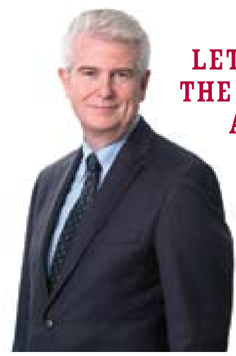
CORBY DISTILLERIES LIMITED
ANNUAL REPORT 2010

CORBY DISTILLERIES LIMITED ("CORBY" OR THE "COMPANY") IS A LEADING CANADIAN MANUFACTURER AND MARKETER OF SPIRITS AND IMPORTED WINES THAT HAS A RICH HISTORY THAT DATES BACK TO THE OPENING OF HENRY CORBY'S DISTILLERY NEAR BELLEVILLE, ONTARIO, IN 1859.

We've come a long way since then, but our commitments to quality and our Canadian roots have never wavered. Over the years, through strategic acquisitions, Corby has developed a reputation for developing great brands, such as Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka and McGuinness liqueurs. That reputation has helped us deliver consistent returns to shareholders for more than 40 consecutive years.

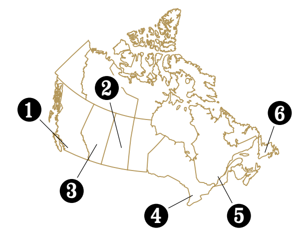
In 2005, Pernod Ricard S.A. ("Pernod Ricard"), one of the world's two leading spirits and wine companies, made a significant investment in Corby and acquired 51.6% of the Company's voting shares as part of its purchase of Allied Domecq Plc. This new partnership not only extended Corby's representation rights for internationally renowned brands, such as Ballantine's Scotch whisky, Beefeater gin, Malibu rum and Kahlúa liqueur, but also added globally acclaimed brands like Chivas Regal and The Glenlivet Scotch whiskies, Jameson Irish whiskey and Jacob's Creek wines, amongst others. Thereafter, in 2008, Pernod Ricard brought the iconic ABSOLUT vodka to our portfolio. Our offerings represent a premium blend of the best from Corby and the best from Pernod Ricard. Beyond brands, our new majority shareholder offered Corby expanded access to a global pool of talent and best practices in consumer research, market intelligence, and research and development.

Today, Corby enjoys a 25% share of spirit sales in Canada, representing about 4.2 million cases of owned and represented brands sold annually. This includes eight of the 25 and 15 of the 50 top-selling spirit brands in Canada, as measured by case volumes. We also export our brands to the United States, Europe and other international markets, and we are a leading importer of wines.



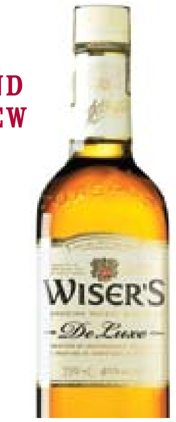
LETTER FROM THE PRESIDENT AND CEO

BUSINESS REVIEW



CORBY ACROSS CANADA

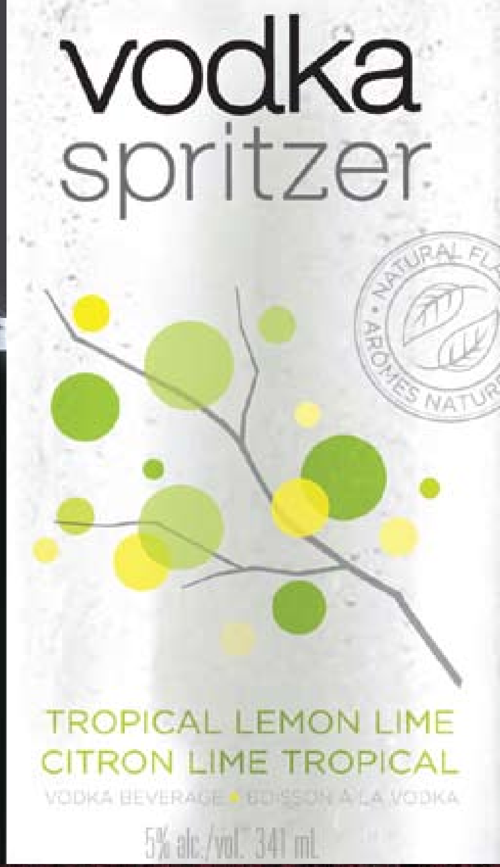
BRAND REVIEW



FINANCIAL HIGHLIGHTS
SENIOR MANAGEMENT TEAM
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUDITORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS AND NOTES
TEN-YEAR REVIEW
DIRECTORS AND OFFICERS
GENERAL CORPORATE INFORMATION

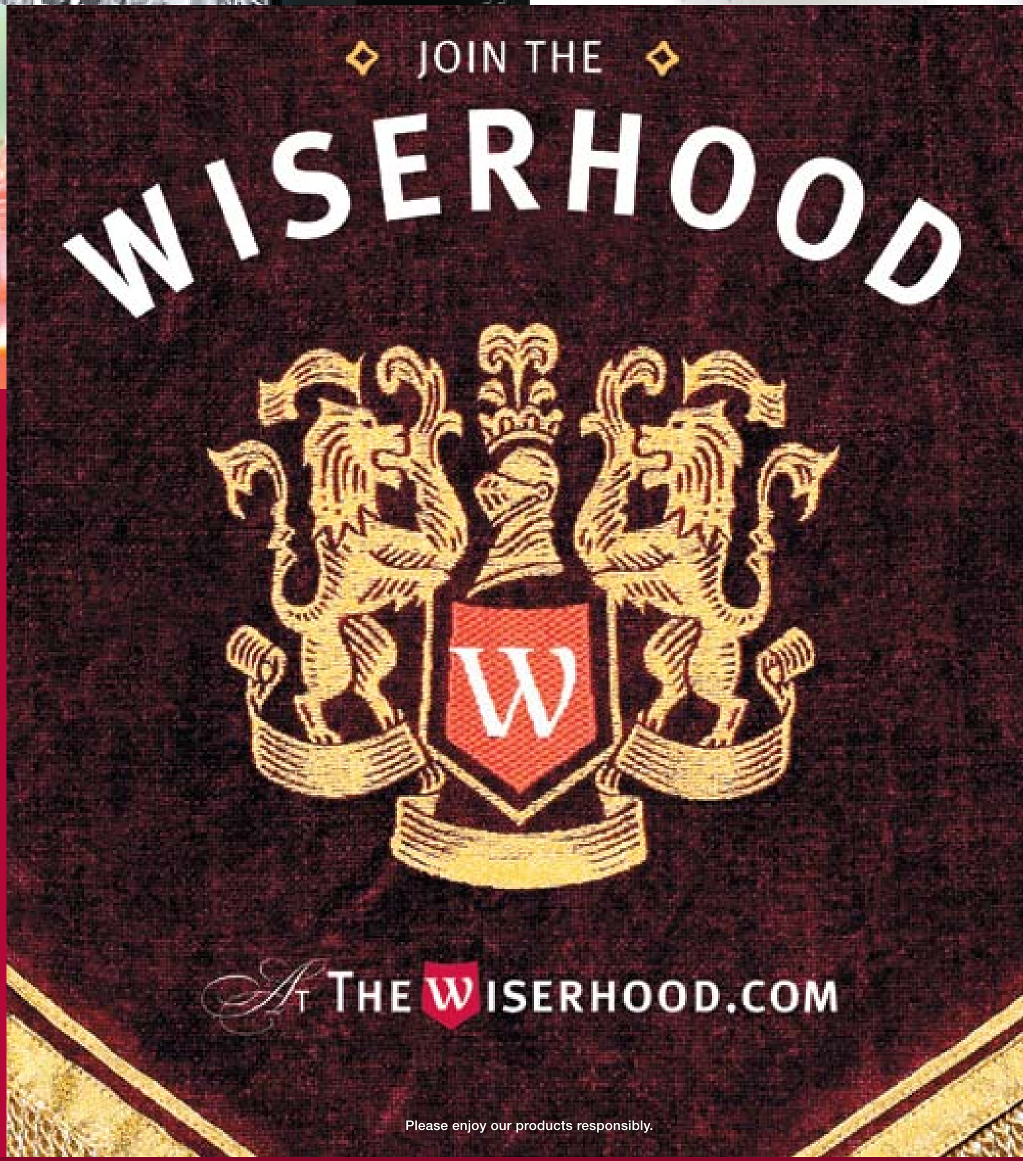
PRINTER FRIENDLY VERSION

THE ABSOLUT FAMILY INCLUDES A RANGE OF 10 NATURAL FLAVOURS AVAILABLE IN CANADA, DEMONSTRATING THE BRAND'S MANTRA THAT "DOING THINGS DIFFERENTLY LEADS TO SOMETHING EXCEPTIONAL."



4.2 MILLION

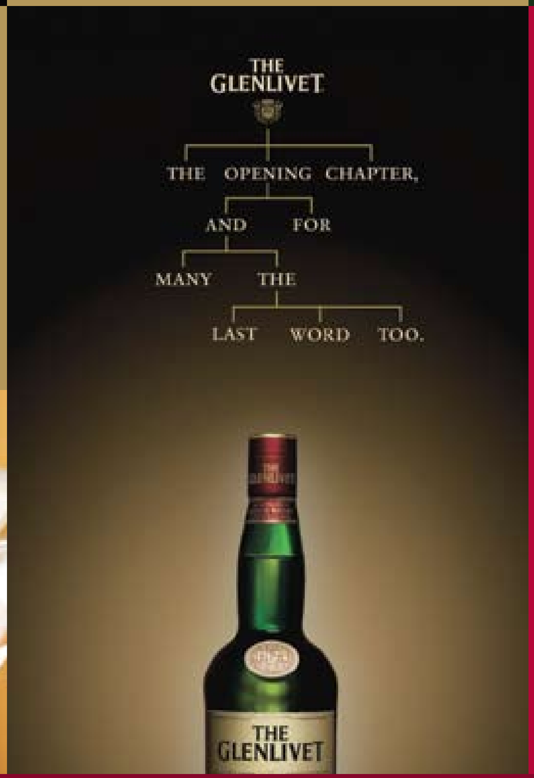
CASES OF OWNED AND REPRESENTED BRANDS SOLD ANNUALLY



A portfolio offering more than

150

FLAVOUR VARIATIONS



"FROM OUR TALENTED EMPLOYEES WORKING TOGETHER IN CROSS-FUNCTIONAL TEAMS TO THE MANY BRANDS THAT MAKE UP OUR PORTFOLIO, CORBY HAS CREATED SUPERIOR COMBINATIONS THAT ARE THE FOUNDATION OF OUR SUCCESS."

– R. Patrick O'Driscoll, President & Chief Executive Officer

FINANCIAL HIGHLIGHTS

As at and for the years ended June 30, 2010 and 2009 *(in thousands of Canadian dollars, except per share amounts)*	2010	2009
RESULTS		
Operating revenue	$ 162,230	$ 169,286
Earnings from operations	43,025	43,405
Earnings before income taxes	31,482	44,449
Net earnings	20,675	30,381
Net earnings excluding impairment charge	30,057	30,381
Cash flows from operating activities	28,559	23,939
FINANCIAL POSITION		
Working capital	$ 147,998	$ 128,548
Total assets	271,241	270,175
Shareholders' equity	240,962	236,231
PER COMMON SHARE		
Earnings from operations	$ 1.51	$ 1.52
Net earnings	0.73	1.07
Net earnings excluding impairment charge	1.06	1.07
Dividends declared and paid	0.56	0.56
Shareholders' equity	8.46	8.30
FINANCIAL RATIOS		
Working capital	9.1	7.3
Return on average shareholders' equity	8.7	13.3
Pre-tax return on average capital employed	12.9	18.9

LETTER FROM THE PRESIDENT AND CEO

Dear shareholders:

A premium blend: a combination of the finest quality ingredients which creates something superior to the sum of its individual parts. Corby is made up of many such blends. From our talented employees working together in cross-functional teams to the many brands that make up our portfolio, Corby has created superior combinations that are the foundation of our success. But nowhere is a premium blend more evident than in the combination of Corby and Pernod Ricard.

This partnership helped Corby remain strong through one of the most difficult economic environments in our long history. Against such a challenge, I am pleased with Corby's performance in fiscal year 2010. Despite the soft economy and an overall decline in consumer demand, we delivered solid operational results. While sales declined slightly on a year-over-year comparison, we held our investments in marketing to support the Corby-owned brands for the long term. I am confident that this strategy will enable us to come out of the recessionary period in a much stronger position, ready to capitalize on a new fiscal year that should be characterized by improving consumer sentiment and spending.

Our ability to leverage the benefits of our majority shareholder partnership during the year helped us maximize the value of our marketing and advertising investments and minimize our spending in areas such as procurement, international freight and information technology. We maintained our operating profit at levels close to last year, while continuing our history of returning a portion of that profit back to you, our valued shareholders.

While Corby is no stranger to majority shareholders, Pernod Ricard has consistently demonstrated its commitment to Corby and its desire to see us succeed and grow. This relationship provides our sales force with a unique product portfolio that includes some of the world's most premium brands, strengthening our ability to cross-sell and up-sell our entire family of products to customers across Canada. Many of our portfolio brands, including ABSOLUT vodka and Chivas Regal Scotch whisky, also enjoy significant marketing budgets fully funded by Pernod Ricard.

As we look forward to fiscal year 2011, the Corby management team is well integrated and aligned behind our key objectives: 1) strategically prioritizing our portfolio to focus maximum investment on key brands; 2) building our on-premise business with increased brand presence in bars and restaurants where consumer sampling is critical; 3) increasing our innovation on priority brands with new flavours, packaging and brand extensions that are attractive to consumers; and 4) continuing our work to increase the Company's efficiencies by optimizing the organization and supporting our talented employees.

As we implement strategies to achieve these objectives, we will consider the impact of our decisions on the people, communities and environments that we touch. To Corby, corporate social responsibility ("CSR") is more than just compliance. We aspire to be leaders in the areas of responsible use, local community involvement and environmental stewardship. We are pleased to share more about our CSR activities later in this report.

Corby will continue to look for opportunities to expand its business and grow shareholder value in the coming year. Our efforts are supported by the experience and guidance of our Board of Directors and by our relationship with Pernod Ricard. It's a premium blend of industry knowledge, global leadership and regional autonomy that strengthens our position in the marketplace and our opportunities for the future.

I look forward to sharing those opportunities with you in the months ahead.

Sincerely,

R. Patrick O'Driscoll
President & Chief Executive Officer

SENIOR MANAGEMENT TEAM

From left to right:

R. Patrick O'Driscoll
President & Chief Executive Officer

Marc A. Valencia
Vice-President, General Counsel & Corporate Secretary

Paul G. Holub
Vice-President, Human Resources

Colin R. Kavanagh
Vice-President, Marketing

Andrew S. Alexander
Vice-President, Sales

James M. Stanski
Vice-President, Production

Howard C. Kirke
Vice-President, External Affairs

Thierry R. Pourchet
Vice-President & Chief Financial Officer

BUSINESS REVIEW

OVER THE PAST FIVE YEARS, CORBY'S AFFILIATION WITH PERNOD RICARD HAS PROVIDED CRITICAL STABILITY, RESOURCES AND THE ADVANTAGES THAT COME WITH SIZE, SCOPE AND GLOBAL LEADERSHIP. OUR FOCUS ON EXCELLENCE HAS REMAINED STEADFAST FOR OVER 150 YEARS, BUT THE RESOURCES, STRATEGIES AND OPPORTUNITIES TO DELIVER EXCELLENCE TO OUR CUSTOMERS AND SHAREHOLDERS CONTINUE TO EVOLVE AS WE MAXIMIZE THE SYNERGIES AND ADVANTAGES OF OUR PARTNERSHIP.

OPERATIONAL EXCELLENCE

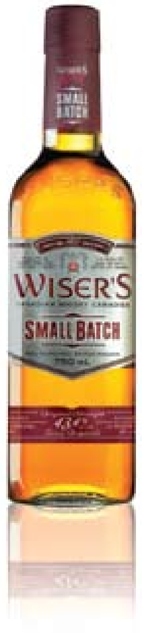
More than 80% of Corby-owned products are blended and bottled in the Hiram Walker & Sons Limited manufacturing facility in Windsor, Ontario. The plant, which is wholly-owned by Pernod Ricard, has the largest distillery capacity in North America, producing four million cases annually. In keeping with the Pernod Ricard group's ("PR Group") decentralized management model, the Hiram Walker plant is under the responsibility of Corby's President and CEO. This allows for strong regional decision-making that ensures Corby's best interests are represented.

More than
80%
OF CORBY-OWNED PRODUCTS ARE BLENDED AND BOTTLED AT HIRAM WALKER & SONS LIMITED

Best-in-class is the standard at the Hiram Walker facility. Our business benefits from operational excellence throughout the plant including certifications to the ISO 9000 Quality standard, the ISO 14000 Health and Safety standard, and the ISO 18000 Environmental standard. In fiscal 2010, quality performance consistently surpassed 99% as measured by the plant's Right First Time ("RFT") program which tracks quality defects in the manufacturing process. Service levels were also industry best-in-class with on-time and in-full delivery rates above 95%.

Hiram Walker & Sons Limited manufacturing facility in Windsor, Ontario

In Montréal, our manufacturing facility is 100% Corby-owned and -operated, providing the special blending craftsmanship needed for our premium Canadian whisky brand, Wiser's Small Batch, as well as other small batch spirit production. Despite the manufacturing complexity and frequent changeovers involved with small batch production, the Corby Montréal plant delivers the same world-class levels of operational excellence. In 2010, the Montréal plant improved performance across a number of key operational metrics including productivity, safety and service levels. Montréal's quality (RFT) rate also exceeded 99%, putting the facility in an excellent position to achieve the ISO 9000, 14000 and 18000 certifications being pursued in late 2010.



PEOPLE EXCELLENCE

Corby's success has never been built on brands alone. It is our highly engaged and motivated workforce and culture that have helped us to consistently deliver profitability for so many years.

During fiscal year 2010, one of the most challenging years in our history, the excellence of our 212 employees in sales, marketing, operations and support services helped us not only defend our overall market share but also make gains with key strategic brands.

Corby employees have experienced significant change over the past few years. We recognize the importance of investing in our people, listening to their feedback and providing them with the tools and opportunities to reach their maximum potential.

One way we invest in our people is through the Corby Leadership Academy. In 2010, the Academy provided 145 leadership development and training days to 29 managers with program modules that focused on leadership competencies such as coaching for success, leading change, conflict management and developing others.

Better than

10%

INCREASE IN OVERALL EMPLOYEE ENGAGEMENT

145

LEADERSHIP DEVELOPMENT AND TRAINING DAYS PROVIDED

3

NEW BRAND EXTENSION PRODUCTS LAUNCHED IN 2010

Corby Québec sales team

"WE WANT ALL OUR EMPLOYEES TO BE ABLE TO SEE HOW THEIR WORK CONTRIBUTED TO BUSINESS SUCCESS AND TO HAVE THEM UNDERSTAND THAT LINK. WE WANT THEM TO FEEL EMPOWERED, TO BE ABLE TO MAKE DECISIONS AND TAKE ACTION."

