Corby Distilleries Limited

Consolidated Financial Statements

For the Three Month Periods Ended
September 30, 2011 and 2010

Q1

Affiliated with Pernod Ricard

CORBY DISTILLERIES LIMITED
Management's Discussion and Analysis
September 30, 2011

The following Management's Discussion and Analysis ("MD&A") dated November 9, 2011, should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three month period ended September 30, 2011, prepared in accordance with International Financial Reporting Standards ("IFRS"). (See "Transition to International Financial Reporting Standards" under "New Accounting Pronouncements" in this MD&A). These condensed financial statements do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should also be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended June 30, 2011, which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian 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; business interruption; trademark infringement; 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 November 9, 2011. 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 law. 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 first quarter of fiscal 2012 (three months ended September 30, 2011) are against results for the first quarter of fiscal 2011 (three months ended September 30, 2010). Results for the first quarter ended September 30, 2010 have been restated to conform to IFRS. 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 that 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 ("Case Goods"), as well as earning commission income from the representation of selected non-owned brands in Canada ("Commissions"). The Company also supplements these primary sources of revenue with other ancillary activities incidental to the manufacture of case goods, such as contract bottling revenues, logistics fees and miscellaneous bulk spirit sales. Revenue from Corby's owned-brands predominately consists of sales made to each of the provincial liquor boards in Canada, and also includes sales to international markets. As noted in the Subsequent Events section of this MD&A, Corby sold its bottling facility on October 31, 2011. As a result of this transition Corby will no longer derive revenues from contract bottling services. All other activities will remain in place.

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 and McGuinness liqueurs. Through its affiliation with PR , Corby also represents leading international brands such as ABSOLUT vodka, Chivas Regal, The Glenlivet and Ballantine's Scotch whiskies, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek, Wyndham Estate, and Graffigna 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.

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.

The Company sources more than 80% of its spirits production requirements from HWSL at its production facilities and, until the sale of its owned plant in Montreal, Quebec, the balance of Corby's spirits production was sourced from the Company's owned-plant in Montréal, Québec. Please refer to the "Significant Event" section of this MD&A for information regarding the recent sale transaction which closed subsequent to the end of the first quarter. Included in this sale transaction were several non-core brands in addition to the aforementioned plant located in Montréal, Québec. Prior to the completion of the sale, the Company moved its Lamb's international production out of the Montreal plant and into a third-party facility located in the United Kingdom. Corby's Lamb's rum products sold in Canada continue to be manufactured at HWSL's production facility located in Windsor, Ontario.

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 subject to seasonal fluctuations: sales are typically strong in the first and second quarters, while third-quarter sales 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 purchasing levels during the summer season.

Strategies and Outlook

Corby's business strategies are designed to maximize sustainable long-term value growth, and thus deliver solid 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 market share in the segments and markets that are expected to deliver the most growth in value over the long term. 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, and facilitates Corby's marketing and sales teams' focus and resources allocation. Over the long term, management believes that effective execution of its strategy will result in value creation for shareholders.

In addition, management is convinced that innovation is key to seizing new profit and growth opportunities. Successful innovation can be delivered through a structured and efficient process as well as consistent investment on consumer insight and research and development ("R&D"). As far as R&D is concerned, the Company benefits from access to leading-edge practices at PR's North American hub, which is located in Windsor, Ontario.

Finally, 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.

Significant Events

Corby sells its Montreal bottling facility and certain non-core brands

On September 27, 2011, the Company announced that it had entered into an agreement to sell certain owned-brands as well as the shares of its subsidiary, Corby Manufacturing Inc., the owner of the manufacturing and bottling facility in Montréal, Québec, to Sazerac Company, Inc. ("Sazerac") for a purchase price of $32.9 million, plus the value of inventory on hand at closing, for an aggregate of $39.4 million. The transaction closed on October 31, 2011.

The transaction involved the sale of 17 brands, including De Kuyper Geneva gin, De Kuyper Peachtree schnapps, Red Tassel vodka and Silk Tassel Canadian whisky, as well as the Montréal-based manufacturing facility where a significant portion of the brands are produced. Subsequent to closing, all employees of the facility are employed by Sazerac, and a number of Corby-owned brands continue to be blended, bottled and warehoused in the facility through a contract manufacturing agreement entered into with Sazerac.

This transaction will allow the Company to streamline its portfolio with a more focused and targeted collection of brands, and to focus resources on the long term growth of its core portfolio of premium spirits and wines as part of its brand prioritization strategy. The bottling facility in Montreal had been increasingly underutilized with Corby-owned brand production in recent years, and thus increased our reliance on ancillary and low margin contract bottling activities to fill this capacity. Corby will continue its relationship with the facility and source the production of certain brands with the new ownership.

