appointed as directors and officers of PR's Canadian entities, as approved by Corby's Board of Directors. All of these transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

For further details regarding the transaction with PR which closed on September 29, 2006, please refer to the "Significant Events" section of this MD&A.

Accounting Standards – Implemented in 2007

Consideration to Customers

EIC-156 "Accounting by a Vendor for Consideration Given to a Customer (including a Reseller of the Vendor's Products)" became effective for all interim and annual financial statements for fiscal years beginning on or after January 1, 2006. This abstract provides guidance for the classification, recognition and measurement of sales incentives or other consideration given by a vendor to a direct or indirect customer.

Corby has adopted this pronouncement as of July 1, 2006, on a retroactive basis. As a result of the retroactive implementation of this new standard, the impact on the Consolidated Statement of Earnings was as follows:

(in millions of Canadian dollars)	**Year Ended June 30, 2007**	Ten Months Ended June 30, 2006
Increase (decrease)		
Operating revenue	**$ (2.4)**	$ (1.7)
Cost of sales	**3.5**	2.4
Marketing, sales and administration	**(5.9)**	(4.1)
Net earnings or earnings per share	**–**	–

Stock-Based Compensation

In July, 2006, the Emerging Issues Committee ("EIC") issued EIC-162, "Stock-based Compensation for Employees Eligible to Retire Before the Vesting Date" ("EIC-162"). EIC-162 addresses the accounting treatment of stock-based awards for employees who are eligible to retire at the grant date or who will be eligible for retirement during the vesting period. The compensation cost attributable to awards for employees eligible to retire at the grant date should be recognized at the grant date; for employees eligible to retire during the vesting period, the cost should be recognized over the period from the grant date to the date the employee becomes eligible for retirement. EIC-162 is to be applied retroactively and is effective for interim and annual periods ending on or after December 31, 2006. The implementation of EIC-162 did not have a material impact on the Company's results of operations or financial position.

Variability to Be Considered in Applying Accounting Guideline 15

In September 2006, the EIC issued EIC-163, "Determining the Variability to Be Considered in Applying AcG-15" ("EIC-163"), to address the diversity in practice in determining the variability that should be considered in applying AcG-15. EIC-163 should be applied in the first interim or annual period beginning on or after January 1, 2007. The implementation of EIC-163 did not have an impact on the Company's results of operations or financial position.

Future Accounting Standards

Financial Instruments

The CICA issued new accounting standards for the recognition and measurement of financial instruments, hedge accounting and comprehensive income. The standards have been based on existing U.S. and international accounting standards. The standards are based on several key principles: financial instrument and non-financial instrument derivatives represent rights or obligations that meet the definition of assets or liabilities and should be reported in the financial statements; fair value is the most relevant measure for financial instruments and the only relevant measure for derivative financial instruments; only items that are assets or liabilities should be reported as such in the financial statements; and, special accounting for items designated as being part of a hedging relationship should be provided only for qualifying items. The standards are effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2006. The Company does not expect implementation of these new standards to have a significant impact on the Company's results of operations or financial position.

Accounting Changes

The CICA issued new accounting standards to establish criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies and estimates, and correction of errors. The new standards specify that voluntary changes in accounting policy are to be made only if they result in the financial statements providing reliable and more relevant information. Changes in accounting policy are applied retrospectively unless doing so is impractical. The standards are effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2007. The Company does not expect their implementation to have a significant impact on the Company's results of operations or financial position.

Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures that has been designed to provide reasonable assurance that information required to be disclosed by the Company in its public filings is recorded, processed, summarized and reported within required time periods and includes controls and procedures designed to ensure that all relevant information is accumulated and communicated to senior management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in the rules of the Canadian Securities Administrators) as at June 30, 2007 and has concluded that such disclosure controls and procedures are effective based upon such evaluation.

Internal Controls over Financial Reporting

There were no changes in internal control over financial reporting during the Company's most recent interim period that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In addition, the CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Risks and Outlook

The beverage alcohol industry in Canada is subject to government policy, extensive regulatory requirements and significant rates of taxation at both the federal and provincial levels. As a result, changes in the government policy, regulatory and/or taxation environments within the beverage alcohol industry may affect Corby's business operations, including changes in market dynamics or changes in consumer consumption patterns. The Company continuously monitors the potential risk associated with any proposed changes in its government policy, regulatory and taxation environments and, as an industry leader, actively participates in trade association discussions relating to new developments.

As part of the consumer products industry, beverage alcohol companies are susceptible to risks relating to changes in consumer consumption patterns, product quality and availability, including manufacturing or inventory disruption. Corby offers a solid portfolio of products, which complements consumer desires and offers exciting innovation. The Company adheres to a comprehensive suite of quality programs and proactively manages production and supply chains to mitigate any potential risk to consumer safety or Corby's reputation and profitability.

The Canadian beverage alcohol industry is also extremely competitive. Competitors may take actions to establish and sustain competitive advantage. They may also affect Corby's ability to attract and retain high-quality employees. The Company's long heritage attests to Corby's strong foundation and successful strategic implementation. Being a leading Canadian beverage alcohol company helps facilitate recruitment efforts. Corby appreciates and invests in its employees to partner with them in achieving corporate objectives and creating value.

Corby is a leading Canadian manufacturer and marketer of spirits and importer of wines. Corby's national leadership is sustained by a diverse brand portfolio which allows the Company to drive profitable organic growth with strong, consistent cash flows. The addition of PR's brands to Corby's portfolio of excellence has solidified Corby's leadership position in the Canadian market and the business is well positioned for future growth.