– Paul G. Holub, Vice-President, Human Resources

Helping our employees achieve excellence in their careers sometimes means supporting them in opportunities outside of Corby; however, keeping them within the Pernod Ricard family allows us to retain and develop our best employees even when they choose to pursue global experience. All Pernod Ricard job postings are available to Corby employees and we have benefited from the Pernod Ricard global pool of talent. Three key Corby positions were filled in 2010 by leaders with valuable industry experience from the PR Group and three Corby employees pursued development opportunities in the PR Group.

Corby employees have clearly embraced the changes within the Company. The results of our annual employee survey released in the first quarter indicated a better than 10% increase in overall employee engagement compared to the previous year. The number of employees who felt that Corby provided chances to grow and develop in their careers grew by 13% to 59% of total respondents.

In the highly competitive spirits and wine industry, a committed and engaged workforce is the key to excellence. We are very fortunate to have the best talent in the business choose to work at Corby.

PRODUCT EXCELLENCE AND INNOVATION

The strategic blend of premium and value brands in the Corby portfolio allows us to offer products that meet a wide variety of palates and price points. From brown and white spirits to liqueurs and ready-to-drink coolers to the best champagnes and favourite dinner wines, Corby offers retail and on-premise customers quality products and a continual process of innovation to satisfy consumers' interests.

The Hiram Walker plant in Windsor, Ontario, recently became the research and development ("R&D") hub for all of Pernod Ricard Americas, all under the direction of Corby's President and CEO. This access to extensive shared R&D resources was further enhanced in 2010 with the creation of a new management position dedicated to innovation. The role of Corby's Innovation Marketing Manager is to develop new products that are highly relevant to consumers by using unique market research tools and global insights.

During the year, Corby's innovation pipeline led to the successful launch of three new brand extension products: Lamb's Black Sheep spiced rum made from natural ingredients including cinnamon and vanilla; Seagram Wild Apple vodka cooler, a fresh, crisp green apple taste created to mimic fresh picked fruit; and Wiser's Legacy Canadian whisky, an original ultra premium recipe made from higher rye content and handcrafted to provide whisky drinkers with a new and unique experience. In each case, the innovation process involved extensive consumer research, new ingredients, flavour profiling and testing, and unique packaging designed to impress the target consumer group.

World-class facility at the Hiram Walker plant

Innovation will continue to be a backbone of Corby's strategy for growth. By working in partnership with talented researchers, developers and formulation specialists, and accessing the latest product development technologies in the Pernod Ricard Americas R&D centre, we can offer new variations on brands that are synonymous with excellence. The innovation process helps Corby respond to changing trends and reach new consumers.

Over

200

DISTINCT INGREDIENTS

George Brown College's state-of-the-art bar and wine labs sponsored by Corby

MAJOR SPONSOR

FIVE-YEAR PARTNERSHIP WITH GEORGE BROWN COLLEGE

CORPORATE SOCIAL RESPONSIBILITY

At Corby, we believe that our business is strengthened when we operate in a socially responsible manner and that corporate social responsibility implies more than just compliance with the laws, regulations and industry practices of the jurisdictions in which we operate.

We aspire to demonstrate social leadership through a number of initiatives in three strategic areas: Responsible Use, Environmental Stewardship and Community Involvement.

Responsible Use

As a leading manufacturer and marketer of spirits and wines, we know that Corby has a responsibility to ensure Canadian consumers are aware of the benefits of moderate consumption and the risk to health and society from excess or inappropriate consumption of alcohol.

We take this responsibility seriously and have clear policies for the advertising, marketing and promotion of our brands to individuals of legal drinking age through our Marketing Code. This code requires strict adherence to policies governing all messaging that reaches consumers, including tasteful and responsible imagery. We support all provincial liquor boards in their programs to prevent underage consumption, irresponsible consumption and impaired driving.

As a charter member of Spirits Canada, Corby supports and encourages funding for numerous consumer alcohol education groups across the country.

Environmental Stewardship

We strive to conduct all of Corby's commercial activities in ways that conserve natural resources and respect the environment. This commitment means using the best techniques and technologies available, improving energy efficiency, promoting recycling and limiting the production of waste and pollution.

Two years ago, we relocated the Corby head office to one of the first LEED-certified multi-tenant buildings in Canada. The office effectively utilizes environmentally friendly practices in paper recycling, office lighting restrictions and thermostat reductions during non-peak hours.

As part of the preparations for ISO 14000 certification, Corby's Montréal facility reduced waste water emissions and energy consumption. Our Information Technology Department located in the Corby-managed Windsor facility works with the local community to collect obsolete computer equipment to donate to not-for-profit organizations, which reduces landfill and helps provide access to technology for less fortunate kids.

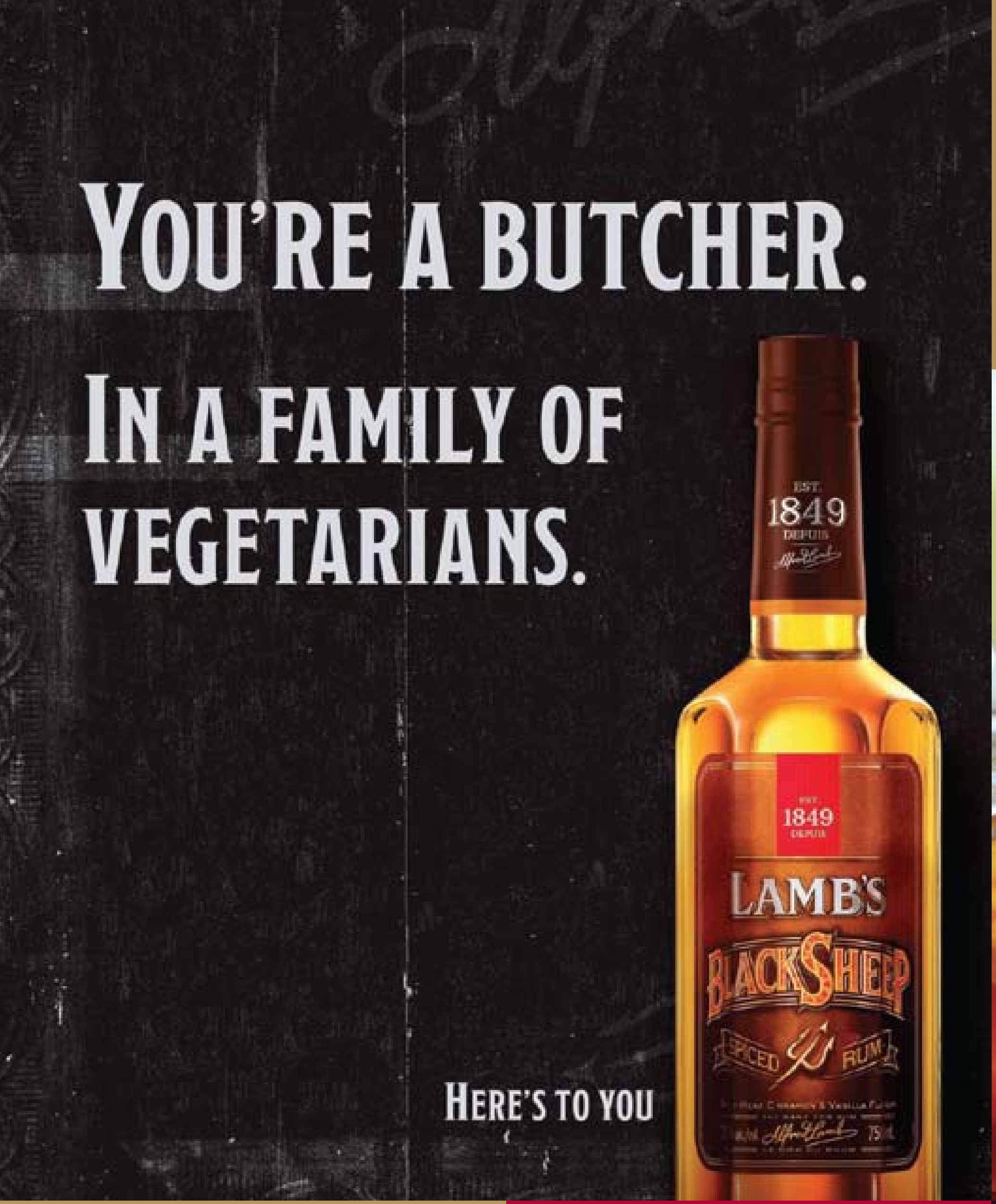
Community Involvement

Corby recognizes the importance of giving back to the local communities in which we operate and in supporting the volunteer and community efforts of our employees.

Our social and community commitments include an annual partnership with the Canadian AIDS Society. For the past three years, a commemorative special edition bottle of Polar Ice vodka has been created and Corby has donated $1.00 from each unit sold to the Canadian AIDS Society.

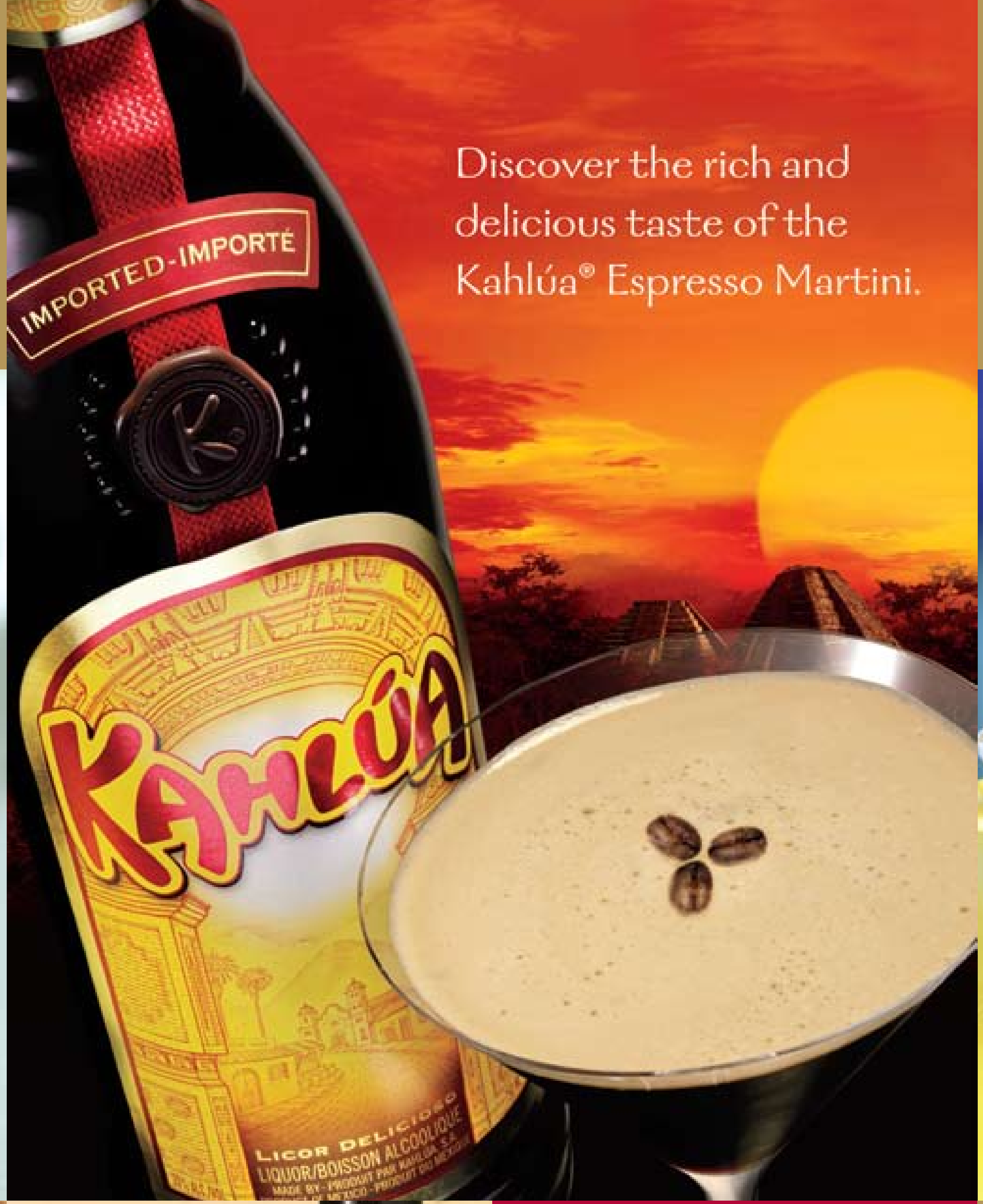
Corby also supports George Brown College, Canada's largest educational facility that focuses on the hospitality industry. Through a five-year partnership with the college as a major sponsor, classroom product education is held in the McGuinness Liqueur Mixology laboratory and the Jacob's Creek Sommelier laboratory.

In addition to these national initiatives, Corby employees are involved in their communities through volunteer and fundraising efforts that support numerous worthy charitable organizations including the United Way, the Juvenile Diabetes Research Foundation, Habitat for Humanity and other local causes.



PRODUCING QUALITY CANADIAN SPIRITS SINCE

1859



15

OF THE 50 TOP-SELLING BRANDS IN CANADA

3

BRAND EXTENSIONS IN 2010

"WE HAVE CONTINUED TO INVEST BEHIND OUR BRANDS AND THAT IS THE KEY FOR TOMORROW'S SUCCESS."

– Thierry R. Pourchet, Vice-President & Chief Financial Officer

Please enjoy our products responsibly.

OVER THE PAST FIVE YEARS, CORBY'S AFFILIATION WITH PERNOD RICARD HAS PROVIDED CRITICAL STABILITY, RESOURCES AND THE ADVANTAGES THAT COME WITH SIZE, SCOPE AND GLOBAL LEADERSHIP.

Please enjoy our products responsibly.

25%

OF SPIRIT SALES IN CANADA

CORBY ACROSS CANADA

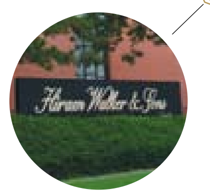
FROM VICTORIA, BRITISH COLUMBIA, TO ST. JOHN'S, NEWFOUNDLAND, AND EVERY MAJOR CENTRE IN BETWEEN, HUNDREDS OF THOUSANDS OF CANADIAN CONSUMERS ENJOYED CONCERTS, FESTIVALS, SPORTING EVENTS AND CELEBRATIONS WITH THE SUPPORT AND PARTICIPATION OF CORBY-OWNED AND -REPRESENTED BRANDS.

More than **330**

EVENTS, PROMOTIONS AND SPONSORSHIPS ACROSS CANADA IN FISCAL 2010

Ski lounges in Lake Louise, race tracks in Montréal, sheds in Labrador and book clubs across Canada were all made more enjoyable in 2010 thanks to Corby's activities from coast to coast.

THE CORBY EXECUTIVE OFFICE IS LOCATED IN TORONTO, ONTARIO. OUR PRODUCTS ARE BLENDED AND BOTTLED IN FACILITIES IN MONTRÉAL, QUÉBEC, AND WINDSOR, ONTARIO, AND SUPPORTED BY A WORLD-CLASS SALES FORCE LOCATED IN MAJOR CENTRES ACROSS THE COUNTRY.



HIRAM WALKER & SONS LIMITED
WINDSOR, ONTARIO
Canada's largest distillery site is home to 114 blending tanks, four bottling lines, 14 maturing warehouses, 90 different product formulations and over 300 employees.

CORBY MONTRÉAL
MONTRÉAL, QUÉBEC
100% Corby-owned and -operated and home to Corby's small batch, premium spirits manufacturing.

❶ CHIVAS PARTY
VANCOUVER, BRITISH COLUMBIA

Over 500 consumers, media and celebrities attended the Chivas party to celebrate the beginning of the Winter Olympic Games in Vancouver. The Chivas International Brand Ambassador served guests a new cocktail designed specifically for the occasion.

❷ ABSOLUT VIP PARTY
EDMONTON, ALBERTA

Over 700 VIP guests attended an exclusive ABSOLUT VIP party in July where guests sampled custom-created ABSOLUT cocktails, vodka-infused appetizers and received specially designed ABSOLUT t-shirts.

❸ ROBBIE BURNS DAY
CALGARY, ALBERTA

In January, Calgary celebrated Robbie Burns Day with The Glenlivet. The popular Scotch whisky brand sponsored events at two local establishments where Calgarians honoured Scottish poet Robbie Burns by sharing his favourite drink and listening to his famous poem, "The Address to the Haggis", performed by a Scotsman in full kilt.

❹ SASKATCHEWAN ROUGHRIDERS FOOTBALL CLUB ANNIVERSARY
REGINA, SASKATCHEWAN

Wiser's Canadian whisky launched a limited edition bottle to celebrate the centennial anniversary of the Saskatchewan Roughriders Football Club, sold exclusively at Saskatchewan Liquor and Gaming Association stores. Past and present CFL players were on hand to help launch the commemorative product.

❺ DAUPHIN COUNTRYFEST
DAUPHIN, MANITOBA

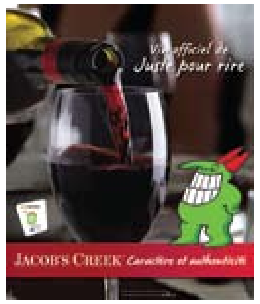
Corby and the Manitoba Liquor Control Commission joined forces in July for the Dauphin Countryfest, Canada's longest running country music festival. The four-day event featured a full Corby bar serving Wiser's and Malibu brands and attracted nearly 50,000 visitors along with the best in local, national and international entertainment.

❻ 2009 TORONTO INTERNATIONAL FILM FESTIVAL
TORONTO, ONTARIO

Jameson Irish whiskey presented the finest in Irish films at the 2009 Toronto International Film Festival. Jameson is a long-time supporter of the film industry in Ireland and, this year, the favourite Irish whiskey put its stamp on Canadian ground by sponsoring two of the Irish Film Board's best films: *Triage* and *Perrier's Bounty*.

❼ JUST FOR LAUGHS FESTIVAL
MONTRÉAL, QUÉBEC, AND TORONTO, ONTARIO

Jacob's Creek was back for a third year as the Official Wine of the *Just For Laughs* festival in both Montréal and Toronto. Jacob's Creek wine is a great match for the fun and convivial atmosphere at the world's largest comedy festival.



❽ FORMULA ONE GRAND PRIX
MONTRÉAL, QUÉBEC

With the return of the Formula One Grand Prix to Montréal, the distinctive red stripe was once again present with Mumm champagne as the official champagne of the F1. From the race winner's podium to locations throughout the city, Mumm was part of the festivities, and hundreds of racing fans lined up to get their photos taken on the Mumm podium with Jeroboam bottles.

❾ HARVEST JAZZ & BLUES FESTIVAL
FREDERICTON, NEW BRUNSWICK

For the past decade, Corby has been a proud sponsor of Fredericton's Harvest Jazz & Blues festival, which attracts over 70,000 people to music stages in six different locations around the city.