As a result of the aforementioned agreement, Corby expects that it will recognize an estimated gain on closing in excess of $17 million, net of taxes and transaction costs. The book value of the assets to be disposed of includes property, plant and equipment of $7.3 million, net of $1.2 million of deferred tax liabilities associated with these assets, and goodwill of $2.6 million, in addition to the carrying value of inventory on hand at closing.

In Corby's most recently completed annual financial statements for the year ended June 30, 2011, the brands and manufacturing facility being disposed of contributed $5.7 million to net earnings on sales of $32.2 million. Therefore, the transaction will have a material impact on Corby's future operating results.

Corby declares special dividend and increases regular dividend amount
On November 9, 2011, the Corby Board of Directors declared a special dividend of $1.85 per share payable on January 3, 2012 on the Voting Class A Common Shares and Non-voting Class B Common Shares of Corby to shareholders of record as at the close of business on December 15, 2011. The special dividend will result in a cash distribution of approximately $52.7 million to shareholders and will be sourced from Corby's current surplus cash position.

Further, the Corby Board of Directors announced an amendment to its dividend policy. Subject to business conditions and opportunities, the regular dividend shall be adjusted from $0.14 per share to $0.15 per share, representing a 7% increase in the Company's quarterly dividend. On an annual basis, the ordinary dividend will increase $0.56 per share to $0.60 per share. Further, subject to business conditions and opportunities, effective as of fiscal 2013, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 75% of net earnings per share in the preceding fiscal year ended June 30, and $0.60 per share. The Corby Board of Directors also declared a dividend of $0.15 per share payable on December 15, 2011 on Voting Class A Common Shares and Non-voting Class B Common Shares of the Company to shareholders of record as at the close of business on November 30, 2011.

Corby secures new term for ABSOLUT representation rights
On November 9, 2011, Corby entered into an agreement with PR for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Corby's Canadian representation for the other PR brands in Corby's portfolio. Under the agreement, Corby will pay the present value of $10 million to PR at the commencement of the new term for the additional eight years of the new term. Since the agreement with PR is a related party transaction, the agreement was approved by the Independent Committee of the Corby Board of Directors following an extensive review and with external financial and legal advice. Pursuant to this agreement, Corby also agreed to continue with the mirror netting arrangement with PR and its affiliates, under which

Corby's excess cash will continue to be deposited to cash management pools, as further described in the "Related Party Transactions" section of this MD&A.

ABSOLUT is the number one premium vodka brand worldwide with around 11 million nine litre cases sold in 2010 and is an iconic brand with an image built around values of creativity, innovation and cultural leadership. It is one of only four international spirits brands in the world which sells more than 10 million cases a year and has an especially attractive growth profile. ABSOLUT vodka complements Corby's strategy, while further enhancing the Company's premium brands portfolio. With ABSOLUT vodka in the Corby portfolio, Corby is the number two player in the vodka category in Canada with a 25% volume share – combining ABSOLUT with other key Corby vodka brands, such as Polar Ice vodka.

Brand Performance Review

Corby's portfolio of owned-brands typically accounts for more than 80% of the Company's annual revenues. 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 Sales 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 revenues.

BRAND PERFORMANCE CHART - INCLUDES CANADIAN AND INTERNATIONAL SHIPMENTS

	Three Months Ended			
(Volumes in 000's of 9L cases)	***Sept. 30, 2011***	*Sept. 30, 2010*	*% Shipment Volume Growth*	*% Shipment Value Growth*
Brand				
Wiser's Canadian whisky	**196**	201	(2%)	(3%)
Lamb's rum	**148**	142	4%	5%
Polar Ice vodka	**94**	88	7%	13%
Mixable liqueurs	**47**	45	4%	4%
Total Key Brands	**485**	476	2%	3%
Other Corby-owned brands	**63**	65	(3%)	(2%)
Total Corby brands	**548**	541	1%	2%
Disposed Brands	**82**	142	(42%)	(29%)
Total Corby brands including Disposed Brands	**630**	683	(8%)	(2%)

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. Note that the chart above segregates "Disposed Brands" from the other Corby-owned brands. Disposed Brands includes the volumes related to Seagram Coolers (sold in the third quarter of fiscal 2011) and the brands sold in the most recently announced transaction (which closed subsequent to the end of the first quarter) to the extent that they were still owned during the periods presented in the above chart. For further details regarding the most recent sale transaction, please refer to the "Significant Event" section of this MD&A.