Management Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Corby Distilleries Limited were prepared by management in conformity with accounting principles generally accepted in Canada. The significant accounting policies, which management believes are appropriate for the Company, are described in the accompanying "Notes to the Consolidated Financial Statements." The financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

Management is responsible for the integrity and objectivity of the information contained in the financial statements and the "Management's Discussion and Analysis," including that which is based on estimates and judgements when transactions affecting the current accounting period are dependent upon future events. Management has established systems of internal control that are designed to provide reasonable assurance that assets are safeguarded from losses or unauthorized use and to produce reliable accounting records for the preparation of financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board has constituted an Audit Committee of Directors who are not members of management. The Committee meets periodically with management, the internal auditors and the external auditors to receive reports on internal accounting controls and audit results and to review accounting principles and practices. The Committee also reviews the financial statements and the external auditors' report thereon to the shareholders prior to submission to the Board of Directors for approval.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards and applicable laws and maintains proper standards of conduct for its activities.

Con Constandis
President and Chief Executive Officer

John Nicodemo
Vice President, Finance, and Chief Financial Officer

Toronto, Ontario
August 30, 2007

Auditors' Report

To the Shareholders of Corby Distilleries Limited

We have audited the consolidated balance sheets of Corby Distilleries Limited as at June 30, 2007 and 2006 and the consolidated statements of earnings, retained earnings and cash flows for the year ended June 30, 2007 and for the 10 month period ended June 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2007 and 2006 and the results of its operations and its cash flows for the year ended June 30, 2007 and for the 10 month period ended June 30, 2006 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
August 24, 2007

Consolidated Statements of Earnings and Retained Earnings

For the year ended June 30, 2007 and ten months ended June 30, 2006 (Note 2)

(in thousands of Canadian dollars, except per-share amounts)

	2007	2006
OPERATING REVENUE		
Sales	$ 139,426	$ 97,536
Commissions (net of amortization of $3,500; 2006 – $nil)	14,161	13,245
	153,587	110,781
OPERATING COSTS		
Cost of sales	71,627	48,130
Marketing, sales and administration	41,454	31,646
Restructuring	–	1,764
Amortization	1,359	719
	114,440	82,259
OTHER INCOME		
Equity in net earnings of companies subject to significant influence (Note 3)	2,091	6,607
Gain from disposition of investment in companies subject to significant influence (Note 3)	72,595	–
Interest income, net	2,968	1,979
	77,654	8,586
EARNINGS BEFORE INCOME TAXES	116,801	37,108
INCOME TAXES (NOTE 10)		
Current	15,027	10,198
Future	1,350	(1,127)
	16,377	9,071
NET EARNINGS	100,424	28,037
BASIC EARNINGS PER SHARE (NOTE 14)	3.53	0.99
DILUTED EARNINGS PER SHARE (NOTE 14)	3.53	0.99
RETAINED EARNINGS, BEGINNING OF YEAR	147,337	131,026
NET EARNINGS	100,424	28,037
DIVIDENDS	(58,546)	(11,726)
RETAINED EARNINGS, END OF YEAR	$ 189,215	$ 147,337

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flow

For the year ended June 30, 2007 and ten months ended June 30, 2006 (Note 2)
(in thousands of Canadian dollars)

	2007	2006
OPERATING ACTIVITIES		
Net earnings	$ 100,424	$ 28,037
Items not affecting cash		
Amortization	4,859	719
Future income taxes (Note 10)	1,350	(1,127)
Equity earnings from companies subject to significant influence (Note 3)	(2,091)	(6,607)
Gain on disposition of investment in companies subject to significant influence (Note 3)	(72,595)	–
Employee future benefits	(832)	(1,379)
	31,115	19,643
Net change in non-cash working capital balances (Note 15)	2,552	1,817
Cash flows from operating activities	33,667	21,460
INVESTMENT ACTIVITIES		
Dividends received from companies subject to significant influence (Note 3)	28,573	2,346
Acquisitions of businesses and long-term representation rights, net of disposal of long-term investments (Note 3)	(21,668)	–
Additions to capital assets	(3,020)	(1,530)
Cash flows from investment activities	3,885	816
FINANCING ACTIVITIES		
Proceeds of loan from affiliated company	–	149,160
Repayment of loan to affiliated company	–	(149,160)
Dividends paid	(58,546)	(11,726)
Proceeds on issuance of capital stock	296	489
Cash flows used in financing activities	(58,250)	(11,237)
NET CHANGE IN CASH	(20,698)	11,039
CASH, BEGINNING OF YEAR	67,687	56,648
CASH, END OF YEAR	$ 46,989	$ 67,687
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 31	$ 4,374
Interest received	$ 3,064	$ 7,745
Income taxes paid	$ 14,044	$ 10,644

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

As at June 30, 2007 and June 30, 2006
(in thousands of Canadian dollars)

	2007	2006
ASSETS		
Current		
Cash	**$ 46,989**	$ 67,687
Accounts receivable	**24,964**	23,388
Inventories (Note 5)	**43,048**	37,677
Prepaid expenses	**1,013**	795
Investments in companies subject to significant influence (Note 3)	**–**	31,111
Future income taxes (Note 10)	**363**	1,171
	116,377	161,829
Deferred costs	**–**	680
Capital assets (Note 6)	**9,669**	8,008
Employee future benefits (Note 7)	**7,142**	5,343
Futue income taxes (Note 10)	**–**	8
Long-term representation rights (Note 8)	**66,940**	–
Goodwill and intangible assets (Note 9)	**37,906**	4,476
	$ 238,034	$ 180,344
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**$ 22,605**	$ 16,178
Income and other taxes payable	**2,601**	1,621
	25,206	17,799
Employee future benefits (Note 7)	**3,909**	2,942
Future income taxes (Note 10)	**5,400**	1,277
	34,515	22,018
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	**14,304**	14,008
Retained earnings	**189,215**	147,337
Cumulative translation adjustments (Note 13)	**–**	(3,019)
	203,519	158,326
	$ 238,034	$ 180,344

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors.