❿ ABSOLUT AT THE BITTER END
HALIFAX, NOVA SCOTIA

One of Halifax's premiere socializing destinations and the home of the Best Martini for nine years according to the local paper, The Bitter End was transformed by ABSOLUT vodka branding and a customized décor promotion.

⓫ THE JUNO AWARDS
ST. JOHN'S, NEWFOUNDLAND

Polar Ice vodka and Lamb's rum were the favoured features as sponsors of the Warner Music/Flare and Universal Music parties following the 2010 Juno Awards in St. John's.

BRAND REVIEW

WISER'S CANADIAN WHISKY

CORBY-OWNED

Wiser's Canadian whisky continued to be Canada's best-selling Canadian whisky family, accounting for almost 690,000 cases this fiscal year. The Wiser's family performed impressively, growing at +1% while the Canadian whisky category continued to decline at -3%. The brand's *Welcome to the Wiserhood* campaign continued to drive trial and recruit consumers to the brand. The launch of Wiser's Legacy gives the Wiser's family and the Corby sales force another great product that demonstrates our commitment to craftsmanship. In the US market, sales exceeded 65,000 cases, despite an increasingly challenging retail environment.

CHIVAS REGAL SCOTCH WHISKY

AGENCY-OWNED

Chivas Regal faced a challenging fiscal 2010 due to aggressive competitive retail pricing and promotion. Despite the difficult environment, the brand remains close behind the number one brand in the deluxe blended Scotch category. Highlights of this year's brand activation included a strong media burst during the holidays, Alpine Canada Alpin Sponsorship, a Chivas Lounge Pre-Olympic activation and a Brand Ambassador tour to promote Chivas 18 and Chivas 25. As a significant brand for the Corby portfolio with fiscal year sales of over 48,000 cases, Chivas will continue to receive strong marketing and advertising support to help regain market share.

THE GLENLIVET SCOTCH WHISKY

AGENCY-OWNED

The Glenlivet family continued to grow in fiscal 2010, with volumes reaching almost 43,000 cases. The Glenlivet XXV, the oldest permanent release in The Glenlivet range, was launched in October, and 2010 also marked the first year of The Glenlivet's sponsorship of the men's and women's Canadian Open with a full marketing program, which included media, retail and on-premise programs to promote the sponsorship and the brand's association with golf.

JAMESON IRISH WHISKEY

AGENCY-OWNED

Jameson, the best-selling Irish whiskey in Canada and the world, surpassed the 48,000 case mark in 2010. The brand experienced outstanding growth of +19%, resulting in an over 69% share of the Irish whiskey category. Top Toronto and Vancouver radio stations participated in this year's *Jameson Global Broadcast* St. Patrick's Day promotion, and the brand continued to be supported during the year by an Irish Brand Ambassador, who conducted bartender training, distribution drives and consumer events to ensure continued momentum.

POLAR ICE VODKA

CORBY-OWNED

Polar Ice remains the best-selling Canadian vodka brand and continued to play a pivotal role within the Corby vodka portfolio in 2010. Sales of the Polar Ice vodka family exceeded 308,000 cases despite a tough competitive environment. During the year, Polar Ice vodka created a third special edition bottle to raise awareness and support for the Canadian AIDS Society. This year's bottle was designed by Newfoundland artist and HIV/AIDS advocate, Don Short.

ABSOLUT VODKA

AGENCY-OWNED

ABSOLUT vodka is Canada's second largest vodka and the number one premium vodka in fiscal year 2010 with sales of more than 460,000 cases. Corby welcomed this iconic Swedish vodka to its portfolio in the fall of 2008 and since then, the brand has seen strong growth in both distribution and sales. The ABSOLUT family also includes a range of natural flavours, 10 of which are available in Canada. In 2009, ABSOLUT VANCOUVER was launched with the first of the limited edition ABSOLUT City Series bottles outside of the United States. Last year, ABSOLUT donated over $50,000 to the Vancouver arts community, established a partnership with Western Canada's biggest art event and continued to foster new relationships with artists across Canada, following its mantra that "Doing things differently leads to something exceptional".

STOLICHNAYA VODKA

AGENCY-OWNED

The Stolichnaya vodka family had another year of positive growth with volumes reaching almost 150,000 cases. The brand continued to be supported with investments in the on-premise channel, strong national retail programming, trade advertising and sponsorships, all enhancing Stoli's visibility and distribution.

HAVANA CLUB RUM

AGENCY-OWNED

Havana Club rum, the authentic premium Cuban rum from Havana, had another impressive year in 2010, breaking the 70,000 case mark. Havana Club Añejo Reserva was the fastest growing member of the family and remains the flagship variant. The brand enjoyed increased exposure during the year with the return of the Toronto Havana Cultura festival and the launch of the first Montréal Havana Cultura festival, as well as numerous on-premise events, bartender training and strong retail activity.

LAMB'S RUM

CORBY-OWNED

Lamb's rum is the number three rum family in Canada with sales of almost 470,000 cases. This year, Lamb's Palm Breeze rum sales grew to 236,000 cases and maintained its market share position as the number two amber rum in Canada. July saw the launch of Lamb's Black Sheep across the country, introducing a new spiced rum option to the category. The brand has been well received and was one of the fastest growing product launches for Corby. In its largest market, Newfoundland and Labrador, Lamb's Palm Breeze remains the number one spirit supported by the highly popular *Pimp My Shed* promotion. In the UK, the iconic Lamb's Navy rum continued to generate buzz, and support was increased for the recently launched Lamb's spiced rum.

FOR A COMPLETE LIST OF OUR BRANDS, CLICK HERE TO VISIT OUR WEBSITE.

McGUINNESS LIQUEURS

CORBY-OWNED

The McGuinness liqueur family is Canada's best-selling liqueur family, and the distinctive diamond shaped bottles are a familiar sight in restaurants and bars across the country. In fiscal year 2010, 102,000 cases were sold and its ubiquitous on-premise presence in Canada provides opportunity for other brands in the Corby portfolio to gain access to this important channel. While brands fight fiercely for identity in major categories like vodka and Canadian whisky, many McGuinness family products are unique, helping Corby expand its on-premise growth and visibility.

SEAGRAM COOLERS

CORBY-OWNED

Just in time for spring and summer, Corby re-launched its Seagram family of coolers with new, contemporary packaging and a convenient twist-off cap. The re-launch was a turning point for the brand and included Seagram Wild Berry, Vodka Spritzer, Orange Cream Swirl and a new flavour called Wild Apple, specifically designed to excite consumers' senses while offering the same refreshing taste consumers have enjoyed for years. A strong marketing and advertising investment helped support the brand in key markets and drive sales of more than 265,000 cases for the year.

KAHLÚA LIQUEUR

AGENCY-OWNED

In a challenging Canadian liqueurs category, Kahlúa remained the number one coffee liqueur, selling over 144,000 cases in fiscal year 2010 despite a negative growth trend. The brand continued to receive strong support in multiple channels including bartender education, consumer promotions and brand activation during the key holiday season. During the year, a new consumer and commercial strategy for Kahlúa was developed which includes product, packaging and promotion innovations to help generate new interest in the brand for the next holiday season.

MALIBU RUM

AGENCY-OWNED

Malibu rum continued to face pressure during the fiscal year, driven by a challenging commercial environment in the on-premise sector. In response, a truly innovative product was launched to strengthen the brand's presence in the marketplace – Malibu by U, a limited edition bottle that included four vibrant markers, giving creative ownership to transform the famous white bottle into a personal work of art. The brand was also supported with the new *Radio Maliboom Boom* radio, television and on-line advertising campaigns implemented to help distinguish Malibu in the competitive rum category. These efforts helped contribute to the sales of over 122,000 cases in fiscal 2010.

JACOB'S CREEK WINE

AGENCY-OWNED

Jacob's Creek is one of the world's best known wine brands, with around two million glasses enjoyed globally every day. Jacob's Creek wine shipped 272,000 cases in fiscal 2010. Sponsorship of the well-known *Just For Laughs* festival continued last year and the brand's first-ever TV campaign in Canada helped to build strong visibility for Jacob's Creek in the key markets of Québec and Ontario.

WYNDHAM ESTATE WINE

AGENCY-OWNED

Wyndham Estate continued to create benchmark Shiraz, in keeping with the vision George Wyndham had when he planted Australia's first commercial Shiraz vineyard in 1830. Canada is the number one export market for Wyndham Estate and it is a key wine brand within the Corby portfolio. Recent brand extensions, Bin 515, Bin 525 and a number of releases of the award-winning George Wyndham Founder's Reserve Shiraz at Ontario LCBO Vintages outlets helped drive sales volume of over 163,000 cases in 2010.

PORTFOLIO

BROWN SPIRITS

CANADIAN
Wiser's DeLuxe
Wiser's Small Batch
Wiser's Special Blend
Wiser's *(18)*
Wiser's Red Letter
Wiser's Legacy
Meaghers 1878
Royal Reserve
Royal Reserve Gold
McGuinness Silk Tassel
Hiram Walker Special Old
Bonded Stock

BLENDED SCOTCH
Ballantine's
(Finest, 17, 21, 30)
Chivas Regal *(12, 18, 25)*
Royal Salute *(21)*

SINGLE MALT
Aberlour
(10, 12, 16, A'bunadh)
The Glenlivet
(12, 15, 16 (Nadurra), 18, 21, XXV)
Scapa *(16)*
Longmorn *(16)*
Strathisla *(12)*
Tormore *(12)*

IRISH
Jameson
Jameson Reserves
(12, Gold, 18, Rarest Vintage Reserve)
Redbreast
Midleton Very Rare

COGNAC AND BRANDY
D'Eaubonne
Martell VS
Martell VSOP
Martell XO
Martell Cordon Bleu
Barclays

WHITE SPIRITS

GIN
Beefeater
Beefeater 24
Seagram's Extra Dry Gin
De Kuyper Geneva Gin
Plymouth Gin

VODKA
ABSOLUT
ABSOLUT flavours
(BERRI AÇAÍ, APEACH, CITRON, MANDRIN, MANGO, PEARS, RASPBERRI, RUBY RED, VANILIA, 100)
Level
Polar Ice
Stolichnaya
Stolichnaya flavours
(Razberi, Vanil, Blueberi, Ohranj)
Stolichnaya elit
WYBOROWA
WYBOROWA Exquisite
Moskovskaya
McGuinness Red Tassel
De Kuyper vodka
Grand Duke

RUM
Lamb's White
Lamb's Navy
Lamb's Palm Breeze
Lamb's Black Sheep
Havana Club Añejo Blanco
Havana Club Añejo Reserva
Havana Club Dry 7 Year Old
Havana Club Cuban Barrel Proof
Havana Club Maximo
Malibu Coconut
Malibu flavours
(Mango, Passion Fruit, Pineapple, Tropical Banana, Island Melon)
Ron Cabana
Black Diamond
McGuinness White Rum

TEQUILA
Olmeca Gold
Olmeca Blanco
Olmeca Tezón
Olmeca Extra Aged

LIQUEURS

Kahlúa
Kahlúa Especial
Kahlúa flavours
(French Vanilla, Hazelnut, Mocha)
Soho
Carolans Irish Cream
Sour Puss
Ramazzotti Amaro
Ramazzotti Black Sambuca
Ramazzotti Sambuca
Ricard 45 Pastis
Pernod
Pernod Absinthe
Becherovka
Hiram Walker
(Peach Schnapps, Peppermint Schnapps)
McGuinness
(Amaretto, Anisette, Crème de Cacao White, Crème de Menthe Green, Crème de Menthe White, Dell' Amorosa, Exotic Blueberry, Exotic Pomegranate, Melon, Sole Gin, Triple Sec)
Meaghers
(Crème de Menthe, Crème de Menthe Green, Triple Sec)
De Kuyper Peachtree Schnapps
Midori
Phillips Schnapps
Tequila Rose
Uphoria

READY TO DRINK – COOLERS

Seagram Wild Berry
Seagram Wild Apple
Seagram Vodka Spritzer
Seagram Cream Swirl (Orange)
McGuinness Long Island Iced Tea
McGuinness Margarita Mix
McGuinness Black Russian

WINES, CHAMPAGNES, SPARKLING WINES AND APERITIFS

WINES
Jacob's Creek
Wyndham Estate
Stoneleigh
Brancott
Campo Viejo
Etchart
Graffigna
Black Tower
Reál Sangria

CHAMPAGNES AND SPARKLING WINES
G.H. Mumm
Perrier-Jouët
Mumm Napa
Café de Paris

APERITIFS
Dubonnet
Lillet

WE BELIEVE OUR BUSINESS IS STRENGTHENED WHEN WE OPERATE IN A SOCIALLY RESPONSIBLE MANNER. WE ASPIRE TO DEMONSTRATE LEADERSHIP IN THREE STRATEGIC AREAS: RESPONSIBLE USE, ENVIRONMENTAL STEWARDSHIP AND COMMUNITY INVOLVEMENT.

$1.00

FROM EACH SPECIAL EDITION BOTTLE OF POLAR ICE VODKA SOLD WAS DONATED TO THE CANADIAN AIDS SOCIETY

"CORBY WILL CONTINUE TO LOOK FOR OPPORTUNITIES TO EXPAND ITS BUSINESS AND GROW SHAREHOLDER VALUE IN THE COMING YEAR. OUR EFFORTS ARE SUPPORTED BY THE EXPERIENCE AND GUIDANCE OF OUR BOARD OF DIRECTORS AND BY OUR RELATIONSHIP WITH PERNOD RICARD."

– R. Patrick O'Driscoll, President & Chief Executive Officer

80%

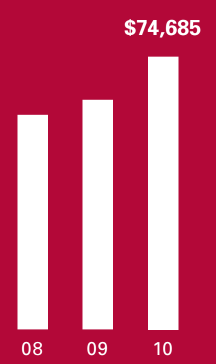
OF INGREDIENTS AND RAW MATERIALS ARE PURCHASED IN CANADA

MD&A AT-A-GLANCE

CASH ON DEPOSIT

(ending balance)

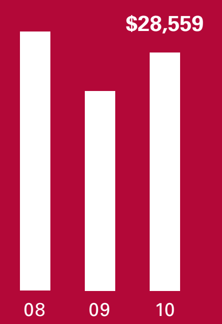
(in thousands of Canadian dollars)



Corby has significant sources of liquidity with $74.7 million currently on deposit in a cash management pool with Pernod Ricard's other Canadian affiliates, no long-term debt and no financial covenants.

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

(in thousands of Canadian dollars)



The Company consistently delivers strong cash flows from its operating activities. Specifically, Corby's cash flow from operating activities increased by $4.7 million this year versus last, representing a year-over-year increase of almost 20%. Favourable changes in non-cash working capital balances combined with an increase in net earnings, after adjustment for non-cash items, were the primary factors driving the increase.

EARNINGS PER SHARE

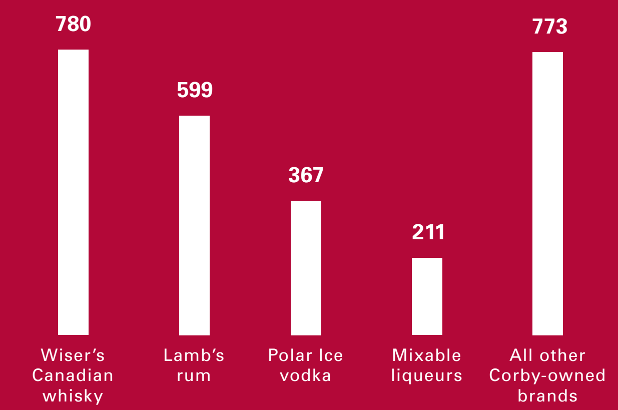
(excluding impairment)

(in Canadian dollars)

The Company's earnings per share in 2010 reflect the impact of a non-cash impairment charge of $11.5 million (after-tax impact of $9.4 million) being taken against its goodwill and intangible assets balance related to its Seagram Coolers business. Initially, the Seagram Coolers brand achieved the goals and objectives set for it. However, over the past two years, the brand underperformed relative to its competitive set due to aggressive competition and investment from both category leaders and new entrants in adjacent categories.

BRAND SHIPMENT VOLUMES

(in 000's of 9L cases)



Corby experienced significant challenges this year, as shipment volumes decreased by 6% compared to last year. However, fourth-quarter shipment volumes of the Company's key brands improved by 8% compared to the same quarter last year. In addition to the overall market conditions, competition for market share has been difficult as key competitors are becoming increasingly aggressive, particularly in relation to pricing strategies and discounting.

THIS MD&A AT-A-GLANCE HIGHLIGHTS SOME OF THE MORE SIGNIFICANT INFORMATION FOUND IN THE MANAGEMENT'S DISCUSSION AND ANALYSIS, WHICH FOLLOWS ON THE NEXT PAGE. IT IS NOT INTENDED TO PROVIDE A COMPLETE SUMMARY OF CORBY'S STRATEGIES, BUSINESS ENVIRONMENT OR PERFORMANCE.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

The following Management's Discussion and Analysis ("MD&A") dated August 26, 2010, should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2010, prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

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. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted elsewhere in this MD&A.

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 26, 2010. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Corby will provide updates to material forward-looking statements, including in subsequent news releases and its interim management's discussion and analyses filed with regulatory authorities, as required under applicable laws. Additional information regarding Corby, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Unless otherwise indicated, all comparisons of results for the fourth quarter of fiscal 2010 (three months ended June 30, 2010) are against results for the fourth quarter of fiscal 2009 (three months ended June 30, 2009). All dollar amounts are in Canadian dollars unless otherwise stated.

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. Corby is a publicly traded company, with its shares listed on the Toronto Stock Exchange under the symbols "CDL.A" (Voting Class A Common Shares) and "CDL.B" (Non-Voting Class B Common Shares). Corby's Voting Class A Common Shares are majority-owned by Hiram Walker & Sons Limited ("HWSL") (a private company) located in Windsor, Ontario. HWSL is a wholly-owned subsidiary of international spirits and wine company, Pernod Ricard S.A. ("PR") (a French public limited company), which is headquartered in Paris, France. Therefore, throughout the remainder of this MD&A, Corby refers to HWSL as its parent and to PR as its ultimate parent. Affiliated companies are those that are also subsidiaries of PR.

The Company derives its revenues from the sale of its owned-brands as well as earning commission income from the representation of selected non-owned brands in the Canadian market place. Revenue from Corby's owned-brands is denoted as "Sales" on the consolidated statements of earnings and while it predominantly consists of sales made to each of the provincial liquor boards in Canada, it also includes sales to international markets. Commission income earned from the representation of non-owned brands is denoted as "Commissions" on the consolidated statements of earnings.

Corby's portfolio of owned-brands includes some of the most renowned brands in Canada, including Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka, McGuinness liqueurs and Seagram Coolers. Through its affiliation with PR, Corby also represents leading international brands such as ABSOLUT vodka, 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. In addition to representing PR's brands in Canada, Corby also provides representation for certain selected, unrelated third-party brands ("Agency brands") when they fit within the Company's strategic direction and, thus, complement Corby's existing brand portfolio.