During the first quarter ended September 30, 2011, the Canadian economy has shown indicators of improvement. Optimism in the market is driving competition for market share and has seen key competitors become increasingly aggressive, particularly as it relates to pricing strategies and discounting. The overall spirits market in Canada showed a 2% growth in retail volume and 3% growth in value when compared to the same three month period of the prior year. The spirits business in British Columbia is showing signs of recovery; however, it is still lagging behind that of the other provinces.

The performance of Corby's key brands reflects overall sales improvement with volume and value increases of 2% and 3% over the same quarter last year. In particular, strong growth from Polar Ice vodka in Canada along with improvement from Lamb's rum in both Canadian and international markets helped drive the increased performance.

Disposed Brands were mostly impacted by the fact the current quarter does not include sales of the Seagram Coolers brand as it is no longer owned by Corby, whereas the comparative quarter included fifty-seven thousand nine litre cases. Excluding Seagram Coolers, the Disposed Brands declined 4% in the first quarter when compared with the same quarter last year.

Management is cautious that the market remains unpredictable and has focused resources in order to capitalize on the current favourable conditions into the holiday season. Strategic pricing and strong programming have bolstered sales volumes during the quarter, as well; sales have been positively impacted by increases to average selling prices in several Canadian provinces.

Excluding Disposed Brands, sales in Canada increased 2% in value and experienced a slight increase in volume on a quarter over quarter comparison basis. Polar Ice leads sales growth for the quarter with increases in value and volume of 13% and 7% as a result of successful new market strategies. Likewise, Lamb's rum and the mixable liqueurs segment also showed positive signs of growth consistent with the overall Canadian spirits market for the quarter with volume increases of 4% over the same three months of the prior year. Corby's flagship brand, Wiser's Canadian whisky, experienced a slight decrease in shipment volume primarily attributable to shipment timing as the brand continued to do well from a consumer purchases perspective, once again outperforming its category in Canada. See Summary of Corby's Key Brands – Wiser's Canadian Whisky, below. The Company has recently launched a new variant of the award winning "Welcome to the Wiserhood" campaign and will continue to aggressively support the brand leading into the upcoming holiday season.

International shipment volume and value increased 15% and 14%, respectively, when compared with the same three month period last year. Specifically, the international business was driven by strong shipments of Wiser's into the US and Lamb's into the UK markets. As previously mentioned, Corby relocated its Lamb's international production from Canada to a third party facility located in the UK. The move has been completed and production runs have occurred during the quarter. Corby's production of Lamb's rum for the Canadian market continues to be produced at HWSL's production facility located in Windsor, Ontario.

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 and is discussed throughout this MD&A. 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 revenues.

RETAIL SALES FOR THE CANADIAN MARKET ONLY [1]

	Three Months Ended			
(Volumes in 000's of 9L cases)	***Sept. 30, 2011***	*Sept. 30, 2010*	*% Retail Volume Growth*	*% Retail Value Growth*
Brand				
Wiser's Canadian whisky	**167**	165	1%	2%
Lamb's rum	**114**	113	1%	1%
Polar Ice vodka	**86**	77	12%	12%
Mixable liqueurs	**43**	42	2%	3%
Total Key Brands	**410**	397	3%	4%
Other Corby-owned brands [2]	**57**	55	4%	4%
Total	**467**	452	3%	3%

(1) Refers to sales at the retail store level in Canada, as provided by the Association of Canadian Distillers.
(2) Seagram Coolers and brands impacted by the October 31, 2011 sales transaction have been excluded from this chart.

In an effort to maintain focus on Corby's continuing business activities and the Company's brand prioritization strategy, brands impacted by the aforementioned sale transaction which closed on October 31, 2011, in addition to Seagram Coolers (which was sold in Q3 last year), have been excluded from the above chart.

Overall, the performance of Corby-owned brands complements trends seen in the Canadian spirits industry as a whole with total volume increases of 3% and value increases of 3%. The Canadian spirits industry saw volume and value growth of 2% and 3%, respectively, on a quarter over quarter comparison basis.