George F. McCarthy
Director

Robert L. Llewellyn
Director

Notes to Consolidated Financial Statements

For the year ended June 30, 2007 and ten months ended June 30, 2006

(in thousands of Canadian dollars, except share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Corby Distilleries Limited is a leading Canadian manufacturer and marketer of spirits and importer of wines. The Company's activities comprise the production of spirits, along with the distribution of owned and represented spirits, liqueurs, coolers, and wines. Revenues predominately consist of sales made to each of the provincial liquor boards in Canada.

Basis of Consolidation

The consolidated financial statements include the accounts of Corby Distilleries Limited and its subsidiaries, collectively referred to as "Corby" or the "Company". Up until September 29, 2006, Corby owned a 45% investment in Tia Maria Limited and Tia Maria International Limited (collectively referred to as the "Tia Maria Group" or "TMG") and accounted for this investment via the equity method. Corby disposed of its investment in the Tia Maria Group as part of a transaction with Pernod Ricard S.A. ("PR"), the Company's ultimate parent. Refer to Note 3 for further details on the PR transaction.

Revenue Recognition

Sales and commissions are recognized when title for goods passes to the customer. Sales are presented net of customer and consumer discounts and taxes. The large majority of the Company's sales are to government-controlled liquor boards. As a result, collection of accounts receivable is reasonably assured.

Inventories

Inventories are stated at average cost not exceeding net realizable value. Inventories include barrelled whiskies which will remain in storage over a period of years, but are classified as current assets as there is a market for barrelled whiskies.

Deferred Costs

Deferred costs represent legal and advisory fees related to the Company's transaction with PR. Such costs were recognized as transaction costs upon legal closure of the agreement, which occurred on September 29, 2006.

Capital Assets

Buildings and machinery and equipment are recorded at cost, net of accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful lives of the assets as indicated below. Half-year rates are applied in the year of acquisition.

Buildings	40 to 50 years
Machinery and equipment	3 to 12 years

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee Future Benefits

The Company accrues its obligations under employee benefit plans and related costs, net of plan assets, and recognizes the cost of retirement benefits and certain post-employment benefits over the periods in which employees render services to the Company in return for the benefits. Other post-employment benefits are recognized when the event that obligates the Company occurs. The Company has the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair values.
- Past service costs from plan amendments and the transitional asset are amortized on a straight-line basis over the average remaining service life of active members expected to receive benefits under the plan.
- Net actuarial gains or losses are amortized based on the corridor method. Under the corridor method, cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized over the average remaining service period of active members expected to receive benefits under the plan.
- The measurement date of the plans' assets and obligations is June 30, 2007.

Long-term Representation Rights

Long-term representation rights reflect the cost of the Company's exclusive right to represent PR's brands in Canada and are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis over the 15-year term of the agreement beginning October 1, 2006.

Long-Lived Assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. If estimated future undiscounted cash flows are not sufficient to recover the carrying value of the assets, an impairment charge is recorded for the amount by which the long-lived assets' carrying value exceeds fair value. Fair value is determined using appraisals, management estimates or discounted cash-flow calculations.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net assets, including intangible assets, at the date of acquisition. Intangible assets represent the value of trademarks and licences of businesses acquired. These intangible assets are deemed to have an indefinite life. Goodwill and intangible assets are not amortized but are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the asset might be impaired. In the event of impairment, the excess of the carrying amount over the fair value of these assets would be charged to earnings.

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, future income tax assets and liabilities are recognized for temporary differences between financial statement carrying amounts of assets and liabilities and their respective income tax bases. A future income tax asset or liability is estimated for each temporary difference using substantively enacted income tax rates and laws expected to be in effect when the asset is realized or the liability is settled. A valuation allowance is established, if necessary, to reduce any future income tax asset to an amount that is more likely than not to be realized.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign Currency Translation

TMG, in which the Company had an investment of a self-sustaining nature, had the U.K. pound sterling as its functional currency and translated its financial results to Canadian dollars as follows: assets and liabilities at the exchange rates in effect at the balance sheet dates and the translation of revenues and expenses at the exchange rates prevailing on the transaction dates. Unrealized gains or losses on translation are shown as a separate component in shareholders' equity. Corby disposed of its investment in TMG on September 29, 2006, as part of a transaction with PR (Note 3).

The monetary assets and liabilities of the Company, which are denominated in its functional currency, are translated at exchange rates in effect at the balance sheet dates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are included in earnings.

Stock-Based Compensation Plans

The Company accounts for awards of stock-based compensation using the fair value method for all awards subsequent to September 1, 2002, that will be settled by the issuance of shares. Awards of stock-based compensation prior to that date continue to be accounted for using the settlement basis. There have been no such awards of stock-based compensation subsequent to September 1, 2002.