The Company sources approximately 72% of its spirits production requirements from HWSL at its production facilities in Windsor, Ontario, with the balance of Corby's spirits production being sourced from the Company's owned-plant in Montréal, Québec. Essentially all of Corby's cooler production requirements are outsourced to an unrelated third party located in Woodbridge, Ontario.

In September 2006, PR and Corby agreed upon terms for the continuation of production of Corby's owned-brands by PR at HWSL's production facility in Windsor, Ontario, for the next 10 years, expiring September 2016. Corby and PR further agreed that Corby will manage PR's business interests in Canada, including HWSL's production facility, during that same 10-year period.

In most provinces, Corby's route to market in Canada entails shipping its products to government-controlled liquor boards ("LBs"). The LBs then sell directly, or control the sale of beverage alcohol products, to end consumers. The exception to this model is Alberta, where the retail sector is privatized. In this province, Corby ships products to a bonded warehouse that is managed by a government-appointed service provider who is responsible for warehousing and distribution into the retail channel.

Corby's shipment patterns to the LBs will not always exactly match short-term consumer purchase patterns. However, given the importance of monitoring consumer consumption trends over the long term, the Company stays abreast of consumer purchase patterns in Canada through its member affiliation with the Association of Canadian Distillers ("ACD"), which tabulates and disseminates consumer purchase information it receives from the LBs to its industry members. Corby refers to this data throughout this MD&A as "retail sales" which are measured both in volume (measured in nine-litre-case equivalents) and in retail value (measured in Canadian dollars).

Corby's route to market for its international business primarily entails direct shipment of its products to international distributors, located mainly in the US and UK markets. International sales typically account for less than 10% of Corby's total annual sales. Distributors sell to various local wholesalers and retailers who in turn sell directly to the consumer. Reliable consumer purchase data is not readily available for these international markets and is, therefore, not discussed in this MD&A.

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 quarters of each fiscal year typically tend to reflect the impact of seasonal fluctuations in that, generally, more shipments are made during those quarters.

STRATEGIES AND OUTLOOK

Corby's business strategies are designed to maximize value growth, and thus deliver exceptional profit while continuing to produce strong and consistent cash flows from operating activities. The Company's portfolio of owned and represented brands provides an excellent platform from which to achieve its current and long-term objectives moving forward.

Management believes that having a focused brand prioritization strategy will permit it to capture value in those segments and markets where consumers continue to demonstrate their willingness to trade up to premium brands. Therefore, the Company's strategy is to focus its investments on, and leverage the long-term growth potential of, its key brands. As a result, Corby will continue to invest behind its brands to promote its premium offerings where it makes the most sense and drives the most value for shareholders.

Brand prioritization requires an evaluation of each brand's potential to deliver upon this strategy. Such evaluation facilitates Corby's marketing and sales teams' focus on maximizing value creation within the brand prioritization strategy. Over the long term, management believes that effective execution of its strategy will result in value creation for shareholders.

The Company is a strong advocate of social responsibility, especially with respect to its sales and promotional activities. Corby will continue to promote the responsible consumption of its products in its activities. The Company stresses its core values throughout its organization, including those of value creation, social responsibility, tradition, substance over style, and character above all.

CURRENT MARKET ENVIRONMENT

Indicators of the Canadian economy continue to be mixed. The June Consumer Confidence Index, as reported by the Conference Board of Canada, fell in Ontario and British Columbia (two of Corby's largest markets) and remained well below its most recent peak in January. There has, however, been renewed strength in the Canadian dollar.

It appears that the recovery in Canada is fragile, as the unemployment rate remains relatively high. Furthermore, while a strong Canadian dollar may benefit some parts of the economy, it tends to negatively affect the export-driven manufacturing sector, which is a key pillar of Ontario's economy and one of Corby's largest markets. Given these facts, there remains substantial uncertainty regarding the length of time for which these difficult economic conditions will continue.

Prior to the recession, the Company had strengthened its operations and financial position, which has allowed it to better face the economic downturn. Of particular consideration are the following factors:

- Corby has no long-term debt and, therefore, no financial or other covenants;
- The Company has significant sources of liquidity via its $74.7 million currently on deposit in a cash management pool with PR's other Canadian affiliates;
- Corby's largest customers are government-controlled LBs in each province, which greatly reduces the risk associated with the collection of accounts receivable;
- The Company has an exceptionally diverse and strong brand portfolio, which is well positioned to meet consumer tastes across spirit categories at a wide range of price points; and
- Corby is a leader in the Canadian spirits market and has a long history of profitability and uninterrupted dividends.

Moreover, the spirits business in Canada has, historically, been less affected by economic slowdowns than other consumer and manufacturing businesses. However, no business is completely immune to a slowdown in the economy. As a result, Corby closely monitors its exposure to the following potential risks, which could impact future profitability and cash flows, so it can be in a position to proactively respond should any of the following materialize:

- Long-term decline in the level of spirits consumption by consumers;
- Deterioration of the financial health of key suppliers;
- Valuation of goodwill and intangible assets; and
- Higher pension funding requirements.

Corby's financial results have been unfavourably impacted by what is believed to be only a short-term decline in consumer demand, and by an impairment charge recorded during the second quarter ended December 31, 2009, against its goodwill and intangible assets values related specifically to the Seagram Coolers brand. Further information related to the impairment charge can be found below in the "Significant Event" section of this MD&A. The other factors noted in the list above have not had a measurable impact on the Company. Management will continue to closely monitor the ongoing economic environment and take proactive measures, as necessary.

SIGNIFICANT EVENT

Corby Reports a Non-Cash Impairment Charge

In accordance with Canadian GAAP, the Company recorded a non-cash impairment charge of $11.5 million (after-tax impact of $9.4 million) against its goodwill and intangible assets balances related to its Seagram Coolers brand during the quarter ended December 31, 2009. The Seagram Coolers business in Canada was acquired by Corby on September 29, 2006. Initially, the brand had been quite successful and achieved the internal goals and objectives management had set for it. However, over the past two years, the brand underperformed relative to its competitive set due to aggressive competition and investment from both category leaders and new entrants in adjacent categories.

As a result, the Company revised its long-term outlook to reflect changes in expectations for the brand and accordingly has estimated that the fair value of the associated goodwill and intangible assets related to the brand fell below its recorded carrying amounts. As such, net earnings for the year ended June 30, 2010, include the after-tax impact of the non-cash impairment charge of $9.4 million or $0.33 per share. Management remains committed to the Seagram Coolers brand and has recently completed and implemented a comprehensive brand rejuvenation plan, including label and packaging redesign, new flavour innovation, and increased advertising and promotional activities.

NON-GAAP FINANCIAL MEASURE

Corby defines "Earnings from Operations" as earnings before impairment, interest income, foreign exchange, gains or losses on disposal of capital assets, and income taxes. This non-GAAP financial measure has been included in this MD&A, as management believes it is useful in measuring the Company's operating performance.

However, Earnings from Operations is not a measure recognized by GAAP and it does not have a standardized meaning prescribed by GAAP. Therefore, Earnings from Operations may not be comparable to similar measures presented by other issuers. Investors are cautioned that Earnings from Operations should not be construed as an alternative to net earnings, as determined, in accordance with GAAP, as indicators of performance. A reconciliation of Earnings from Operations to net earnings can be found in the "Financial and Operating Results" section of this MD&A.

THREE-YEAR REVIEW OF SELECTED FINANCIAL INFORMATION

The following table provides a summary of certain selected consolidated financial information for the Company. This information has been prepared in accordance with Canadian GAAP.

(in millions of Canadian dollars, except per share amounts)	2010	2009	2008
Operating revenue	$ 162.2	$ 169.3	$ 163.3
Earnings from operations	43.0	43.4	44.6
– Earnings from operations per common share	1.51	1.52	1.57
Net earnings	20.7	30.4	31.9
– Basic earnings per share	0.73	1.07	1.12
– Diluted earnings per share	0.73	1.07	1.12
Net earnings excluding impairment	30.1	30.4	31.9
– Basic earnings per share, excluding impairment	1.06	1.07	1.12
– Diluted earnings per share, excluding impairment	1.06	1.07	1.12
Total assets	271.2	270.2	253.5
Total liabilities	30.3	33.9	31.7
Dividends paid per share	0.56	0.56	0.56

Financial results since 2008 are largely reflective of the economic conditions experienced in Canada and throughout the world during that time period. While operating revenue increased in 2009, it was primarily attributable to increased average selling prices and favourable changes in product mix, as consumer consumption actually declined. In addition, operating revenue in 2009 benefited from the initiation of the Company's representation of the ABSOLUT vodka brand. In 2010, operating revenue continued its decline from 2009 levels, as customers continued to adjust inventory levels to better match forecasted consumer demand.

Ultimately, net earnings were also unfavourably impacted by the deteriorating economic conditions. In addition to the aforementioned impacts to operating revenue, the recessionary economy also had an adverse impact on the level of interest income Corby earned from its substantial cash deposits as a result of a decline in market interest rates. Lastly, net earnings in 2010 were also impacted by the recording of a non-cash impairment charge related to Corby's goodwill and intangible assets balances associated with the Seagram Coolers business. The impairment charge reduced net earnings by $9.4 million or $0.33 per share.

Excluding the impact of the impairment, net earnings over the past three years have been fairly resilient in light of the global recession and resulting drop in consumer confidence levels. This is especially evident when one considers the fact that net earnings for 2008 included $1.1 million in favourable non-recurring items. It is also important to note that, throughout these economically challenging years, Corby continued to invest in the long-term success of its brands by increasing its advertising and promotional expenditures in each of the last three years.

The Company has continued to strengthen its balance sheet, as net equity increased by $19.0 million since 2008, while dividend levels have been maintained at $0.56 per share, which is consistent with Corby's dividend policy.

BRAND PERFORMANCE REVIEW

Corby's portfolio of owned-brands accounts for more than 80% of the Company's total operating revenue. Included in this portfolio are its key brands: Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka, and Corby's mixable liqueur brands. The sales performance of these key brands significantly impacts Corby's net earnings. Therefore, understanding each key brand is essential to understanding the Company's overall performance.

Shipment Volume and Value Performance

The following chart summarizes the performance of Corby's owned-brands in terms of both shipment volume (as measured by shipments to customers in equivalent nine-litre cases) and shipment value (as measured by the change in sales revenue). The chart includes results for sales in both Canada and international markets. Specifically, the Wiser's, Lamb's and Polar Ice brands are also sold to international markets, particularly in the US and UK. International sales typically account for less than 10% of Corby's total annual sales.

Brand Performance Chart – Includes Both Canadian and International Shipments

	Three Months Ended				Year Ended			
Volumes *(in 000's of 9L cases)*	June 30, 2010	June 30, 2009	Shipment % Volume Change	Shipment % Value Change	June 30, 2010	June 30, 2009	Shipment % Volume Change	Shipment % Value Change
Brand								
Wiser's Canadian whisky	208	183	14%	9%	780	760	3%	2%
Lamb's rum	138	133	4%	4%	599	620	(3)%	(2)%
Polar Ice vodka	100	92	9%	7%	367	396	(7)%	(7)%
Mixable liqueurs	51	54	(6)%	(5)%	211	231	(9)%	(8)%
Total key brands	497	462	8%	6%	1,957	2,007	(2)%	(2)%
All other Corby-owned brands	222	262	(15)%	(10)%	773	888	(13)%	(11)%
Total	719	724	(1)%	4%	2,730	2,895	(6)%	(4)%

As previously discussed in the "Strategies and Outlook" section of this MD&A, the Company has implemented a brand prioritization strategy that requires focused investments in key brands and in key markets, with the long-term objective of maximizing value growth. This strategy is designed to leverage the long-term growth potential of Corby's key brands.

The above chart demonstrates that Corby experienced significant challenges this year, as shipment volumes decreased by 6% compared to last year. However, fourth-quarter shipment volumes of the Company's key brands improved by 8% compared to the same quarter last year. The Canadian economy has recently demonstrated mild GDP growth; however, a strong recovery in consumer demand continues to be hampered by relatively high rates of unemployment. In addition to the overall market conditions, competition for market share has been difficult as key competitors are becoming increasingly aggressive, particularly in relation to pricing strategies and discounting.

Certain markets within Canada have experienced softer-than-expected market conditions, specifically those in the provinces of Alberta, British Columbia and Ontario. The reduced consumer demand also led to customer destocking in the private channels in Western Canada, further impacting shipments. As a secondary factor, the threatened labour disruption that occurred in Ontario near the end of June 2009 had the effect of accelerating some shipments into fiscal 2009 and, therefore, reduced the amount of shipments that would have otherwise occurred in fiscal 2010.

International market conditions have remained difficult, with shipment value decreasing by 7% on a year-over-year basis. The decreased performance in international markets is mainly due to competitive challenges for Polar Ice vodka in the US market. In addition, unfavourable movements in foreign exchange rates have also applied downward pressure on shipment value. Volumes for Wiser's DeLuxe Canadian whisky and Lamb's rum have demonstrated resiliency despite challenging market conditions in the US and UK, respectively.

Retail Volume and Retail Value Performance

It is of critical importance to understand the performance of Corby's brands at the retail level in Canada. Analysis of performance at the retail level provides insight with regards to consumers' current purchase patterns and trends. Retail sales data, as provided by the ACD, is set out in the following chart. It should be noted that the retail sales information presented does not include international retail sales of Corby-owned brands, as this information is not readily available. International sales typically account for less than 10% of Corby's total annual sales.

Retail Sales for the Canadian Market Only[(1)]

	Three Months Ended				Year Ended			
Volumes *(in 000's of 9L cases)*	**June 30, 2010**	June 30, 2009	% Retail Volume Change	% Retail Value Change	**June 30, 2010**	June 30, 2009	% Retail Volume Change	% Retail Value Change
Brand								
Wiser's Canadian whisky	152	150	1%	1%	689	683	1%	1%
Lamb's rum	107	112	(4)%	(7)%	468	485	(4)%	(3)%
Polar Ice vodka	70	69	1%	0%	308	320	(4)%	(3)%
Mixable liqueurs	43	45	(4)%	(4)%	208	221	(6)%	(6)%
Total key brands	372	376	(1)%	(2)%	1,673	1,709	(2)%	(2)%
All other Corby-owned brands	182	211	(14)%	(12)%	765	843	(9)%	(8)%
Total	554	587	(6)%	(5)%	2,438	2,552	(4)%	(3)%

(1) Refers to sales at the retail store level in Canada, as provided by the Association of Canadian Distillers.

Trends over the past year have shown a shift in consumption patterns as consumers are purchasing fewer products from certain discretionary spirits categories, such as liqueurs, when compared to the spirits staples, such as whisky, vodka and rum. Furthermore, the overall decline in consumer spending has resulted in more at-home consumption, as consumers are trending away from consumption at licensed establishments, such as bars and restaurants.

Summary of Corby's Key Brands

Wiser's Canadian Whisky

Corby's flagship brand, Wiser's Canadian whisky, has continued to perform exceptionally well despite a challenging economy, and has continued to gain market share, from both a volume and value perspective, at the expense of its direct competitors in Canada. On a year-over-year basis, the brand grew by 1% in both retail volume and value, while the Canadian whisky segment as a whole declined by 3%.

The Company continued to invest strongly behind the brand this year, especially during the holiday season, which is a key selling period for whisky, and maintained its investment behind the brand's highly successful media and television campaign entitled *Welcome to the Wiserhood*. This campaign has proven to be highly impactful from a consumer perspective and has also received critical acclaim by having been awarded two gold medals at the prestigious Canadian Marketing Awards ("Best Promotion for Consumer Products" and "Best Integrated Campaign for Consumer Products"). The Company intends to continue to build upon the success of this campaign in order to expand Wiser's market-leading position.

Lamb's Rum

Lamb's rum, one of the top-selling rum families in Canada, saw its retail volumes decrease by 4% this year versus last. Retail volumes for the rum segment in Canada increased by 1%; however, the segment has been entirely driven by growth in the spiced and dark rum categories. The white rum category continued to underperform and adversely impact the rum segment as a whole. The Lamb's rum family has a significant amount of its volume weighted in the white category and, thus, its performance is reflective of the rum segment as a whole.

In response, the Company launched a Lamb's spiced rum variant in select Canadian provinces and the UK market (called Lamb's Black Sheep and Lamb's Spiced, respectively) as the Company looks to capitalize on the growing consumer demand in the spiced rum segment. While the product is still in the very early stages of its life cycle, initial results and indicators continued to be very positive.

From an international perspective, the brand's volumes have shown some resiliency in the midst of a very difficult UK market. However, its profitability has been impacted by the depreciation in the British pound sterling relative to the Canadian dollar.

The Company has also taken other actions to improve brand performance, such as introducing updated packaging and increasing the level of investments in core markets.

Polar Ice Vodka

Polar Ice vodka, which is among the top three largest vodka brands in Canada, experienced a challenging year as retail sales volumes decreased by 4% when compared with last year. However, the brand has recently demonstrated improvement as its fourth-quarter retail sales volumes increased slightly against those of the same three-month period last year. This year's performance is reflective of challenging market conditions as the brand faced increased pressure from its key competitors across most major markets, mainly in the form of aggressive price discounting. Also contributing to the negative performance this year is the downturn in the on-premise sector where the brand is well represented. The vodka category in Canada experienced an increase in retail volumes of only 2%, which is demonstrative of a marked slowdown in this dynamic and competitive category.

Performance in the US market has also suffered due to a saturated competitive environment and the negative impact of the depreciation of the US dollar on the brand's revenues. It should be noted that the comparative period also included additional volumes associated with the launch of Polar Ice flavours in both the US and Canadian markets.

Mixable Liqueurs

Corby's portfolio of mixable liqueur brands consists of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family), Meaghers liqueurs and De Kuyper liqueurs. The Company's mixable liqueur portfolio experienced a 6% decrease in retail sales volumes, while shipment volumes decreased by 9% on a year-over-year basis. The performance of Corby's liqueur brands is relatively consistent with the challenges experienced by the overall liqueur category in the Canadian market, in which retail volumes decreased by 4% this year versus last. The mixable liqueur segment is most affected by the decline in consumer spending, particularly as it relates to consumption at licensed establishments, such as bars and restaurants.

All Other Corby-Owned Brands

This group includes various Corby brands, such as Seagram Coolers, Royal Reserve and Silk Tassel Canadian whiskies, and Red Tassel vodka. The decreased performance of this group can be attributed largely to the Seagram Coolers brand, which makes up approximately 34% of this group's total retail volumes, as it experienced a decrease of 17% this year versus last. However, management completed and implemented a comprehensive rejuvenation plan for this brand, including label and packaging redesign, new flavour innovation, and advertising and promotional activities, that also encompassed a renewed focus on the brand's core product lines. The new, refreshed product began shipping at the beginning of the fourth quarter. Excluding the Seagram Coolers brand, the Corby-owned brands group, as a whole, experienced a decline in retail volumes of 5%, which is reflective of the challenging economic conditions in addition to the overall brand prioritization strategy.