Corby's strategy to increase investment behind key brands has resulted in positive trends this quarter. In addition, Corby's performance continues to be impacted by the Company's heavy weighting in the white rum category. In an effort to counterbalance Corby's heavy weighting in the white rum category, management has increased its dedication to innovation, by utilizing PR's North American research and development team to create Lamb's Black Sheep in fiscal 2010, a spiced rum variant of Corby's popular Lamb's rum brand family. As Lamb's Black Sheep gains momentum in the Canadian market place, Corby's rum portfolio will have improved diversification as it taps into a rather dynamic spiced rum segment. Furthermore, the Company has significantly increased its investment levels behind key brands and in key markets (especially Western Canada). With increased levels of advertising and promotional support, management continues to focus the Company's resources on the long-term growth of its key brands.

Summary of Corby's Key Brands

Wiser's Canadian Whisky

Corby's flagship brand, Wiser's Canadian whisky, experienced retail volume growth of 1%, while the Canadian whisky category as a whole was flat compared to the same quarter last year. The brand has continued to gain market share from both a volume and value perspective, at the expense of its direct competitors in Canada. The Company continued to build upon the brand's popular and award winning "Welcome to the Wiserhood" television campaign, with the recent launch of new television commercials during the quarter.

Lamb's Rum

Lamb's rum, one of the top-selling rum families in Canada, saw its retail volumes increase 1% compared to the same three month period last year, which is consistent with the rum segment as a whole in Canada. Corby continued its investment behind the brand, including its newest campaign entitled "Lamb's Nation", which is focused in its key markets of Newfoundland and Labrador.

In Canada, the growth in the rum segment has been entirely driven by growth in the spiced and dark rum categories, while consumer consumption of white rum (which Lamb's is heavily weighted) has been experiencing declines. The Company continues to develop its Lamb's spiced rum variant across Canada (named Lamb's Black Sheep) as Corby looks to capitalize on the growing consumer demand in the spiced rum segment. The product was launched in fiscal 2010, and while it's still in the early stages of its life cycle, initial results and indicators continue to be positive, with strong growth being experienced in key markets.

Polar Ice Vodka

Polar Ice vodka is among the top three largest vodka brands in Canada. Polar Ice vodka showed robust performance this quarter with volume and value growth of 12% compared to the same period last year, vastly outpacing its category. The vodka category in Canada experienced an increase in retail value of 4%, while retail volumes increased 3% this quarter when compared to the same quarter last year. Polar Ice vodka's recent performance is reflective of continued positive trends for a brand that struggled over a year ago with declining volumes. Aggressive investment in key markets supported with an outdoor "Canada's Vodka" media campaign and strategic pricing were key reasons that consumers re-engaged with the brand.

Mixable Liqueurs

Corby's portfolio of mixable liqueur brands consists of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family) and Meaghers liqueurs. Retail value for Corby's mixable liqueurs portfolio grew 3% for the quarter, with retail volumes increasing 2% on a quarter over quarter comparison basis. The current quarter performance represents a significant improvement from trends experienced a year ago, when retail volumes in this category were trending at -3%. The liqueur segment is most affected by changes in consumer spending, particularly as it relates to consumption at licensed establishments, such as bars and restaurants.

Other Corby-Owned Brands

Royal Reserve, a Canadian whisky, is the most significant brand in this grouping, achieved growth of 4% in both volume and value compared to the same quarter last year. These trends are consistent with the overall Canadian spirits market; however, the brand's performance did exceed its Canadian whisky category in Canada.

Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the three month periods ended September 30, 2011 and 2010.

(in millions of Canadian dollars, except per share amounts)	Three Months Ended Sept. 30, 2011	Sept. 30, 2010 [(1)]	$ Change	% Change
Revenue	**$ 44.2**	$ 41.6	$ 2.6	6%
Cost of sales	**(19.4)**	(17.7)	(1.7)	10%
Marketing, sales and administration	**(11.9)**	(10.9)	(1.0)	9%
Other income (expense)	**(0.3)**	0.1	(0.4)	(400%)
Earnings from operations	**12.6**	13.1	(0.5)	(4%)
Financial income	**0.5**	0.2	0.3	150%
Financial expenses	**(0.2)**	(0.2)	-	0%
Net financial income	**0.3**	-	0.3	0%
Earnings before income taxes	**12.9**	13.1	(0.2)	(2%)
Income taxes	**(3.4)**	(3.9)	0.5	(13%)
Net earnings	**$ 9.5**	$ 9.2	$ 0.3	3%
Per common share				
- Basic net earnings	**$ 0.33**	$ 0.32	$ 0.01	3%
- Diluted net earnings	**$ 0.33**	$ 0.32	$ 0.01	3%

(1) In preparing the comparative information, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. See Note 16 to the interim condensed consolidated financial statements for an explanation of the transition to IFRS.