On September 8, 2006, the Company implemented a Restricted Share Units Plan replacing the previous long-term incentive plan. Through this Plan, restricted share units ("RSUs") will be granted to certain officers and employees at a grant price equal to the market closing price of the Company's Voting Class A Common Shares on the last day prior to grant. RSUs vest at the end of the three-year term subject to the achievement of predetermined corporate performance targets. The related compensation expense is recognized over this period. Unvested RSUs will attract dividend equivalent units whenever dividends are paid on the Voting Class A Common Shares of the Company and will be immediately reinvested into additional RSUs which will vest and become payable at the end of the three-year vesting period, subject to the same performance conditions as the original RSU award. On the date of vesting, the holder will be entitled to the cash value of the number of RSUs granted, plus any RSUs received from reinvested dividend equivalents. RSUs do not entitle participants to acquire any rights or entitlements as a shareholder of the Company.

Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates are used when accounting for items such as allowance for uncollectible accounts receivable, inventory obsolescence, allocating the fair value between goodwill and intangibles, amortization, employee future benefits, income taxes, accruals and contingencies and testing goodwill, intangible assets and long-lived assets for impairment. Changes in those estimates could materially affect the consolidated financial statements.

Recent Accounting Pronouncements

EIC-156 "Accounting by a Vendor for Consideration given to a Customer (including a Reseller of the Vendor's Products)" became effective for all interim and annual financial statements for fiscal years beginning on or after January 1, 2006. This abstract provides guidance for the classification, recognition and measurement of sales incentives or other consideration given by a vendor to a direct or indirect customer.

1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Corby has adopted this pronouncement effective July 1, 2006, on a retroactive basis. As a result of the retroactive implementation of this new standard, the impact on the Consolidated Statements of Earnings was as follows:

		2007		2006
Increase (decrease)				
Sales	$	(2,383)	$	(1,640)
Cost of sales		3,509		2,420
Marketing, sales and administration		(5,892)		(4,060)
Net earnings or earnings per share	$	–	$	–

2. CHANGES TO FISCAL YEAR

In the prior year, Corby aligned its financial reporting calendar with that of its ultimate parent, PR, and changed its fiscal year end from August 31 to June 30. Therefore, comparative figures have been reported based on the ten-month period ended June 30, 2006.

3. AGREEMENT WITH PERNOD RICARD S.A.

On September 29, 2006, Corby closed its previously disclosed transaction with PR concerning the Canadian representation of PR's brands, production of Corby's owned brands, an exchange of certain assets and a combined strategic approach to the Canadian market. PR owns 51% of the Voting Class A Common Shares (and 46% of the total equity) of Corby and is considered to be the Company's ultimate parent.

Under the agreement, Corby acquired the exclusive right to represent PR's brands in Canada for the next 15 years. Furthermore, Corby also acquired the international rights to Lamb's rum (excluding the Canadian rights, which Corby already owned) and the Canadian rights to Seagram's Coolers. Both Lamb's rum ("Lamb's International") and Seagram's Coolers meet the definition of a business.

The companies also agreed upon the terms for the continuation of production of Corby's owned brands by PR at its production facility in Windsor, Ontario, for the next 10 years. The companies further agreed that Corby will manage PR's business interests in Canada, including the Windsor production facility.

The purchase consideration of $101,911 (long-term representation rights, $70,440, Lamb's International, $13,559, and Seagram's Coolers, $17,912) was satisfied by the sale of the Company's 45% interest in TMG to PR, along with cash consideration of $21,668 including transaction-related costs.

The Company has not recognized the cost of an earn-out clause on Seagram's Coolers since management cannot determine beyond a reasonable doubt that the amount will become payable to PR. The earn-out will become payable only in the event that the income (defined as sales, less cost of sales and advertising and promotional spend) derived from the brand over a four-year period exceeds $11,600. The maximum amount which may become payable is $2,200, subject to 5% interest compounded annually.

Corby received a dividend of $28,573 from TMG just prior to its disposition. The Company has reflected a gain of $72,595, net of cumulative translation adjustments of $2,439, associated with the disposition of TMG in its financial results for the year ended June 30, 2007. Also included in the financial results for the three months ended September 30, 2006 is $1,045 for withholding and other taxes related to the disposition of TMG. The transaction was not subject to further tax expense as a result of the use of Section 85 rollover provisions in the Canadian Income Tax Act. Corby has been indemnified for any further tax liabilities resulting from the disposition of TMG, should they occur, up to a maximum of $16,000.

3. AGREEMENT WITH PERNOD RICARD S.A. *(continued)*

As part of the above transaction, Corby has entered into agreements that contain features that may meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires the Company to make payments to the guaranteed party in certain situations. Conversely, the Company has also received indemnities or guarantees that contingently require another party to make payments to Corby in certain situations.

4. ACQUISITION OF BUSINESSES

The acquisition of Lamb's International gives Corby worldwide rights to the Lamb's business and assets in addition to the Canadian rights which Corby already owned. The Company is entitled to intellectual property such as product specifications and the recipe for the Lamb's Navy Rum brand, and the "Alfred Lamb International Limited" trademark.

The large majority of the Lamb's International business occurs in the UK market, with several other countries contributing a small portion. The rum will be matured, blended and bottled in Scotland for the next five years by the Chivas Brothers Co., an affiliate of Corby and a wholly-owned subsidiary of PR.

Corby also acquired the Canadian assets and business of Seagram's Coolers. The Company is entitled to an irrevocable, perpetual, royalty-free and transferable license for Canada for the intellectual property (such as product specifications and recipes) related to the use of the Seagram name in connection with the Seagram's Coolers assets and business. Corby also acquired all of the inventory and other assets used in connection with the Seagram's Coolers business in Canada in addition to acquiring all of PR's rights under applicable co-pack and other agreements.