FINANCIAL AND OPERATING RESULTS – FISCAL 2010

The following table presents a summary of certain selected consolidated financial information for the Company for the years ended June 30, 2010 and 2009:

(in millions of Canadian dollars, except per share amounts)	2010	2009	$ Change	% Change
Sales	$ 147.0	$ 152.6	$ (5.6)	(4)%
Commissions	15.2	16.7	(1.5)	(9)%
OPERATING REVENUE	162.2	169.3	(7.1)	(4)%
Cost of sales	73.1	79.6	(6.5)	(8)%
Marketing, sales and administration	44.4	44.8	(0.4)	(1)%
Amortization	1.7	1.5	0.2	13%
OPERATING COSTS	119.2	125.9	(6.7)	(5)%
EARNINGS FROM OPERATIONS	43.0	43.4	(0.4)	(1)%
Impairment charge	(11.5)	–	(11.5)	n/a
Interest income	0.5	1.7	(1.2)	(71)%
Foreign exchange loss	(0.6)	(0.8)	0.2	(25)%
Gain on disposal of capital assets	0.1	0.2	(0.1)	(50)%
OTHER INCOME AND EXPENSES	(11.5)	1.1	(12.6)	(1,145)%
Earnings before income taxes	31.5	44.5	(13.0)	(29)%
Income taxes	10.8	14.1	(3.3)	(23)%
NET EARNINGS	$ 20.7	$ 30.4	$ (9.7)	(32)%
Per common share				
– Basic net earnings	$ 0.73	$ 1.07	$ (0.34)	(32)%
– Diluted net earnings	$ 0.73	$ 1.07	$ (0.34)	(32)%

Operating Revenue

Operating revenue, which is comprised of sales and commissions, decreased by 4% when compared with last year. Sales revenue represents revenue earned from the sale of Corby-owned brands, while commissions are earned from the representation of PR brands in the Canadian market and, to a lesser extent, through the representation of a select number of Agency brands.

Sales revenue declined by $5.6 million, or 4%, when compared with last year. The decrease was primarily volume driven as shipments were down 6%, with the Company's non-key brands accounting for most of this decrease. Market conditions existing in Western Canada and Ontario posed specific challenges this year, as the Company worked against both poor economic conditions and increasing competitive challenges, primarily in the form of aggressive price discounting. Furthermore, customer destocking in the private channels in Western Canada, and the aforementioned impact of a threatened labour disruption in Ontario, also reduced shipment volumes.

In addition to experiencing a reduction in shipment volumes, sales were also unfavourably impacted by certain of the Company's Canadian whisky brands being subjected to $1.2 million in additional excise tax this year, as a result of legislation passed by the federal government in May 2006. Lastly, unfavourable movements in foreign currencies (primarily, the US dollar and the British pound sterling) further applied downward pressure on sales derived from Corby's international businesses, even though total international shipment volumes were mostly consistent on a year-over-year basis. Partially offsetting the aforementioned items were increases in average selling prices, particularly in the British Columbia and Ontario markets, and positive changes to product mix.

The following table highlights the various components that comprise commissions:

(in millions of Canadian dollars)	2010	2009	$ Change	% Change
Commission from PR brands	$ 16.4	$ 16.8	$ (0.4)	(2)%
Commission from Agency brands	3.4	4.6	(1.2)	(26)%
Amortization of representation rights	(4.6)	(4.7)	0.1	(2)%
Commissions	$ 15.2	$ 16.7	$ (1.5)	(9)%

Commissions earned from the representation of PR brands in Canada were relatively consistent on a year-over-year basis. However, the current-year results include an extra three months of commissions from the ABSOLUT vodka brand (which Corby began representing on October 1, 2008), which have served to partially offset an 8% decline in commissions earned from PR's other brands. This decline is primarily the result of the same factors that have affected shipment volumes of Corby-owned brands (difficult market conditions in Western Canada and customer destocking in the private retail channel combined with the effect of the aforementioned threatened labour disruption in Ontario). As a secondary factor, Corby ceased to represent three PR brands (Wild Turkey, Tia Maria and Lemon Hart) as a result of PR's decision to dispose of these brands. It is estimated that these disposals reduced current-year commission from PR brands by $0.4 million. As a result of PR's decision to dispose of these brands, Corby received $1.7 million in early termination fees from PR, which were accounted for as a reduction in the original cost of the intangible asset. For more information regarding the PR termination fees received, please refer to the "Cash Flows" section of this MD&A.

Commission income from Agency brands has declined by $1.2 million, or 26%, this year versus last. The decrease is the result of the prior year's inclusion of commissions from brands that are no longer represented by Corby.

Cost of Sales

Cost of sales was $73.1 million, representing a decrease of 8% when compared with last year. The decrease was largely the result of the Company experiencing a 6% decrease in shipment volumes, in addition to an appreciating Canadian dollar (which served to reduce US dollar denominated production input costs). To a lesser extent, the Company also benefited from reduced prices on certain of its commodity costs.

Corby's gross margin on case goods was 50.3% this year, compared to 47.8% last year. The improved margin was the result of the aforementioned factors impacting cost of sales (favourable foreign exchange rates on US dollar denominated production inputs and lower commodity prices), in addition to the Company having an improved product mix (lower sales in the US and of Seagram Coolers, both of which earn lower gross margins than the domestic spirits business), along with increased average selling prices in certain Canadian provinces. The impact of these items was partially offset by increased rates of excise tax being applied to certain of the Company's Canadian whisky brands, as a result of federal legislation introduced in 2006.

Marketing, Sales and Administration

Marketing, sales and administration expenses declined by $0.4 million, or 1%, when compared with last year. The change is comprised of an increase in marketing and sales expenditures (impact of $0.4 million) being more than offset by savings achieved on administrative expenses (impact of $0.8 million).

The increased marketing and sales expenditures reflect the Company's commitment to continue investing behind its brands, and they specifically relate to Wiser's media spend, the Seagram Coolers re-invention strategy and the Canadian launch of Lamb's Black Sheep (which marks Corby's entrance into the high-growth spiced rum category).

The savings experienced on administrative expenses is due to a combination of management's increased focus on cost control and the inclusion of some non-recurring expenses in 2009, such as the relocation of the Company's head office and costs associated with obtaining the right to represent the ABSOLUT vodka brand in Canada.

Earnings from Operations

Earnings from operations totalled $43.0 million this year, representing a decline of $0.4 million, or 1%, when compared with last year. The impact of declining shipment volumes and increased rates of excise tax were offset by increased average selling prices, favourable changes in product mix, and reduced production costs primarily due to a stronger Canadian dollar.

Other Income and Expenses

Other income and expenses this year included a non-cash impairment charge of $11.5 million applied against the Company's goodwill and intangible assets balances and related to the Seagram Coolers brand. For more information related to the impairment charge, please refer to the "Significant Event" section of this MD&A. In addition to the impairment, fiscal 2010 also experienced a $1.2 million reduction in interest income earned from the Company's substantial deposits balance. The year-over-year decline in interest income is a direct result of market rates of interest being at historical lows throughout 2010, as governments around the world reduced rates in the hope of stimulating economic growth.

Income Taxes

Corby's effective tax rate of 34% reflects a 2% increase over last year and is explained in the following table:

	2010	2009
Combined basic federal and provincial tax rates	31%	32%
Impact of impairment charge	5%	0%
Impact of substantively enacted rate decreases in Ontario	(2)%	0%
	34%	32%

Net Earnings

Net earnings for the year amounted to $20.7 million, versus $30.4 million last year. Excluding the impact of the aforementioned non-cash impairment charge, net earnings would have been $30.1 million, representing a negligible decrease from the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Corby's sources of liquidity are its deposits in cash management pools of $74.7 million as at June 30, 2010, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities balances, which totalled $18.3 million as at June 30, 2010, and are all due to be paid within one year.

The Company also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at June 30, 2010, certain of the Company's defined benefit pension plans were in a deficit position. Of those plans in a funded deficit position, the unfunded accrued benefit obligation totalled $7.9 million.

The Company has identified the area of employee future benefits as a "critical accounting estimate" in that accounting policies related to this area include various assumptions that incorporate a high degree of judgement and complexity. These assumptions may change in the future and may have a material impact on the accrued benefit obligations of the Company and the cost of these plans, which is reflected in the Company's consolidated statements of earnings. In addition, the actual rate of return on plan assets and changes in interest rates could result in changes in the Company's funding requirements for its defined benefit pension plans.

As a result of the turmoil in capital markets experienced in 2009, the fair value of plan assets within these pension funds has declined. Somewhat mitigating the impact of the market decline was the fact that the Company monitors its pension plan assets closely and follows strict guidelines to ensure pension fund investment portfolios are diversified in-line with industry best practices. Nonetheless, pension fund assets are not immune to market fluctuations and, as a result, the Company may be required to make additional cash contributions in the future. For more information regarding Corby's employee future benefit plans, please refer to Note 8 to the consolidated financial statements.

The Company believes that its deposits in cash management pools, combined with its historically strong operational cash flows, provide for sufficient liquidity to fund its operations, investing activities and commitments for the foreseeable future. The Company's cash flows from operations are subject to fluctuation due to commodity, foreign exchange and interest rate risks. Please refer to the "Risks and Risk Management" section of this MD&A for further information.

The much-publicized global liquidity crisis has been tumultuous for many companies, particularly those entities holding short-term investments in asset-backed commercial paper ("ABCP"). Corby does not have direct exposure to this type of liquidity risk, as the Company does not hold any investments in ABCP.

CASH FLOWS

(in millions of Canadian dollars)	2010	2009	Change
Operating activities			
Net earnings, adjusted for non-cash items	$ 36.5	$ 34.8	$ 1.7
Net change in non-cash working capital	(7.9)	(10.9)	3.0
	28.6	23.9	4.7
Investing activities			
Additions to capital assets	(2.4)	(4.4)	2.0
Proceeds from disposition of capital assets	–	0.6	(0.6)
Proceeds on account of PR brand disposals	1.7	–	1.7
Deposits in cash management pools	(12.0)	(4.2)	(7.8)
	(12.7)	(8.0)	(4.7)
Financing activities			
Dividends paid	(15.9)	(15.9)	–
Net change in cash	$ –	$ –	$ –

Operating Activities

Cash flows from operating activities were $28.6 million in 2010, compared to $23.9 million last year. The $4.7 million increase is largely the result of favourable changes in non-cash working capital balances, principally attributed to the timing of accounts receivable, and was partially offset by increased investment in maturing inventories. Net earnings, after adjustment for non-cash items, also contributed to the increased cash flows. This was primarily the result of having made a special pension plan contribution payment in 2009 that was not required in 2010.

Investing Activities

The Company increased its deposits in cash management pools by $7.8 million this year compared with the amount invested in 2009. Deposits made to cash management pools represent cash on deposit with The Bank of Nova Scotia via Corby's Mirror Netting Service Agreement with PR. Corby has daily access to these funds and earns a market rate of interest from PR on balances contained within. For more information related to these deposits, please refer to the "Related Party Transactions" section of this MD&A.

The increase in the amount deposited in cash pools this year versus last year is the combined result of having generated additional cash from operations of $4.7 million, having reduced capital asset additions by $2.0 million, and having received early termination fees of $1.7 million from PR.

Additions to capital assets in 2010 returned to pre-2009 levels as 2009 included asset additions associated with the Company's head office relocation. The $1.7 million in early termination fees received from PR was on account of its decision to dispose of the Tia Maria, Wild Turkey, and Lemon Hart brands, thus early terminating the original 15-year representation agreement with Corby (signed in September 2006) with respect to these brands. The amounts of the termination fees were calculated in accordance with the formula stipulated in the representation agreement. It should also be noted that the termination fees are accounted for as a reduction to the original cost of the intangible asset on the balance sheet, and, therefore, have no impact on net earnings or earnings per share.

Financing Activities

Cash used for financing activities reflects regular dividends being paid to shareholders and totalled $15.9 million, or $0.56 per share, this year and is equal to the amount of dividends paid last year. The amount of dividends paid is in accordance with the Company's stated dividend policy. For further information regarding the Company's dividend policy, please refer to Note 19 to the consolidated financial statements.

OUTSTANDING SHARE DATA

As at August 26, 2010, Corby had 24,274,320 Voting Class A Common Shares and 4,194,536 Non-Voting Class B Common Shares outstanding. The Company does not have a stock option plan, and therefore, there are no options outstanding.

CONTRACTUAL OBLIGATIONS

The following table presents a summary of the maturity periods of the Company's contractual obligations as at June 30, 2010:

	Payments During 2011	Payments Due in 2012 and 2013	Payments Due in 2014 and 2015	Payments Due After 2015	Obligations with No Fixed Maturity	Total
Operating lease obligations	$ 1.5	$ 2.6	$ 1.6	$ 2.1	$ –	$ 7.8
Employee future benefits	–	–	–	–	19.9	19.9
	$ 1.5	$ 2.6	$ 1.6	$ 2.1	$ 19.9	$ 27.7

Operating lease obligations represent future minimum payments under long-term operating leases for premises and office equipment as at June 30, 2010. Employee future benefits represent the Company's unfunded pension and other post-retirement benefit plan obligations as at June 30, 2010. For further information regarding Corby's employee future benefit plans, please refer to Note 8 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

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 sub-contracts 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, recordkeeping, data processing and other administrative services is also outsourced to its parent company.

The companies operate under the terms of agreements that became effective on September 29, 2006 (and the agreement signed on September 26, 2008, which is described separately below). These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for 15 years, and provide for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for 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. In addition to the aforementioned related party transactions, the Company also participated in the activities below with related parties.

ABSOLUT Vodka Representation Agreement

On September 26, 2008, Corby entered into an agreement with its ultimate parent company, PR. The agreement provides Corby with the exclusive right to represent the ABSOLUT vodka brand in Canada effective October 1, 2008, for the next five years. As part of this agreement, Corby also received the exclusive right to represent the Plymouth gin and Level vodka brands. Corby also agreed to continue to participate in the cash management pooling arrangement (the Mirror Netting Service Agreement) with PR's wholly-owned Canadian subsidiaries until October 1, 2011, unless terminated earlier by Corby. Further, until October 1, 2011, Corby agreed that it will not declare any special dividends, repurchase shares or make acquisitions or capital investments outside the normal course of business without PR's prior approval. Corby also agreed that, barring any unanticipated developments, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 50% of net earnings per share in the preceding fiscal year ended June 30 and $0.56 per share.

Deposits in Cash Management Pools

As previously discussed, Corby participates in a cash management pooling arrangement under the Mirror Netting Service Agreement together with PR's other Canadian affiliates, the terms of which are administered by The Bank of Nova Scotia. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for the purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 26, 2010, as published by Standard & Poor's and Moody's, was BB+ and Ba1, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day LIBOR rate plus 0.40%. Corby has the right to terminate its participation in the Mirror Netting Service Agreement at any time, subject to five days' written notice.

RESULTS OF OPERATIONS – FOURTH QUARTER OF FISCAL 2010

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2010 and 2009:

(in millions of Canadian dollars, except per share amounts)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	$ Change	% Change
Sales	$ 38.2	$ 36.9	$ 1.3	4%
Commissions	3.8	4.5	(0.7)	(16)%
OPERATING REVENUE	42.0	41.4	0.6	1%
Cost of sales	19.3	20.0	(0.7)	(4)%
Marketing, sales and administration	12.9	10.9	2.0	18%
Amortization	0.4	0.4	–	0%
OPERATING COSTS	32.6	31.3	1.3	4%
EARNINGS FROM OPERATIONS	9.4	10.1	(0.7)	(7)%
Interest income	0.2	0.2	–	0%
Foreign exchange gain (loss)	0.3	(0.1)	0.4	(400)%
OTHER INCOME AND EXPENSES	0.5	0.1	0.4	400%
Earnings before income taxes	9.9	10.2	(0.3)	(3)%
Income taxes	3.3	2.8	0.5	18%
Net earnings	$ 6.6	$ 7.4	$ (0.8)	(11)%
Per common share				
– Basic net earnings	$ 0.23	$ 0.26	$ (0.03)	(12)%
– Diluted net earnings	$ 0.23	$ 0.26	$ (0.03)	(12)%

Operating Revenue

Operating revenue, consisting of sales and commissions, was $42.0 million for the quarter, compared to $41.4 million for the same quarter last year, which is an increase of $0.6 million, or 1%. Sales increased by 4% quarter-over-quarter, totalling $38.2 million, while commissions decreased by $0.7 million, or 16%, to $3.8 million for the three-month period ended June 30, 2010.

Fourth-quarter sales in the domestic market were virtually equal to the same quarter last year, even though the comparative period included additional sales resulting from a threatened labour disruption in Ontario. The increase in fourth-quarter sales was derived from the Company's contract bottling business and increased shipment volumes to international customers.

The following table highlights the various components that comprise commissions:

(in millions of Canadian dollars)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	$ Change	% Change
Commission from PR brands	$ 4.2	$ 4.6	$ (0.4)	(9)%
Commission from Agency brands	0.7	1.1	(0.4)	(36)%
Amortization of representation rights	(1.1)	(1.1)	–	0%
Commissions	$ 3.8	$ 4.6	$ (0.8)	(17)%

Commissions decreased by $0.8 million this quarter versus the same quarter last year. The decrease is represented equally by declines of $0.4 million in commissions earned from the representation of PR brands and Agency brands. The decline noted on PR brands is reflective of the challenging market conditions these higher-priced premium international brands face with consumers, primarily in Western Canada. The decrease in commission from Agency brands is primarily the result of the comparative quarter's inclusion of commission from brands Corby no longer represents.

Cost of Sales

Cost of sales decreased by $0.7 million in the fourth quarter compared to the same period last year. The decrease is consistent with what has been experienced throughout the year as a stronger Canadian dollar helped to reduce US dollar denominated production inputs. Gross margin has improved by 3.8% this quarter versus the same quarter last year. Improved margins are the result of increased average selling prices in Ontario and British Columbia, improved product mix, and the aforementioned production cost savings.

Marketing, Sales and Administration

Marketing, sales and administration expenses were $12.9 million, compared to $10.9 million during the same quarter last year. Marketing and sales expenditures were largely responsible for the increase and they mostly relate to the aforementioned Seagram Coolers rejuvenation plan and increased media costs associated with the Company's Wiser's Canadian whisky brand. Administrative expenses increased by approximately 4% this quarter when compared with the same quarter last year, and are reflective of costs incurred to implement certain organizational changes.

Earnings from Operations

Earnings as a result of operations were $9.4 million this quarter, compared with $10.1 million in the same quarter last year. The $0.7 million decrease is largely the result of the aforementioned timing of marketing and sales expenditures being partially offset by increased operating revenue and reduced production costs.

Income Taxes

Income tax expense increased by $0.5 million when compared with the same quarter last year. The increase is largely the result of the comparative period's inclusion of a favourable change in estimate, thus reducing the effective tax rate in the comparative period to below statutory rates.

Net Earnings

Net earnings for the fourth quarter totalled $6.6 million, representing a decrease of $0.8 million, or 11%, when compared against the same quarter last year. The decreased earnings were the result of the aforementioned factors impacting earnings from operations and income taxes.