Virtually all of the Seagram's Coolers are produced by Diageo Canada in Dorval, Québec, under a co-packing agreement that expires in December 2007. This agreement requires a minimum annual production volume of 300,000 cases and a maximum annual production volume of 1,000,000 cases. Management anticipates annual volumes to be within this contracted range.

The following values associated with its acquisition of the Seagram's Coolers and Lamb's International businesses have been recognized:

SEAGRAM'S COOLERS		
Inventory	$	1,281
Trademarks and licences		16,250
Goodwill		3,970
Less: Future income tax liability		(3,589)
	$	17,912

LAMB'S INTERNATIONAL		
Inventory	$	349
Trademarks and licences		11,800
Goodwill		1,410
	$	13,559

For details on the accounting treatment of the long-term representation rights and goodwill and intangible assets, please refer to Note 1.

5. INVENTORIES

	2007	2006
Raw materials	**$ 5,674**	$ 5,841
Work-in-progress	**26,806**	22,943
Finished goods	**10,568**	8,893
	$ 43,048	$ 37,677

6. CAPITAL ASSETS

	2007			2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	**$ 638**	**$ –**	**$ 638**	$ 638	$ –	$ 638
Buildings	**7,284**	**4,318**	**2,966**	6,656	4,217	2,439
Machinery and equipment	**14,195**	**8,130**	**6,065**	14,850	9,919	4,931
	$ 22,117	**$ 12,448**	**$ 9,669**	$ 22,144	$ 14,136	$ 8,008

7. EMPLOYEE FUTURE BENEFITS

The Company has two defined benefit plans for executives and salaried employees, two supplementary executive retirement plans for retired and current senior executives of the Company, and a post retirement benefit plan covering retiree life insurance, health and dental care. Benefits under these plans are based on years of service and compensation levels. The latest valuations completed for these plans are dated January 1, 2005. The next required valuations must be completed with an effective date no later than January 1, 2008.

	2007		2006	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Fair value of plan assets				
Fair value of plan assets, beginning of year	**$ 37,941**	**$ –**	$ 36,382	$ –
Actual return on plan assets	**4,278**	**–**	492	–
Employer contributions	**3,714**	**610**	3,652	616
Employee contributions	**162**	**–**	92	–
Benefits paid	**(3,523)**	**(610)**	(2,677)	(616)
Net transfer in from parent company's pension plan	**271**	**–**	–	–
Fair value of plan assets, end of year	**$ 42,843**	**$ –**	$ 37,941	$ –
Accrued benefit obligation				
Benefit obligation, beginning of year	**$ 43,144**	**$ 10,622**	$ 46,681	$ 11,138
Actuarial loss, beginning of year	**–**	**–**	–	968
Service cost	**1,260**	**496**	1,107	243
Interest cost	**2,392**	**592**	1,892	493
Employee contributions	**162**	**–**	92	–
Actuarial loss (gain)	**1,065**	**474**	(3,951)	(1,604)
Benefits paid	**(3,523)**	**(610)**	(2,677)	(616)
Net transfer in from parent company's pension plan	**271**	**–**	–	–
Accrued benefit obligation, end of year	**$ 44,771**	**$ 11,574**	$ 43,144	$ 10,622
Funded status				
Funded status: plan deficit	**$ (1,928)**	**$ (11,574)**	$ (5,203)	$ (10,622)
Unamortized net transition obligation	**(2,801)**	**4,488**	(3,134)	4,891
Unamortized past service costs	**937**	**–**	1,017	–
Unamortized net actuarial loss	**10,934**	**3,177**	12,663	2,789
Accrued benefit asset (liability)	**$ 7,142**	**$ (3,909)**	$ 5,343	$ (2,942)

7. EMPLOYEE FUTURE BENEFITS *(continued)*

All pension plans other than the Corby supplementary executive retirement plan are in a funded deficit position. The aggregate fair value of plan assets and accrued benefit obligation for these deficit position plans as at June 30, 2007 is $35,479 and $39,003 respectively (2006 - $32,674 and $37,976).

Significant actuarial assumptions adopted are as follows:

	2007		2006	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Accrued benefit obligation, end of year				
Discount rate	**5.50%**	**5.50%**	5.75%	5.75%
Compensation increase	**4.00%**	**4.00%**	4.00%	4.00%
Benefit expense, for the year				
Discount rate	**5.75%**	**5.75%**	5.00%	5.00%
Expected long-term return on assets	**6.75%**	**N/A**	7.00%	N/A
Compensation increase	**4.00%**	**4.00%**	4.00%	4.00%

The health care cost trend rates used were 8.0% and 8.5% for 2007 and 2006 respectively, with 5.0% being the ultimate trend rate for years 2013 and thereafter.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects for 2007:

	Increase	Decrease
Service and interest cost	$ 171	$ (134)
Accrued benefit obligation	1,285	(947)

Components of the Company's pension and other post-retirement benefit plans expense are as follows:

	2007		2006	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Service cost (including provision for plan expenses)	**$ 1,578**	**$ 496**	$ 1,334	$ 243
Interest cost	**2,392**	**592**	1,892	493
Actual return on plan assets	**(4,871)**	**–**	(899)	–
Actuarial loss (gain)	**1,065**	**484**	(3,951)	(646)
Costs arising in the period	**164**	**1,572**	(1,624)	90
Difference between				
Actual and expected return on plan assets	**2,526**	**–**	(1,109)	–
Actuarial gain or loss recognized for the year and actuarial gain or loss on accrued benefit obligation	**(501)**	**(388)**	4,577	792
Amortization of plan amendments and actual plan amendments	**79**	**–**	67	–
Amortization of transitional obligations	**(333)**	**403**	(277)	336
Net expense	**$ 1,935**	**$ 1,587**	$ 1,634	$ 1,218