SELECTED QUARTERLY INFORMATION

Summary of Quarterly Financial Results

(in millions of Canadian dollars, except per share amounts)	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Operating revenue	$42.0	$32.2	$46.9	$41.1	$41.4	$34.0	$47.8	$46.1
Earnings from operations	9.4	6.8	14.7	12.2	10.1	7.2	11.9	14.2
Net earnings, excluding impairments	6.6	4.5	10.5	8.4	7.4	5.1	8.1	9.8
Net earnings	6.6	4.5	1.1	8.4	7.4	5.1	8.1	9.8
Basic EPS	0.23	0.16	0.04	0.30	0.26	0.18	0.28	0.35
Diluted EPS	0.23	0.16	0.04	0.30	0.26	0.18	0.28	0.35

The above chart demonstrates the seasonality of Corby's business, as sales are typically strong in the first and second quarters, while third-quarter sales (January, February and March) usually decline after the end of the retail holiday season. Fourth-quarter sales typically increase again with the onset of warmer weather as consumers tend to increase their consumption levels during the summer season.

Also highlighted in the chart is the aforementioned effect an impairment charge had on the Company's financial results in the second quarter of 2010. Specifically, the impairment charge had the effect of reducing net earnings by $9.4 million and reducing both basic and diluted earnings per share by $0.33. For more information related to the non-cash impairment charge, please refer to the "Significant Event" section of this MD&A.

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements are prepared in accordance with Canadian GAAP, which require management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities and related disclosures as at the date of the consolidated financial statements. The Company bases its estimates, judgements and assumptions on historical experience, current trends and other factors that management believes to be important at the time the consolidated financial statements are prepared. The Company reviews its accounting policies and how they are applied on a regular basis. While the Company believes that the historical experience, current trends and other factors considered support the preparation of its consolidated financial statements in accordance with Canadian GAAP, actual results could differ from its estimates and such differences could be material.

The Company's significant accounting policies are discussed in Note 1 to the consolidated financial statements. The following accounting policies incorporate a higher degree of judgement and/or complexity and, accordingly, are considered to be critical accounting policies.

Goodwill and Indefinite-Lived Intangible Assets

The Company records as goodwill the excess amount 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. Indefinite-lived intangible assets represent the value of trademarks and licences acquired. Goodwill and indefinite-lived intangible assets account for a significant amount of the Company's total assets. These balances are evaluated annually for impairment. The process of evaluating these items for impairment involves the determination of fair value. Inherent in such fair value determinations are certain judgements and estimates including, but not limited to, projected future sales, earnings and capital investment; discount rates; and terminal growth rates. These judgements and estimates may change in the future due to uncertain competitive, market and general economic conditions, or as a result of changes in the business strategies and outlook of the Company.

An impairment loss would be recognized to the extent that the carrying value of the goodwill or trademarks and licences exceeds the implied fair value. Any impairment would result in a reduction in the carrying value of these items on the consolidated balance sheets of the Company and the recognition of a non-cash impairment charge in net earnings. During the year, the Company recognized a non-cash impairment charge of $11.5 million (after-tax impact of $9.4 million) against its goodwill and intangible assets balances related to its Seagram Coolers brand. For more information related to the impairment, please refer to the "Significant Event" section of this MD&A.

Employee Future Benefits

The cost and accrued benefit plan obligations of the Company's defined benefit pension plans and other post-retirement benefit plans are accrued based on actuarial valuations that are dependent upon assumptions determined by management. These assumptions include the discount rate, the expected long-term rate of return on plan assets, the rate of compensation increases, retirement ages, mortality rates and the expected inflation rate of health care costs. These assumptions are reviewed annually by the Company's management and its actuary. These assumptions may change in the future and may have a material impact on the accrued benefit obligations of the Company and the cost of these plans, which is reflected in the Company's consolidated statement of earnings. In addition, the actual rate of return on plan assets and changes in interest rates could result in changes in the Company's funding requirements for its defined benefit pension plans. See Note 8 to the consolidated financial statements for detailed information regarding the major assumptions utilized.

Income and Other Taxes

The Company accounts for income taxes using the liability method of accounting. Under the liability method, future income tax assets and liabilities are determined based on differences between the carrying amounts of balance sheet items and their corresponding tax values. The determination of the income tax provision requires management to interpret regulatory requirements and to make certain judgements. While income, capital and commodity tax filings are subject to audits and reassessments, management believes that adequate provisions have been made for all income and other tax obligations. However, changes in the interpretations or judgements may result in an increase or decrease in the Company's income, capital or commodity tax provisions in the future. The amount of any such increase or decrease cannot be reasonably estimated.

ACCOUNTING STANDARDS – IMPLEMENTED IN 2010

Financial Statement Concepts

Effective July 1, 2009, the Company applied the amendments to Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1000, "Financial Statement Concepts". These amendments clarify the criteria for recognition of an asset and the timing of expense recognition, specifically deleting the guidance permitting the deferral of costs. The new requirements are effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Company applied the amendments to Section 1000 in conjunction with Section 3064, "Goodwill and Intangible Assets", which is further described below. The adoption of this standard had no impact on the Company's financial statements or note disclosures.

Goodwill and Intangible Assets

Effective July 1, 2009, the Company implemented a new accounting standard, Section 3064, "Goodwill and Intangible Assets", which is effective for fiscal years beginning on or after October 1, 2008. This standard replaces the existing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The new standard prescribes new methods for recognizing, measuring, presenting and disclosing goodwill and intangible assets, with the objective of eliminating the practice of deferring costs that do not meet the definition and recognition criteria of assets. The new standard is equivalent to the corresponding provisions of International Financial Reporting Standards ("IFRS") IAS 38, "Intangible Assets". The adoption of this standard had no impact on the Company's financial statements or note disclosures.

Financial Instruments – Disclosures

In June 2009, the Canadian Accounting Standards Board ("AcSB") amended Section 3862, "Financial Instruments – Disclosures", to adopt the amendments recently issued by the International Accounting Standards Board to International Financial Reporting Standard IFRS 7, "Financial Instruments: Disclosures", in March 2009. These amendments are applicable to publicly accountable enterprises and those private enterprises, co-operative business enterprises, rate-regulated enterprises and not-for-profit organizations that choose to adopt Section 3862. The amendments were made to enhance disclosures about fair value measurements, including the relative reliability of the inputs used in those measurements, and about the liquidity risk of financial instruments.

The amendments were effective for annual financial statements for fiscal years ending after September 30, 2009, with early adoption permitted. The Company adopted these amendments to Section 3862 in its 2010 annual consolidated financial statements. See Note 18 to the consolidated financial statements for a discussion on fair value measurement and the liquidity risk of financial instruments.

FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standards

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP; however, there are significant differences in regards to recognition, measurement and disclosures. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of fiscal 2012, for which current and comparative information will be prepared under IFRS.

In response, the Company created a transition plan and established a timeline for the execution and completion of the conversion project to guide Corby toward its reporting deadlines. The transition plan included a high-level assessment of the key areas where conversion to IFRS may have a significant impact or present a significant challenge. Six key areas were identified and include IFRS 1 choices, employee benefits, impairment of assets, capital assets, income taxes, and financial statement presentation and disclosure.

The IFRS changeover is a significant undertaking for the Company. As such, the Company has engaged an external advisor, established a working team and held multiple IFRS training sessions tailored specifically to Corby for finance employees, members of management and the Audit Committee. The IFRS team has performed detailed assessments of five of the six key areas identified, and it continues to report its progress and results to the Audit Committee on a quarterly basis.

A qualitative summary of expected impacts is provided below. Note that identified differences have not yet been fully quantified as the IFRS opening balance sheet date for Corby has only recently passed (July 1, 2010).

First-Time Adoption of IFRS (IFRS 1)

This standard sets out the protocol for converting a set of financial statements from another basis of preparation (e.g., Canadian GAAP) to IFRS. IFRS 1 generally requires that a first-time adopter apply IFRS accounting principles retrospectively to all periods presented in its first IFRS financial statements. IFRS 1 also provides certain mandatory and optional exemptions to the full retrospective application.

As Corby's ultimate parent company currently reports in accordance with IFRS, the Company is provided the option of using the carrying amount of assets and liabilities that would be included in PR's consolidated financial statements if no adjustments were made for consolidation procedures and for the effects of the business combination in which PR acquired its interest in Corby. Choosing this option simplifies Corby's conversion process and reduces the need for Corby to maintain two parallel sets of records in addition to providing other benefits. Therefore, Corby has decided to choose this option under IFRS 1. This decision impacts the optional exemptions for business combinations, employee benefits and capital assets. The individual accounting policy impacts are further described below.

Employee Benefits (IAS 19)

Corby has elected to adopt the measurement basis of its ultimate parent company, which is an option available under IFRS 1. Under IFRS, Corby will continue to utilize the "corridor" approach currently followed under Canadian GAAP.

- It is anticipated that, as at Corby's opening balance sheet date, conversion to IFRS will result in a decrease in accrued benefit asset, an increase in accrued benefit liability, and a decrease in equity.
- Subsequent to transition, it is anticipated that pension cost will be lower given the reduced amount of unrecognized net actuarial losses, which are a direct result of Corby adopting its ultimate parent company's measurement basis, as permitted under IFRS 1.

Impairment of Assets (IAS 36)

IFRS requires a one-step impairment test for identifying and measuring impairment: comparing an asset's carrying value to the higher of its value in use and fair value less cost to sell. Under Canadian GAAP, impairment is based on discounted cash flows only if an asset's undiscounted cash flows are below its carrying value. In addition, IFRS requires the reversal of previously recognized impairment losses when a change in circumstances indicates that the impairment has been reduced, other than for goodwill and indefinite-lived intangibles, while Canadian GAAP does not allow a reversal under any circumstances.

- The impact on the opening balance sheet is not yet known, as the test must be completed using facts and circumstances in existence as at the opening balance sheet date, which has yet to arrive.
- Subsequent to transition, the one-step impairment test under IFRS may result in more frequent write-downs of assets, and reversals of previous write-downs may be required in future periods.

Capital Assets (IAS 16)

Corby has elected to adopt the measurement basis of its ultimate parent company, which is an option available under IFRS 1, and, currently, this measurement basis is essentially equivalent to that reported under Canadian GAAP. The Company has also opted to use the cost model to measure its assets subsequent to transition, which is consistent with current practice under Canadian GAAP. In addition, IFRS requires that major components of an asset be separately amortized, whereas Canadian GAAP is less explicit. The Company's assessment has not identified any significant differences in this area.

- It is not expected that there will be a substantial impact on the opening balance sheet, nor is it expected that amortization expense will differ substantially subsequent to the transition date.

Income Taxes (IAS 12)

The differences that exist between IFRS and Canadian GAAP for Corby relate primarily to changes as a result of adopting IFRS accounting policies in areas where such changes impact the timing and amount of temporary basis differences between accounting and taxation.

- The opening balance sheet will be impacted as future income tax assets and liabilities will be re-measured upon completion of the IFRS opening balance sheet.
- Subsequent to transition, the impact of adopting IAS 12 will depend on the net amount of all differences in accounting policies.

Financial Statement Presentation and Disclosure

The Company has not yet completed its assessment of this area. However, based on information gathered to date, it is anticipated that disclosures will increase significantly when compared to those currently required by Canadian GAAP.

Overall, the transition plan remains on track and the Company believes it is well positioned to transition to IFRS in accordance with the timelines mandated by the AcSB. The work completed to date suggests that there will be a minimal impact on the Company's business activities, IT systems, disclosure controls and procedures, and internal controls over financial reporting. However, these preliminary conclusions may change as Corby continues to progress through its transition plan and considers any new IFRS developments leading up to the Company's changeover date.

The Company will continue to execute the transition in accordance with its plan, and it will also continue to monitor standards development as issued by the International Accounting Standards Board and the AcSB, as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of its adoption of IFRS.

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 National Instrument 52-109) as at June 30, 2010, and has concluded that such disclosure controls and procedures are effective based upon such evaluation.

INTERNAL CONTROLS 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 Canadian GAAP. Internal controls systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting as at June 30, 2010, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management's assessment was based on the framework established in *Internal Control – Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission.

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 controls over financial reporting.

RISKS AND RISK MANAGEMENT

The Company is exposed to a number of risks in the normal course of its business that have the potential to affect its operating and financial performance.

Industry and Regulatory

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. In addition, the Company's provincial LB customers have the ability to mandate changes that can lead to increased costs, as well as other factors that may impact financial results.

A recent example is that, as of July 1, 2009, the Company is subject to a higher rate of excise tax on certain of its Canadian whisky brands. This increase is the result of legislation passed by the federal government on May 2, 2006, which served to increase the rate of excise duty on spirits by 5.7%. It is estimated that the application of these higher excise duty rates reduced Corby's annual sales by approximately $1.2 million and translated to a reduction in net earnings of $0.8 million.

The Company continuously monitors the potential risk associated with any proposed changes to its government policy, regulatory and taxation environments, and, as an industry leader, actively participates in trade association discussions relating to new developments.

Consumer Consumption Patterns

Beverage alcohol companies are susceptible to risks relating to changes in consumer consumption patterns. Consumer consumption patterns are affected by many external influences, not the least of which is the current economic outlook and overall consumer confidence in the stability of the economy as a whole. The overall decline in consumer spending has resulted in more at-home consumption, as consumers are trending away from consumption at licensed establishments, such as bars and restaurants. As a result, the industry is experiencing declines in product categories that tend to have a higher consumption rate at these establishments, such as liqueurs. Corby offers a diverse portfolio of products across all major spirits categories and at various price points, which complements consumer desires and offers exciting innovation.

Distribution/Supply Chain Interruption

The Company is susceptible to risks relating to distributor and supply chain interruptions. Distribution in Canada is largely accomplished through the government-owned provincial LBs and, therefore, an interruption (e.g., labour strike) for any length of time may have a significant impact on the Company's ability to sell its products in a particular province and/or market.

Supply chain interruptions, including manufacturing or inventory disruption, could impact product quality and availability. 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.

Environmental Compliance

Environmental liabilities may potentially arise when companies are in the business of manufacturing products and, thus, required to handle potentially hazardous materials. As Corby outsources the majority of its production, including all of its storage and handling of maturing alcohol, the risk of environmental liabilities has been reduced to an acceptably low level. In addition, Corby's owned-production facility follows strict industry guidelines for the proper use and/or disposal of hazardous materials to further reduce environmental risks. Corby currently has no significant recorded or unrecorded environmental liabilities.

Industry Consolidation

In recent years, the global beverage alcohol industry has experienced a significant amount of consolidation. Industry consolidation can have varying degrees of impact and, in some cases, may even create exceptional opportunities. Either way, management believes that the Company is well positioned to deal with this or other changes to the competitive landscape in Canada.

Competition

The Canadian beverage alcohol industry is also extremely competitive. Competitors may take actions to establish and sustain a 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 execution of its strategies. 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.

Credit Risk

Credit risk arises from deposits in cash management pools held with PR via Corby's participation in the Mirror Netting Service Agreement (as previously described in the "Related Party Transactions" section of this MD&A), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the Company's financial assets. The objective of managing counter-party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of its counter-parties, taking into account their financial position, past experience and other factors. As the large majority of Corby's accounts receivable balances are collectable from government-controlled LBs, management believes the Company's credit risk relating to accounts receivable is at an acceptably low level.

Exposure to Interest Rate Fluctuations

The Company does not have any short- or long-term debt facilities. Interest rate risk exists as Corby earns market rates of interest on its deposits in cash management pools. An active risk management program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

Exposure to Commodity Price Fluctuations

Commodity risk exists, as the manufacture of Corby's products requires the procurement of several known commodities, such as grains, sugar and natural gas. The Company strives to partially mitigate this risk through the use of longer-term procurement contracts where possible. In addition, subject to competitive conditions, the Company may pass on commodity price changes to consumers through pricing over the long term.

Foreign Currency Exchange Risk

Foreign currency risk exists, as the Company sources a proportion of its production requirements in foreign currencies, specifically the US dollar. Partially mitigating this risk is the fact that the Company also sells certain of its goods in the same foreign currencies. As purchases from US-based suppliers typically exceed revenues from US-based customers, a decline in the Canadian dollar versus the US dollar can have a negative impact on the Company's financial results. In addition, subject to competitive conditions, changes in foreign currency rates may be passed on to consumers through pricing over the long term.

Third-Party Service Providers

The Company is reliant upon third-party service providers in respect of certain of its operations. It is possible that negative events affecting these third-party service providers could, in turn, negatively impact the Company. While the Company has no direct control over how such third parties are managed, it has entered into contractual arrangements to formalize these relationships. In order to minimize operating risks, the Company actively monitors and manages its relationships with its third-party service providers.

Brand Reputation and Trademark Protection

The Company promotes nationally branded, non-proprietary products as well as proprietary products. Damage to the reputation of any of these brands, or to the reputation of any supplier or manufacturer of these brands, could negatively impact consumer opinion of the Company or the related products, which could have an adverse impact on the financial performance of the Company.

Valuation of Goodwill and Intangible Assets

Goodwill and intangible assets account for a significant amount of the Company's total assets. Goodwill and intangible assets are subject to impairment tests which involve the determination of fair value. Inherent in such fair value determinations are certain judgements and estimates including, but not limited to, projected future sales, earnings and capital investment; discount rates; and terminal growth rates. These judgements and estimates may change in the future due to uncertain competitive market and general economic conditions, or as the Company makes changes in its business strategies. Given the current state of the economy, certain of the aforementioned factors affecting the determination of fair value may be impacted and, as a result, the Company's financial results may be adversely affected.

During the second quarter ended December 31, 2009, Corby recognized an $11.5 million non-cash impairment charge against its goodwill and intangible asset balances related to the Seagram Coolers brand. For more information regarding the impairment charge, please refer to the "Significant Event" section of this MD&A.

The following chart summarizes Corby's goodwill and intangible assets and details the amounts associated with each brand (or basket of brands) and market:

		Carrying Values as at June 30, 2010		
Associated Brand	Associated Market	Goodwill	Intangibles	Total
Various PR brands	Canada	$ –	$ 51.0	$ 51.0
Seagram Coolers	Canada	0.9	7.7	8.6
Lamb's rum	United Kingdom[(1)]	1.4	11.8	13.2
Meaghers and De Kuyper liqueurs	Canada	4.6	–	4.6
		$ 6.9	$ 70.5	$ 77.4

[(1)] The international business for Lamb's rum is primarily focused in the UK; however, the trademarks and licences purchased relate to all international markets outside of Canada, as Corby previously owned the Canadian rights.

Therefore, economic factors (such as consumer consumption patterns) specific to these brands and markets are primary drivers of the risk associated with their respective goodwill and intangible assets valuations.

Employee Future Benefits

The Company has certain obligations under its registered and non-registered defined benefit pension plans and other post-retirement benefit plan. There is no assurance that the Company's benefit plans will be able to earn the assumed rate of return. New regulations and market-driven changes may result in changes in the discount rates and other variables, which would result in the Company being required to make contributions in the future that differ significantly from estimates. An extended period of depressed capital markets and low interest rates could require the Company to make contributions to these plans in excess of those currently contemplated, which, in turn, could have an adverse impact on the financial performance of the Company. Somewhat mitigating the impact of a potential market decline is the fact that the Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in-line with industry best practices. For further details related to Corby's defined benefit pension plans, please refer to Note 8 to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Corby Distilleries Limited (the "Company") 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 consolidated financial statements.

Management is responsible for the integrity and objectivity of the information contained in the consolidated 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 fulfils its responsibilities for financial reporting and internal control. The Board has constituted an Audit Committee of the Board of Directors (the "Committee") that consists of directors who are not members of management. The Committee meets periodically with management, the Company's internal auditors and the Company's independent auditors (Deloitte & Touche LLP) to review reports on internal accounting controls and audit results and to review accounting principles and practices. The Committee also reviews the consolidated financial statements and the independent 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.

R. Patrick O'Driscoll
President and Chief Executive Officer

Thierry R. Pourchet
Vice-President and Chief Financial Officer

August 26, 2010

AUDITORS' REPORT

To the Shareholders of Corby Distilleries Limited

We have audited the consolidated balance sheets of Corby Distilleries Limited (the "Company") as at June 30, 2010 and 2009 and the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flow for the years then ended. 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, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

Windsor, Ontario
August 26, 2010

CONSOLIDATED BALANCE SHEETS

As at June 30, 2010 and 2009

(in thousands of Canadian dollars)	2010	2009
ASSETS		
Current		
Deposits in cash management pools	$ 74,685	$ 62,726
Accounts receivable	28,340	28,640
Income and other taxes recoverable	1,070	1,478
Inventories (Note 5)	60,502	53,987
Prepaid expenses	1,551	1,582
Future income taxes (Note 6)	135	551
	166,283	148,964
Capital assets (Note 7)	15,238	14,553
Employee future benefits (Note 8)	12,292	11,382
Goodwill (Note 9)	6,857	9,856
Intangible assets (Note 10)	70,571	85,420
	$ 271,241	$ 270,175
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 18,285	$ 20,416
Employee future benefits (Note 8)	6,748	5,923
Future income taxes (Note 6)	5,246	7,605
	30,279	33,944
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	14,304	14,304
Retained earnings	226,658	221,927
	240,962	236,231
	$ 271,241	$ 270,175

See accompanying notes to consolidated financial statements

Approved by the Board of Directors

George F. McCarthy
Director

Robert L. Llewellyn
Director

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended June 30, 2010 and 2009

(in thousands of Canadian dollars, except per share amounts)	2010	2009
OPERATING REVENUE		
Sales	$ 147,046	$ 152,592
Commissions (Note 12)	15,184	16,694
	162,230	169,286
OPERATING COSTS		
Cost of sales	73,061	79,638
Marketing, sales and administration	44,440	44,786
Amortization	1,704	1,457
	119,205	125,881
EARNINGS FROM OPERATIONS	43,025	43,405
OTHER INCOME AND EXPENSES		
Impairment charge (Note 4)	(11,510)	–
Interest income	537	1,649
Foreign exchange loss	(573)	(783)
Gain on disposal of capital assets	3	178
	(11,543)	1,044
EARNINGS BEFORE INCOME TAXES	31,482	44,449
INCOME TAXES (Note 6)		
Current	12,750	13,275
Future	(1,943)	793
	10,807	14,068
NET EARNINGS	$ 20,675	$ 30,381
BASIC EARNINGS PER SHARE (Note 14)	$ 0.73	$ 1.07
DILUTED EARNINGS PER SHARE (Note 14)	$ 0.73	$ 1.07

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended June 30, 2010 and 2009

(in thousands of Canadian dollars)	2010	2009
NET EARNINGS	$ 20,675	$ 30,381
OTHER COMPREHENSIVE INCOME	–	–
COMPREHENSIVE INCOME	$ 20,675	$ 30,381

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended June 30, 2010 and 2009

(in thousands of Canadian dollars)	2010	2009
SHARE CAPITAL		
Balance, beginning of year	$ 14,304	$ 14,304
Transactions, net	–	–
Balance, end of year	$ 14,304	$ 14,304
RETAINED EARNINGS		
Retained earnings, beginning of year	$ 221,927	$ 207,490
Net earnings	20,675	30,381
Dividends	(15,944)	(15,944)
Balance, end of year	$ 226,658	$ 221,927
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of year	$ –	$ –
Other comprehensive income for the year	–	–
Balance, end of year	$ –	$ –

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended June 30, 2010 and 2009

(in thousands of Canadian dollars)	2010	2009
OPERATING ACTIVITIES		
Net earnings	$ 20,675	$ 30,381
Items not affecting cash		
Amortization	6,312	6,140
Impairment charge (Note 4)	11,510	–
Gain on disposal of capital assets	(3)	(178)
Future income taxes	(1,943)	793
Employee future benefits	(85)	(2,347)
	36,466	34,789
Net change in non-cash working capital balances (Note 15)	(7,907)	(10,850)
Cash flows provided by operating activities	28,559	23,939
INVESTING ACTIVITIES		
Additions to capital assets	(2,389)	(4,403)
Proceeds from disposition of capital assets	3	581
Proceeds on account of PR brand disposals (Note 10)	1,730	–
Deposits in cash management pools	(11,959)	(4,173)
Cash flows used in investing activities	(12,615)	(7,995)
FINANCING ACTIVITY		
Dividends paid	(15,944)	(15,944)
Cash flows used in financing activity	(15,944)	(15,944)
NET CHANGE IN CASH	–	–
CASH, BEGINNING OF YEAR	–	–
CASH, END OF YEAR	$ –	$ –
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest received	$ 537	$ 1,649
Income taxes paid	$ 11,864	$ 16,203

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009
(in thousands of Canadian dollars, except per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Corby Distilleries Limited ("Corby" or the "Company") is a leading Canadian manufacturer and marketer of spirits and importer of wines. The Company derives its revenues from the sale of its owned-brands in Canada and other international markets, as well as earning commissions from the representation of selected non-owned brands in the Canadian marketplace. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada.

Corby is controlled by Hiram Walker & Sons Limited ("HWSL"), which is a wholly-owned subsidiary of Pernod Ricard, S.A. ("PR"), a French public limited company that owned 51.6% of the outstanding Voting Class A Common Shares of Corby as at June 30, 2010.

Basis of Consolidation

The consolidated financial statements include the accounts of Corby and its subsidiaries. All intercompany balances and transactions are eliminated on consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 intangible assets, 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.

Revenue Recognition

Sales and commissions are recognized when the price is fixed or determinable, collectability is reasonably assured, and 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.

Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement together with PR's other Canadian affiliates, the terms of which are administered by The Bank of Nova Scotia. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for the purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby.

Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice. For additional information on these balances, see Note 16, "Related Party Transactions".

Inventories

Inventories are measured at the lower of cost (acquisition cost and cost of production, including indirect production overheads) and net realizable value. Net realizable value is the selling price less the estimated cost of completion and sale of the inventories. Most inventories are valued using the average cost method. The cost of long-cycle inventories is calculated using a single method which includes distilling and ageing maturing costs but excludes finance costs. These inventories are classified in current assets, although a substantial part remains in inventory for more than one year before being sold in order to undergo the ageing maturing process used for certain spirits.

Capital Assets

Buildings, machinery and equipment, and other capital assets 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:

Buildings	40 to 50 years
Machinery and equipment	3 to 12 years
Casks	12 years
Other capital assets	3 to 20 years

Employee Future Benefits

The Company accrues its obligations under employee future benefit plans and their 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, 2010.

Long-Lived Assets

The Company's long-lived assets are comprised of its capital assets and its finite-lived intangible assets relating to Corby's long-term representation rights. Long-lived assets are tested for impairment when events or changes in circumstances indicate that 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 flows calculations.

Goodwill

Goodwill represents the excess amount 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. Goodwill is deemed to have an indefinite life and is, therefore, not amortized. Goodwill is 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.

Intangible Assets

Intangible assets are comprised of long-term representation rights and trademarks and licences. Long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada. These representation rights are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis over the 15-year term of the agreement, which began on October 1, 2006, and is scheduled to expire on September 30, 2021.

Trademarks and licences represent the value of trademarks and licences of businesses acquired. These intangible assets are deemed to have an indefinite life and are, therefore, not amortized. Trademarks and licences are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the assets 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.

Foreign Currency Translation

Monetary assets and liabilities of the Company are translated at exchange rates in effect on 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 utilizes a Restricted Share Units Plan as its 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 a three-year term, subject to the achievement of pre-determined 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.

Classification of Financial Instruments

Financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification is determined by the Company when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

Corby's financial assets and liabilities are classified and measured as follows:

Financial Asset/Liability	Category	Measurement
Deposits in cash management pools	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value and then, subsequently, at amortized cost, with gains and losses recognized in earnings in the period in which the gain or loss occurs. Changes in fair value of financial instruments classified as held for trading are recorded in net earnings in the period of change.

2. CHANGES IN ACCOUNTING POLICIES

Financial Statement Concepts

Effective July 1, 2009, the Company applied the amendments to Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1000, "Financial Statement Concepts". These amendments clarify the criteria for recognition of an asset and the timing of expense recognition, specifically deleting the guidance permitting the deferral of costs. The new requirements are effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The Company applied the amendments to Section 1000 in conjunction with Section 3064, "Goodwill and Intangible Assets", which is further described below. The adoption of this standard had no impact on the Company's financial statements or note disclosures.

Goodwill and Intangible Assets

Effective July 1, 2009, the Company implemented a new accounting standard, Section 3064, "Goodwill and Intangible Assets", which is effective for fiscal years beginning on or after October 1, 2008. This standard replaces the existing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". The new standard prescribes new methods for recognizing, measuring, presenting and disclosing goodwill and intangible assets, with the objective of eliminating the practice of deferring costs that do not meet the definition and recognition criteria of assets. The new standard is equivalent to the corresponding provisions of International Financial Reporting Standards ("IFRS") IAS 38, "Intangible Assets". The adoption of this standard had no impact on the Company's financial statements or note disclosures.

Financial Instruments – Disclosures

In June 2009, the Canadian Accounting Standards Board ("AcSB") amended Section 3862, "Financial Instruments – Disclosures", to adopt the amendments recently issued by the International Accounting Standards Board ("IASB") to IFRS 7, "Financial Instruments: Disclosures", in March 2009. These amendments are applicable to publicly accountable enterprises and those private enterprises, co-operative business enterprises, rate-regulated enterprises and not-for-profit organizations that choose to adopt Section 3862. The amendments were made to enhance disclosures about fair value measurements, including the relative reliability of the inputs used in those measurements, and about the liquidity risk of financial instruments.

The amendments were effective for annual financial statements for fiscal years ending after September 30, 2009, with early adoption permitted. The Company adopted these amendments to Section 3862 in its 2010 annual consolidated financial statements. See Note 18 for a discussion on fair value measurement and the liquidity risk of financial instruments.

3. FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standards

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP; however, there are significant differences in regards to recognition, measurement and disclosures. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of fiscal 2012, for which current and comparative information will be prepared under IFRS.

The Company expects the transition to IFRS to impact accounting, financial reporting, internal control over financial reporting, taxes, and information systems and processes. The Company has established a transition plan to ensure the timely conversion to IFRS.

4. IMPAIRMENT CHARGE

During the year ended June 30, 2010, the Company recorded a non-cash impairment charge against its goodwill and intangible assets balances related to its Seagram Coolers brand as outlined in the following table:

Intangible assets	$ 8,511
Goodwill	2,999
Impairment charged against goodwill and intangible assets	11,510
Income tax effect	(2,128)
Net earnings impact of impairment charge	$ 9,382

The Seagram Coolers business in Canada was acquired by Corby on September 29, 2006. Initially, the brand had been quite successful and achieved the internal goals and objectives management had set for it. However, over the past two years, the brand underperformed relative to its competitive set due to aggressive competition from both category leaders and new entrants in adjacent categories.

As a result, the Company revised its long-term outlook to reflect changes in expectations for the brand. Accordingly, it has estimated that the fair value of the associated goodwill and intangible assets related to the brand fell below its recorded carrying amounts. As such, an impairment charge of $11,510 was recorded during the Company's second quarter of fiscal 2010. Management remains committed to the Seagram Coolers brand and has recently completed and implemented a comprehensive brand rejuvenation plan, including label and packaging redesign, new flavour innovation, and increased advertising and promotional activities.

5. INVENTORIES

	2010	2009
Raw materials	$ 6,390	$ 5,919
Work-in-progress	43,990	39,180
Finished goods	10,122	8,888
	$ 60,502	$ 53,987

The cost of inventory recognized as an expense and included in cost of goods sold during the year ended June 30, 2010, was $59,810 (2009 – $63,938). During the year, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

6. 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:

	2010	2009
Future income tax assets		
Current		
Bad debt and inventory reserves	$ 106	$ 63
Restricted stock unit reserve	29	201
Tax credit carry-forward	–	12
Unrealized foreign exchange	–	275
	$ 135	$ 551
Future income tax liabilities		
Long term		
Employee future benefits	$ 1,160	$ 1,225
Capital assets	1,772	1,419
Inventories	696	877
Intangible assets and goodwill	1,618	4,084
	$ 5,246	$ 7,605

There are no capital loss carry-forwards available for tax purposes.

The Company's effective tax rates are comprised of the following items:

	2010	2009
Combined basic federal and provincial tax rates	31%	32%
Impact of impairment charge	5%	0%
Impact of substantively enacted rate decreases in Ontario	(2)%	0%
	34%	32%

7. CAPITAL ASSETS

	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	$ 638	$ –	$ 638	$ 638	$ –	$ 638
Buildings	7,931	4,864	3,067	7,899	4,604	3,295
Machinery and equipment	13,954	6,765	7,189	13,242	5,677	7,565
Casks	5,387	1,331	4,056	3,757	1,013	2,744
Other	538	250	288	523	212	311
	$ 28,448	$ 13,210	$ 15,238	$ 26,059	$ 11,506	$ 14,553

8. EMPLOYEE FUTURE BENEFITS

The Company has two defined benefit pension 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 care 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 December 31, 2007. The next required valuations must be completed with an effective date no later than December 31, 2010.

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

	2010		2009	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Fair value of plan assets				
Fair value of plan assets, beginning of year	$ 39,188	$ –	$ 41,896	$ –
Actual return on plan assets	2,561	–	(4,464)	–
Employer contributions	2,727	672	4,828	700
Employee contributions	208	–	194	–
Benefits paid	(3,079)	(672)	(3,266)	(700)
Fair value of plan assets, end of year	$ 41,605	$ –	$ 39,188	$ –
Accrued benefit obligation				
Benefit obligation, beginning of year	$ 37,787	$ 11,487	$ 42,920	$ 11,782
Service cost	885	336	1,203	439
Interest cost	2,581	763	2,421	669
Employee contributions	208	–	194	–
Actuarial loss (gain)	9,325	2,749	(5,685)	(703)
Past service costs	–	(815)	–	–
Benefits paid	(3,079)	(672)	(3,266)	(700)
Accrued benefit obligation, end of year	$ 47,707	$ 13,848	$ 37,787	$ 11,487
Funded status				
Funded status: plan surplus (deficit)	$ (6,102)	$ (13,848)	$ 1,401	$ (11,487)
Unamortized net transition asset (obligation)	(1,802)	2,512	(2,136)	3,682
Unamortized past service costs	697	–	777	–
Unamortized net actuarial loss	19,499	4,588	11,340	1,882
Accrued benefit asset (liability)	$ 12,292	$ (6,748)	$ 11,382	$ (5,923)

All pension plans, other than one of the supplementary executive retirement plans, 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, 2010, are $32,756 and $40,673, respectively (2009 – $30,695 and $32,534).

Significant actuarial assumptions adopted are as follows:

	2010		2009	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Accrued benefit obligation, end of year				
Discount rate	5.25%	5.25%	7.10%	7.10%
Compensation increase	3.50%	n/a	3.50%	n/a
Benefit expense, for the year				
Discount rate	7.10%	7.10%	5.85%	5.85%
Expected long-term return on assets	6.25%	n/a	6.50%	n/a
Compensation increase	3.50%	n/a	3.50%	n/a

The medical cost trend rate used was 10.0% for 2010 (2009 – 10%), with 5.0% being the ultimate trend rate for 2015 and years thereafter. The dental cost trend rate used was 5.0% for 2010 (2009 – 5.0%).

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 in 2010:

	Increase	Decrease
Service and interest cost	$ 243	$ (187)
Accrued benefit obligation	1,946	(1,565)

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

	2010		2009	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Service cost (including provision for plan expenses)	$ 885	$ 336	$ 1,203	$ 439
Interest cost	2,581	763	2,421	669
Actual return on plan assets	(2,561)	–	4,464	–
Actuarial loss	9,326	2,749	(5,685)	(703)
Plan amendments	–	(815)	–	–
Costs arising in the period	10,231	3,033	2,403	405
Differences between:				
Actual and expected return on plan assets	665	–	(6,687)	–
Actuarial gain or loss recognized for the year and actuarial gain or loss on accrued benefit obligation	(8,825)	(2,706)	6,119	791
Amortization of plan amendments and actual plan amendments	80	815	80	–
Amortization of transitional (asset) obligation	(333)	356	(333)	403
Net expense	$ 1,818	$ 1,498	$ 1,582	$ 1,599

Plan assets by category are as follows:

	2010	2009
Equity	50.0%	50.9%
Fixed income	38.0%	34.9%
Refundable taxes at Canada Revenue Agency/other	12.0%	14.2%
	100.0%	100.0%

9. GOODWILL

	2010			2009		
	Opening Book Value	Movements in the Year	Ending Book Value	Opening Book Value	Movements in the Year	Ending Book Value
Associated brand:						
Seagram Coolers	$ 3,970	$ (2,999)	$ 971	$ 3,970	$ –	$ 3,970
Lamb's International	1,410	–	1,410	1,410	–	1,410
Meaghers and De Kuyper	4,476	–	4,476	4,476	–	4,476
	$ 9,856	$ (2,999)	$ 6,857	$ 9,856	$ –	$ 9,856

During the year, the Company recognized an impairment charge on its goodwill balance related to the Seagram Coolers brand. For additional information related to the impairment charge, please refer to Note 4.

10. INTANGIBLE ASSETS

2010		Movements in the Year			
	Opening Book Value	Amortization	Impairments	PR Brand Disposals	Ending Book Value
Long-term representation rights	$ 57,370	$ (4,608)	$ –	$ (1,730)	$ 51,032
Trademarks and licences	28,050	–	(8,511)	–	19,539
	$ 85,420	$ (4,608)	$ (8,511)	$ (1,730)	$ 70,571

2009		Movements in the Year			
	Opening Book Value	Amortization	Impairments	PR Brand Disposals	Ending Book Value
Long-term representation rights	$ 62,053	$ (4,683)	$ –	$ –	$ 57,370
Trademarks and licences	28,050	–	–	–	28,050
	$ 90,103	$ (4,683)	$ –	$ –	$ 85,420

As depicted in the above table, intangible assets are comprised of long-term representation rights and trademarks and licences. Trademarks and licences represent the value of trademarks and licences of businesses acquired. These intangible assets are deemed to have an indefinite life and are, therefore, not amortized. Trademarks and licences are tested for impairment on an annual basis or more frequently if events or changes in circumstances indicate that the assets might be impaired. Please refer to Note 4 for additional information regarding the impairment charge recognized during fiscal 2010.