7. EMPLOYEE FUTURE BENEFITS *(continued)*

Plan assets by category are as follows:

	2007	2006
Equity	**54.2%**	54.0%
Fixed income	**37.1%**	40.7%
Refundable taxes at Canada Revenue Agency/other	**8.7%**	5.3%
	100.0%	100.0%

8. LONG-TERM REPRESENTATION RIGHTS

	2007	2006
Cost	**$ 70,440**	$ –
Accumulated amortization	**(3,500)**	–
	$ 66,940	$ –

9. GOODWILL AND INTANGIBLE ASSETS

	2007			2006		
	Goodwill	Intangibles	Total	Goodwill	Intangibles	Total
Meagher's/DeKuyper	**$ 4,476**	**$ –**	**$ 4,476**	$ 4,476	$ –	$ 4,476
Seagram's Coolers	**3,970**	**16,250**	**20,220**	–	–	–
Lamb's International	**1,410**	**11,800**	**13,210**	–	–	–
	$ 9,856	**$ 28,050**	**$ 37,906**	$ 4,476	$ –	$ 4,476

10. INCOME TAXES

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the future income tax assets and future income tax liabilities are presented below:

	2007	2006
Future income tax assets		
Current		
Bad debt and inventory reserves	**$ 171**	$ 329
Restructuring reserves	**192**	197
Investment in affiliated companies	**–**	460
Capital losses carried forward	**–**	185
	363	1,171
Long term		
Other	**–**	8
	–	8
	$ 363	$ 1,179
Future income tax liabilities		
Long term		
Employee future benefits	**$ 1,039**	$ 785
Capital assets	**482**	492
Representation rights	**3,879**	–
	$ 5,400	$ 1,277

As at June 30, 2007, the Company has no capital loss carry forward for tax purposes (2006 – $1,050).

10. INCOME TAXES *(continued)*

The effective tax rate of 14% for the year ended June 30, 2007 and 24% for the 10 months ended June 30, 2006, differ from the basic Federal and Provincial rates due to the following:

	2007	2006
Combined basic Federal and Provincial tax rates	**35%**	35%
Equity in net earnings of companies subject to significant influence	**(1%)**	(7%)
Income not subject to tax	**(22%)**	(3%)
Other	**2%**	(1%)
	14%	24%

11. SHARE CAPITAL

On February 9, 2006, the Board of Directors of Corby declared a four-for-one stock split by way of a stock dividend after payment of the quarterly dividend, both paid on March 15, 2006, on Voting Class A Common Shares and Non-voting Class B Common Shares of the Company to shareholders of record as at the close of business on February 28, 2006.

As a result, all of the references to common shares, earnings per common share, diluted earnings per common share, and stock options have been retroactively restated to reflect the impact of the stock split.

	2007	2006
Number of shares authorized:		
Voting Class A Common Shares – no par value	**Unlimited**	Unlimited
Non-voting Class B Common Shares – no par value	**Unlimited**	Unlimited
Number of shares issued and fully paid:		
Voting Class A Common Shares	**24,274,320**	24,274,320
Non-voting Class B Common Shares, beginning of year	**4,176,336**	4,139,936
Non-voting Class B Common Shares, issued during the year	**18,200**	36,400
Non-voting Class B Common Shares, end of year	**4,194,536**	4,176,336
	28,468,856	28,450,656
Stated value	**$ 14,304**	$ 14,008

In prior years, the Company established a Non voting Class B Common Share Option Plan ("Share Option Plan") and set aside 800,000 Non-voting Class B Common Shares. Through the Share Option Plan, options were granted to certain officers and employees for the purchase of Non-voting Class B Common Shares. Options were granted at prices equal to the closing market value on the last trading day prior to the grant and are exercisable from six to nine years from the date of vesting. Options vest from one to four years after the grant date. During the year, 18,200 options were exercised for total proceeds of $296. The last options granted through the Share Option Plan were granted on October 23, 2000.

A summary of the status of the Share Option Plan and changes during the year is presented below:

	2007		2006	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	**18,200**	**$ 16.23**	54,600	$ 14.37
Exercised through the purchase option	**(18,200)**	**16.23**	(36,400)	13.43
Outstanding, end of year	**–**	**$ –**	18,200	$ 16.23

12. RESTRICTED SHARE UNITS PLAN

	Restricted Share Units		Weighted Average Grant Date Fair Value
Non-vested, September 8, 2006 (date of plan creation)	26,328	$	24.90
Granted	–		–
Reinvested dividend equivalent units	959		25.57
Vested	–		–
Forfeited	(13,737)		(24.93)
Non-vested at June 30, 2007	13,550	$	24.92

Compensation expense related to this plan for the year ended June 30, 2007 was $111 (ten-month period ended June 30, 2006 – $nil).

13. CUMULATIVE TRANSLATION ADJUSTMENTS

For investments in self-sustaining operations, cumulative translation adjustments represent the unrealized gain or loss on the Company's net investment in foreign companies. These valuation adjustments are recognized in earnings only when there is a reduction in the Company's investment in the respective foreign companies. The self-sustaining investments were disposed of on September 29, 2006, as part of the PR transaction (Note 3).

		2007		2006
Balance, beginning of year	**$**	**(3,019)**	$	(1,813)
Translation adjustment of long-term investments		**–**		(1,206)
Disposition of self-sustaining operations		**3,019**		–
Balance, end of year	**$**	**–**	$	(3,019)

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

		2007		2006
Numerator:				
Net earnings	**$**	**100,424**	$	28,037
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares outstanding		**28,457,694**		28,421,723
Effect of stock options		**3,276**		16,845
		28,460,970		28,438,568

15. CHANGES IN NON-CASH WORKING CAPITAL

		2007		2006
Increase (decrease)				
Accounts receivable	**$**	**(1,576)**	$	(937)
Interest receivable from affiliated company		**–**		2,631
Inventories		**(3,741)**		216
Prepaid expenses		**(218)**		124
Deferred costs		**680**		(680)
Accounts payable and accrued liabilities		**6,427**		3,817
Interest payable to affiliated company		**–**		(1,184)
Income and other taxes payable		**980**		(2,170)
	$	**2,552**	$	1,817

16. RELATED PARTY TRANSACTIONS

Hiram Walker & Sons Limited, a wholly owned subsidiary of PR, owns in excess of 50% of the issued voting Common Shares of Corby and is thereby considered to be the Company's parent. PR is considered to be Corby's ultimate parent and affiliated companies are those that are also subsidiaries of PR. In addition to the information provided in Notes 3 and 4, transactions and balances with parent and affiliated companies include the following:

	Nature of Transaction	Nature of Relationship	Financial Statement Classification	2007	2006
I	The Company renders blending and bottling services	Parent company	Sales, accounts receivable	**$ 868**	$ 988
II	The Company sells certain of its products for resale at an export level	Affiliated companies	Sales, accounts receivable	**$ 3,478**	$ 351
III	The Company renders services, as the sole and exclusive representative, for purposes of marketing and sales of beverage alcohol products in Canada	Parent company, companies subject to significant influence, ultimate parent company and affiliated companies	Commissions, accounts receivable	**$ 12,345**	$ 6,286
IV	The Company subcontracts virtually all of its distilling, blending, bottling, storing and production activities	Parent company and an affiliated company	Cost of sales, inventories and accounts payable	**$ 24,206**	$ 14,772
V	The Company subcontracts an important portion of its bookkeeping, record-keeping services, certain administrative services, related data processing and maintenance of data processing activities	Parent company	Marketing, sales and administration	**$ 2,100**	$ 1,920
VI	The Company purchases some of the inventory used in production activities	Parent company	Cost of sales, inventories and accounts payable	**$ 2,262**	$ 1,915

These transactions, which are settled the following month, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Transactions in sections III, IV, and V above are covered under the terms of agreements with related parties that may be terminated upon six months' notice. These agreements include a non-competition clause whereby the Company ceded its rights to sell beverage alcohol in bulk to third parties in favour of its parent company. In addition to the transactions noted above, the Company sold three-year-old bulk whisky to its parent company at market prices totalling $915 during the year ended June 30, 2007. There were no sales of bulk whisky during the ten-month period ended June 30, 2006. This transaction was measured at the exchange amount.

During the ten month period ended June 30, 2006, the Company entered into short-term loan arrangements whereby the cash balance of the Company was lent to its ultimate parent company at risk-free market interest rates. The loans were for periods of five days and two days respectively, and the Company earned a total of $33 in interest income from these transactions during the ten months ended June 30, 2006. No such loans were made during the year ended June 30, 2007.

16. RELATED PARTY TRANSACTIONS *(continued)*

Amounts included in accounts receivable and accounts payable with respect to Corby's affiliates, parent company, and ultimate parent company are as follows:

	2007	2006
Accounts receivable – related parties	**$ 982**	$ –
Accounts payable – related parties	**(7,103)**	(1,775)
Net amount payable to related parties	**$ (6,121)**	$ (1,775)

17. SEGMENT INFORMATION

Corby has two reportable segments: "Case Goods" and "Commissions". Corby's Case Goods segment derives its revenue from the production and distribution of its owned beverage alcohol brands. Corby's portfolio of owned brands includes some of the most renowned and respected brands in Canada, including Wiser's rye whiskies, Lamb's rum and Polar Ice vodka. Corby's Commissions segment earns commission income from the representation of non-owned beverage alcohol brands in Canada. Corby represents leading international brands such as Chivas Regal, The Glenlivet and Ballantine's scotches, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek and Wyndham Estate wines.

The Commissions segment has no assets or liabilities. Its financial results are fully reported as "commissions" on the consolidated statement of earnings and retained earnings. Therefore, a chart detailing operational results by segment has not been provided as no additional meaningful information would result.

Geographic information regarding the Company is as follows:

					2007
	Canada	United States of America	United Kingdom	Rest of World	Total
Operating revenue	**$ 143,509**	**$ 4,609**	**$ 4,478**	**$ 991**	**$ 153,587**
Capital assets	**9,669**	**–**	**–**	**–**	**9,669**
Goodwill	**8,446**	**–**	**1,410**	**–**	**9,856**

					2006
	Canada	United States of America	United Kingdom	Rest of World	Total
Operating revenue	$ 106,324	$ 4,087	$ –	$ 370	$ 110,781
Capital assets	8,008	–	–	–	8,008
Goodwill	4,476	–	–	–	4,476

In 2007, net operating revenue to three major customers accounted for 31%, 16%, and 13%, respectively (2006 – 33%, 15%, and 12%).