Long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada. These representation rights are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis over the 15-year term of the agreement that began on October 1, 2006, and is scheduled to expire on September 30, 2021.

During the year ended June 30, 2010, PR provided cash compensation to Corby as a result of PR's decision to dispose of the Wild Turkey bourbon, Tia Maria coffee liqueur and Lemon Hart rum brands, and thus early terminate Corby's representation of these brands in Canada. The compensation received is presented in the previous table, under the heading "PR Brand Disposals". The amount of compensation was calculated in accordance with a prescribed formula contained in the representation agreement, and was accounted for as a reduction of Corby's original cost. Corby ceased representation of the Wild Turkey brand in May 2009, the Tia Maria brand in October 2009, and the Lemon Hart brand in February 2010. The resulting impact of lost commissions on Corby's fiscal 2010 net earnings is estimated to be less than $275.

11. SHARE CAPITAL

	2010	2009
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	4,194,536	4,194,536
	28,468,856	28,468,856
Stated value	$ 14,304	$ 14,304

12. COMMISSIONS

Commissions for the year ended June 30, 2010, are reported net of long-term representation rights amortization in the amount of $4,608 (2009 – $4,683). Long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada. These rights are being amortized on a straight-line basis over the 15-year term of the agreement that began on October 1, 2006, and is scheduled to expire on September 30, 2021.

13. RESTRICTED SHARE UNITS PLAN

	2010		2009	
	Restricted Share Units	Weighted Average Grant Date Fair Value	Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested, beginning of year	75,748	$ 22.42	38,931	$ 25.17
Granted	–	–	34,261	19.76
Reinvested dividend equivalent units	2,266	15.37	2,556	16.23
Vested	(14,370)	24.60	–	–
Forfeited	–	–	–	–
Non-vested, end of year	63,644	$ 21.68	75,748	$ 22.42

Compensation expense related to this plan for the year ended June 30, 2010, was $329 (2009 – $374).

14. EARNINGS PER SHARE

The following table sets forth the numerator and denominator utilized in the computation of basic and diluted earnings per share:

	2010	2009
Numerator:		
Net earnings	$ 20,675	$ 30,381
Denominator:		
Weighted average shares outstanding	28,468,856	28,468,856

15. CHANGES IN NON-CASH WORKING CAPITAL

	2010	2009
Accounts receivable	$ 300	$ (6,767)
Inventories	(6,515)	(3,111)
Prepaid expenses	31	354
Income tax and other taxes recoverable	408	(2,494)
Accounts payable and accrued liabilities	(2,131)	1,168
	$ (7,907)	$ (10,850)

16. RELATED PARTY TRANSACTIONS

Deposits in Cash Management Pools

Corby participates in a cash management pooling arrangement under the Mirror Netting Service Agreement together with PR's other Canadian affiliates, the terms of which are administered by The Bank of Nova Scotia. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for the purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating.

PR's credit rating as at August 26, 2010, as published by Standard & Poor's and Moody's, was BB+ and Ba1, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day LIBOR rate plus 0.40%. Corby earned interest income of $529 from PR during the year ended June 30, 2010 (2009 – $1,634). Corby has the right to terminate its participation in the Mirror Netting Service Agreement at any time, subject to five days' written notice.

ABSOLUT Vodka Representation Agreement

On September 26, 2008, Corby entered into an agreement with its ultimate parent company, PR. The agreement provides Corby with the exclusive right to represent the ABSOLUT vodka brand in Canada effective October 1, 2008, for the next five years to September 30, 2013. As part of this agreement, Corby also received the exclusive right to represent the Plymouth gin and Level vodka brands. Corby also agreed to continue to participate in the cash management pooling arrangement (the Mirror Netting Service Agreement) with PR's wholly-owned Canadian subsidiaries until October 1, 2011, unless terminated earlier by Corby. Further, until October 1, 2011, Corby agreed that it will not declare any special dividends, repurchase shares or make acquisitions or capital investments outside the normal course of business without PR's prior approval.

Related Party Transactions in the Normal Course of Operations

HWSL, a wholly-owned subsidiary of PR, owns in excess of 50% of the issued voting common shares of Corby and, therefore, for the purposes of the table below, HWSL is considered to be the Company's parent. PR is considered to be Corby's ultimate parent, and affiliated companies are also subsidiaries of PR.

Transactions and balances with parent and affiliated companies include the following:

	Nature of Transaction	Nature of Relationship	Financial Statement Classification	2010	2009
I	The Company renders blending and bottling services	Parent company	Sales, accounts receivable	$ 331	$ 807
II	The Company sells certain of its products for resale at an export level	Affiliated companies	Sales, accounts receivable	$ 372	$ 180
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, ultimate parent company and affiliated companies	Commissions, accounts receivable	$ 16,428	$ 16,753
IV	The Company sub-contracts the large majority of its distilling, blending, bottling, storing and production activities	Parent company and an affiliated company	Cost of sales, inventories and accounts payable	$ 23,328	$ 24,059
V	The Company sub-contracts a significant portion of its bookkeeping, recordkeeping services, certain administrative services, related data processing and maintenance of data processing activities	Parent company	Marketing, sales and administration	$ 2,299	$ 2,287
VI	The Company purchases a portion of its inventory used in production activities	Parent company	Cost of sales, inventories and accounts payable	$ 3,071	$ 3,095

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 III, IV, and V above are covered under the terms of agreements with related parties. These agreements include a non-competition clause wherein the Company cedes its right to sell beverage alcohol in bulk to third parties in favour of its parent company.

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

	2010	2009
Accounts receivable – related parties	$ 6,196	$ 6,647
Accounts payable – related parties	(5,730)	(6,921)
Net amount receivable from (payable to) related parties	$ 466	$ (274)

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, such as Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka, McGuinness liqueurs and Seagram Coolers.

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 ABSOLUT vodka, 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's financial results are fully reported as "Commissions" on the consolidated statements of 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:

2010	Canada	United States	United Kingdom	Rest of World	Total
Operating revenue	$151,522	$ 5,060	$ 4,441	$ 1,207	$162,230
Capital assets	15,238	–	–	–	15,238
Goodwill	5,447	–	1,410	–	6,857

2009	Canada	United States	United Kingdom	Rest of World	Total
Operating revenue	$157,789	$ 5,982	$ 5,090	$ 425	$169,286
Capital assets	14,553	–	–	–	14,553
Goodwill	8,446	–	1,410	–	9,856

In 2010, operating revenue to three major customers accounted for 28%, 16% and 13%, respectively (2009 – 32%, 16% and 11%).

18. FINANCIAL INSTRUMENTS

Corby's financial instruments consist of its deposits in cash management pools, accounts receivable and accounts payable and accrued liabilities balances. Corby does not use derivative financial instruments.

Financial Risk Management Objectives and Policies

In the normal course of business, the Company is exposed to financial risks that have the potential to negatively impact its financial performance. The Company does not use derivative financial instruments to manage these risks, as management believes that the risks arising from the Company's financial instruments are already at an acceptably low level. These risks are discussed in more detail below.

Credit Risk

Credit risk arises from cash held with PR via Corby's participation in the Mirror Netting Service Agreement (further described in Note 16), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The objective of managing counter-party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of its counter-parties, taking into account their financial position, past experience and other factors.

As the large majority of Corby's accounts receivable balances are collectable from government-controlled liquor boards, management believes that the Company's credit risk relating to accounts receivable is at an acceptably low level. With respect to Corby's deposits in PR's cash management pools, the Company monitors PR's credit rating in the normal course of business and has the right to terminate its participation in the Mirror Netting Service Agreement at any time, subject to five days' written notice.

Liquidity Risk

Corby's sources of liquidity are its deposits in cash management pools of $74,685 and its cash generated by operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities balances which totalled $18,285 as at June 30, 2010, and are all due to be paid within one year. The Company believes that its deposits in cash management pools, combined with its historically strong and consistent operational cash flows, are more than sufficient to fund its operations, investing activities and commitments for the foreseeable future.

Corby does not have any investments in asset-backed commercial paper ("ABCP") and, therefore, has no exposure to this type of liquidity risk.

Interest Rate Risk

The Company does not have any short- or long-term debt facilities. Interest rate risk exists as Corby earns market rates of interest on its deposits in cash management pools. An active risk management program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

Foreign Currency Risk

Foreign currency risk exists, as the Company sources a proportion of its production requirements in foreign currencies, specifically the US dollar. Partially mitigating this risk is the fact that the Company also sells certain of its goods in the same foreign currencies. As purchases from US-based suppliers typically exceed revenues from US-based customers, a decline in the Canadian dollar versus the US dollar can have a negative impact on the Company's financial results. In addition, subject to competitive conditions, changes in foreign currency rates may be passed on to consumers through pricing over the long term.

Commodity Risk

Commodity risk exists, as the manufacture of Corby's products requires the procurement of several known commodities such as grains, sugar and natural gas. The Company strives to partially mitigate this risk through the use of longer-term procurement contracts where possible. In addition, subject to competitive conditions, the Company may pass on commodity price changes to consumers via pricing.

Fair Value of Financial Instruments

The Company adopted the amendments to CICA Handbook Section 3862, "Financial Instruments – Disclosures", for these annual consolidated financial statements. The amendments require the use of a fair value hierarchy in order to classify the fair value disclosures related to the Company's financial assets and financial liabilities recognized in the balance sheets at fair value.

The fair value hierarchy has the following levels:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Unobservable inputs such as inputs for the asset or liability that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Corby only has one financial instrument that it records at fair value in its balance sheets – "deposits in cash management pools". Based on the hierarchy just described, this financial asset is categorized as Level 1. For Corby's financial assets and liabilities that are valued at other than fair value on its balance sheets (i.e., accounts receivable, accounts payable and accrued liabilities), fair value approximates their carrying value at June 30, 2010 and 2009, due to their short-term maturities.

19. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To ensure sufficient capital exists to allow management the flexibility to execute its strategic plans; and
- To ensure shareholders receive a reasonable return on their investment in the form of quarterly dividends.

Management includes the following items in its definition of capital:

	2010	2009
Share capital	$ 14,304	$ 14,304
Retained earnings	226,658	221,927
Net capital under management	$ 240,962	$ 236,231

The Company is not subject to any externally imposed capital requirements.

The Company's dividend policy stipulates that, barring any unanticipated developments, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 50% of net earnings per share in the preceding fiscal year ended June 30 and $0.56 per share. In addition, Corby has agreed with PR on certain restrictions, one of which precludes the Company from declaring any special dividends until after October 1, 2011. These restrictions are further described in Note 16.

The Company is meeting all of its objectives and stated policies with respect to its management of capital.

20. COMMITMENTS

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

2011	$ 1,535
2012	1,453
2013	1,141
2014	975
2015	616
Thereafter	2,125
	$ 7,845

21. 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 counter-parties in transactions such as leasing and service arrangements. These indemnification agreements require the Company to compensate the counter-parties 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.

22. 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.

TEN-YEAR REVIEW

	Year Ended June 30				Year Ended August 31					
	2010	2009	2008	2007	2006[1]	2005	2004	2003	2002	2001
Results *(in millions of dollars)*										
Operating revenue	$162.2	$169.3	$163.3	$ 153.6	$110.8	$129.4	$118.7	$108.9	$101.8	$101.2
Earnings from operations	43.0	43.4	44.6	39.2	28.5	40.0	36.9	35.5	30.7	32.9
Net earnings excluding after-tax restructuring costs and impairment charges	30.1	30.4	31.9	100.4	29.2	39.9	32.5	29.8	25.1	28.5
Net earnings	20.7	30.4	31.9	100.4	28.0	39.9	32.5	28.4	25.1	28.5
Cash provided from operations	28.6	23.9	31.0	33.4	21.5	28.4	36.2	39.0	23.2	24.4
Year-end position *(in millions of dollars)*										
Working capital	148.0	128.5	113.1	91.2	144.0	103.2	84.2	68.1	60.7	58.2
Total assets	271.2	270.2	253.5	238.0	180.3	313.2	295.3	277.0	261.9	254.8
Long-term debt	–	–	–	–	–	–	–	–	8.0	18.0
Shareholders' equity	241.0	236.2	221.8	203.5	158.3	142.7	119.9	99.8	86.5	72.9
Per common share[2] *(in dollars)*										
Earnings from operations	1.51	1.52	1.57	1.38	1.00	1.41	1.30	1.25	1.09	1.17
Net earnings excluding after-tax restructuring costs and impairment charges	1.06	1.07	1.12	3.53	1.03	1.41	1.15	1.05	0.89	1.00
Net earnings	0.73	1.07	1.12	3.53	0.99	1.41	1.15	1.01	0.89	1.02
Cash provided from operations	1.00	0.84	1.09	1.18	0.76	1.00	1.28	1.38	0.83	0.87
Shareholders' equity	8.46	8.30	7.79	7.15	5.57	5.03	4.23	3.53	3.06	2.59
Special dividend paid	–	–	–	1.50	–	–	–	–	–	–
Dividends paid	0.56	0.56	0.56	0.56	0.41	0.55	0.50	0.50	0.50	0.50
Market value per voting common share[2] *(in dollars)*										
High	16.11	20.60	27.00	28.40	28.00	20.46	17.50	16.13	17.50	16.88
Low	14.55	13.16	16.10	22.00	17.75	15.81	14.44	12.73	14.00	11.28
Close at end of year	15.75	15.65	17.80	24.50	22.90	18.13	16.50	14.69	15.04	16.01
Other statistics										
Working capital ratio	9.1	7.3	6.6	4.6	9.1	1.6	5.6	4.5	6.8	7.1
Pre-tax return on average capital employed	12.9	18.9	21.4	63.1	40.7	38.8	38.6	37.9	34.8	40.4
Return on average shareholders' equity	8.7	13.3	15.0	55.0	31.0	30.2	29.5	30.5	31.5	43.8
Number of registered shareholders	575	593	616	630	666	684	716	762	785	813
Number of shares outstanding (000's)	28,469	28,469	28,469	28,469	28,451	28,414	28,332	28,324	28,268	28,140

[1] Reflects a ten-month period ended as the Company changed its fiscal year end from August 31 to June 30, effective as of June 30, 2006.

[2] References to per share figures have been restated to reflect the impact of the March 15, 2006 stock split.

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

George F. McCarthy
Director & Chairman of the Board, Corby

Claude Boulay
Director, Corby

Philippe A. Dréano
Chairman & Chief Executive Officer, Pernod Ricard Americas

Robert L. Llewellyn
Director, Corby

Donald V. Lussier
Director, Corby

Patricia L. Nielsen
President & Chief Executive Officer, Canadian Automobile Association, Niagara

R. Patrick O'Driscoll
President & Chief Executive Officer, Corby

Thierry R. Pourchet
Vice-President & Chief Financial Officer, Corby

Frédéric A. Villain
Chief Financial Officer, Pernod Ricard Americas

OFFICERS

George F. McCarthy
Chairman of the Board

Jeffrey H. Agdern
Vice-President, Marketing

Andrew S. Alexander
Vice-President, Sales

Paul G. Holub
Vice-President, Human Resources

R. Patrick O'Driscoll
President & Chief Executive Officer

Thierry R. Pourchet
Vice-President & Chief Financial Officer

James M. Stanski
Vice-President, Production

Marc A. Valencia
Vice-President, General Counsel & Corporate Secretary

Board of Directors, from left to right:

Claude Boulay, Thierry R. Pourchet, R. Patrick O'Driscoll, Robert L. Llewellyn, Frédéric A. Villain, Patricia L. Nielsen, Donald V. Lussier, Philippe A. Dréano, George F. McCarthy

GENERAL CORPORATE INFORMATION

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225 King Street West, Suite 1100
Toronto, ON M5V 3M2
(416) 479-2400

Sales Offices
225 King Street West, Suite 1100
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(416) 479-2400

102 Chain Lake Drive, Suite 209
Halifax, NS B3S 1A7
(902) 445-0705

950, chemin des Moulins
Montréal, QC H3C 3W5
(514) 871-9090

10455-172 Street NW
Edmonton, AB T5S 1K9
(780) 442-9000

2825 Saskatchewan Drive,
Unit 202
Regina, SK S4T 1H3
(306) 586-6546

13353 Commerce Parkway,
Unit 2168
Richmond, BC V6V 3A1
(778) 296-4500

Distilleries
Les Distilleries Corby Limitée
950, chemin des Moulins
Montréal, QC H3C 3W5
(514) 878-4611

Hiram Walker & Sons Limited,
a Pernod Ricard company
2072 Riverside Drive East
Windsor, ON N8Y 4S5
(519) 254-5171

International Enquiries
Corby exports its trademarks to numerous international markets. Should you have enquiries about our brands in the following markets, please contact our distributor partners, as follows:

In the US:
McCormick Distilling Co. Inc.
Weston, MO 64098
1-800-470-2313
www.mccormickdistilling.com

In the UK, Europe, Asia and Africa:
Halewood International Ltd.
Wilson Road Huyton Business Park
Liverpool, England L36 6AD
0151-480-8800
www.halewood-int.com

Auditors
Deloitte & Touche LLP
www.deloitte.ca

Registrar & Transfer Agent
Computershare Investor Services Inc.
www.computershare.com

Electronic Delivery of Shareholder Documents
If you would like to receive your shareholder and financial documents electronically, please enroll in Computershare's electronic delivery program at www.computershare.com/eDelivery.

Shares
Corby's Voting Class A Common Shares and Non-Voting Class B Common Shares are traded on the Toronto Stock Exchange under the stock symbols CDL.A and CDL.B, respectively.

Investor Relations Enquiries
E-mail: investors@corby.ca
www.corby.ca

Annual Meeting
On Wednesday, November 10, 2010, at 11:00 a.m. (Toronto time), at the TSX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario

CORE VALUES

CONVIVIALITY

We take time to celebrate success and we combine functional excellence and cross-functional teamwork to produce exceptional ideas and results.

STRAIGHTFORWARDNESS

We speak openly and directly, with care and compassion, respecting each other's viewpoints to resolve issues.

COMMITMENT; HARD WORK OVER SHORTCUTS

We know what is expected of us and we are unrelenting and uncompromising in delivering these accountabilities in the face of resistance or setback.

INTEGRITY; SUBSTANCE OVER STYLE

We say what we mean, we do what we say and we represent each other with honour.

ENTREPRENEURSHIP

Our decentralized structure empowers us to take initiative and satisfy customers, improve efficiency, address problems and find new opportunities.

CORBY

CORBY DISTILLERIES LIMITED

A LEADING CANADIAN MANUFACTURER & MARKETER OF SPIRITS AND IMPORTER OF WINES SINCE 1859