18. FINANCIAL INSTRUMENTS

Credit Risk

The Company's accounts receivable are substantially with provincial liquor boards, which significantly reduces credit risk.

Fair Values

The financial instruments used by the Company are limited to short-term financial assets and liabilities and loans to and from affiliates. Short-term financial assets comprise cash and accounts receivable. Short-term financial liabilities comprise accounts payable and accrued liabilities. The carrying amounts of these short-term assets, liabilities, and loans to and from affiliates are a reasonable estimate of the fair values, given the short-term maturity of those instruments.

19. COMMITMENTS

Future minimum payments under operating leases for premises and equipment for the next five years and thereafter are as follows:

2008	**$ 1,036**
2009	**668**
2010	**487**
2011	**287**
2012	**112**
Thereafter	**95**
	$ 2,685

In August 2007, the Company tendered an offer to lease new office space as part of its plan to relocate Corby's corporate headquarters in Toronto, Ontario. The new operating lease is scheduled to commence its ten-year term on September 1, 2008, which coincides with the expiry date of the Company's existing head office lease. Minimum payments under the operating lease are not expected to be materially different from those under the Company's current lease agreement. As the agreement was not signed prior to June 30, 2007, the above schedule does not include the anticipated operating lease payments for the new office space.

20. GUARANTEES

The Company may enter into agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires the Company to make payments to the guaranteed party in certain situations.

In the ordinary course of business, the Company provides indemnification commitments to counterparties in transactions such as leasing and service arrangements. These indemnification agreements require the Company to compensate the counterparties for certain amounts and costs incurred as a result of litigation claims. The terms of the indemnification agreements will vary based on the contract and do not provide any limit on the maximum potential liability.

21. CONTINGENCIES

The Company is contingently liable with respect to pending litigation and claims arising in the normal course of business. Although the ultimate outcome of these matters is not presently determinable, at this point in time management believes that the resolution of all such pending matters will not have a material adverse effect on the Company's financial position or results of operations.

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the financial statement presentation adopted in 2007.

Ten-Year Review

(Unaudited)

	Year Ended June 30 2007	Ten Months Ended June 30 2006	Year Ended August 31 2005	2004	2003	2002	2001	2000	1999	1998	1997
RESULTS (IN MILLIONS OF DOLLARS)											
Operating revenue	$ 153.6	$ 110.8	$ 129.4	$ 118.7	$ 108.9	$ 101.8	$ 101.2	$ 93.4	$ 101.1	$ 97.2	$ 92.1
Earnings excluding after-tax restructuring costs	100.4	29.2	39.9	32.5	29.8	25.1	28.5	21.2	25.7	30.5	29.2
Net earnings	100.4	28.0	39.9	32.5	28.4	25.1	28.5	20.4	22.8	27.8	28.5
Cash provided from operations	33.7	21.5	28.4	36.2	39.0	23.2	24.4	21.8	17.2	32.0	21.3
YEAR-END POSITION (IN MILLIONS OF DOLLARS)											
Working capital	91.2	144.0	103.2	84.2	68.1	60.7	58.2	62.2	64.0	62.8	92.1
Total assets	238.0	180.3	313.2	295.3	277.0	261.9	254.8	94.2	107.4	101.7	161.9
Long-term debt	-	-	-	-	-	8.0	18.0	31.0	39.0	43.0	-
Shareholders' equity	203.5	158.3	142.7	119.9	99.8	86.5	72.9	57.3	53.1	44.8	144.6
PER COMMON SHARE* (IN DOLLARS)											
Net earnings excluding after-tax restructuring costs	3.53	1.03	1.41	1.15	1.05	0.89	1.02	0.76	0.92	1.09	1.04
Net earnings	3.53	0.99	1.41	1.15	1.01	0.89	1.02	0.73	0.81	1.00	1.02
Cash provided from operations	1.18	0.76	1.00	1.28	1.38	0.83	0.87	0.78	0.61	1.15	0.76
Shareholders' equity	7.15	5.57	5.03	4.23	3.53	3.06	2.59	2.04	1.90	1.60	5.19
Special dividend paid	1.50	-	-	-	-	-	-	-	-	4.13	-
Dividends paid	0.56	0.41	0.55	0.50	0.50	0.50	0.50	0.50	0.50	0.43	0.32
MARKET VALUE PER VOTING COMMON SHARE* (IN DOLLARS)											
High	28.40	28.00	20.46	17.50	16.13	17.50	16.88	21.00	22.00	19.13	14.50
Low	22.00	17.75	15.81	14.44	12.73	14.00	11.28	11.13	16.75	13.69	10.19
Close at end of year	24.50	22.90	18.13	16.50	14.69	15.04	16.01	12.45	17.50	18.25	13.75
OTHER STATISTICS											
Working capital ratio	4.6	9.1	1.6	5.6	4.5	6.8	7.1	16.7	5.3	6.1	7.1
Pre-tax return on average capital employed	63.1	40.7	38.8	38.6	37.9	34.8	40.4	34.9	38.6	34.3	31.6
Return on average shareholders' equity	55.0	31.0	30.2	29.5	30.5	31.5	43.8	37.0	46.5	29.3	20.9
Number of shareholders	630	666	684	716	762	785	813	855	891	933	985
Number of shares outstanding ('000's)	28,469	28,451	28,414	28,332	28,324	28,268	28,140	28,080	28,024	27,956	27,864

**References to per share figures have been restated to reflect impact of March 15, 2006 stock split.*

Corby Wishes to Thank All of Our People for Making 2007 Such a Successful Year!

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2007 ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2007

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