Overall Financial Results

Corby's first quarter results reflect a 3% increase in net earnings and earnings per share when compared to the same three month period last year. Revenue growth of 6% was partially offset by increased marketing and promotional spend being invested behind Corby's key brands, and from experiencing normal inflationary increases in headcount related costs. The Company also benefited from increased interest income and a lower effective income tax rate.

Revenue

Revenue increased 6% (or $2.6 million) when compared with the same quarter last year. The increase was driven by the Company's Case Goods segment (+4%, excluding the impact of Disposed Brands), along with increased revenues from contract bottling activities, and to a lesser extent, increased commission income earned from the representation of non-owned brands in Canada.

The increased Case Goods revenue was the result of new pricing strategies with certain key brands, notably Polar Ice vodka, and the effect general price increases had across most of Corby's brand portfolio in Canada. International shipments were much improved over the same quarter last year, notably with strong performance from Wiser's in the US and Lamb's in the UK.

Disposed Brands, excluded from the Case Goods discussion noted above, experienced a significant decline; however, this is mostly the impact of the comparative quarter including sales of the Company's formerly owned Seagram Coolers brand in the amount of $1.3 million. As the Company sold the Seagram Coolers brand on March 16, 2011, no sales from this brand are included in the current quarter's results.

Commissions increased 9% or $0.4 million this quarter when compared with the same quarter last year. The increased commissions were mainly due to a strong shipment volume performance from the PR brand portfolio, specifically ABSOLUT, Jameson and Malibu. Agency commissions were boosted by a one-time termination payment of $0.1 million from a formerly represented Agency brand owner.

The following table highlights the primary components that comprise Commissions:

	Three Months Ended			
(in millions of Canadian dollars)	**Sept. 30, 2011**	Sept. 30, 2010	$ Change	% Change
Commission from PR brands	**$ 4.9**	$ 4.6	$ 0.3	7%
Commission from Agency brands	**0.9**	0.8	0.1	13%
Less amortization of representation rights	**(1.1)**	(1.1)	-	0%
Commissions	**$ 4.7**	$ 4.3	$ 0.4	9%

Cost of sales

Cost of sales was $19.4 million, representing an increase of 10% compared to the same three month period last year, while revenue increased 6%. Gross margin was 51.0% this quarter, versus 52.5% for the three month period last year. The decline in gross margin was the result of the increased revenue associated with the Company's contract bottling activities. As contract bottling generates significantly lower margins than the sale of Case Goods, the increased activity in this area has had an unfavourable impact on margins. Corby's gross margin earned from the sale of Case Goods (excluding Disposed Brands) remained consistent period over period.

Marketing, sales and administration

Marketing, sales and administration expenses were $11.9 million, as compared to $10.9 million during the same quarter last year, reflecting a 9% increase. The increase is primarily the result of the Company's continued commitment to invest and support its key brands through various marketing and promotional activities. Sales and administrative expenses experienced inflationary type increases typically expected on a year over year comparison, and relate primarily to headcount and other related costs.

Other Income and Expenses

The change in other income and expense this quarter versus last is primarily the result of expensing $0.4 million of legal, professional, and other types of fees related to the aforementioned sale transaction which closed subsequent to the end of the first quarter. Please refer to the "Significant Events" section of this MD&A for further information regarding this sale transaction.

Net Financial Income

Net financial income is comprised of interest earned on deposits in cash management pools, offset by interest costs associated with the Company's pension and other post-employment obligations. The change this quarter is primarily the result of increased market interest rates applicable to the Company's cash deposits.

Income taxes

Income tax expense decreased $0.5 million, when compared to the same quarter last year. The tax savings are the result of previously announced reductions in statutory income tax rates. Both the Canadian federal and Ontario provincial governments enacted reductions to corporate taxation rates.

Liquidity and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of $106.2 million as at September 30, 2011, and its cash generated from operating activities. The Company does not have any liabilities under short or long-term debt facilities. Subsequent to September 30, 2011, Corby received cash proceeds of $39.4 million on October 31, 2011 from the sale of certain brands and the bottling facility in Montreal, Quebec, and on November 9, 2011 the Corby Board of Directors declared a special dividend to be paid January 2012 in the amount of $1.85 per common share which will result in cash distributions of approximately $52.7 million. These transactions are not reflected in the figures below for the period ended September 30, 2011 and are discussed in the Significant Events section of this MD&A.

Cash flows

	Three Months Ended		
(in millions of Canadian dollars)	**Sept. 30, 2011**	Sept. 30, 2010 [1]	$ Change
Operating activities			
Net earnings, adjusted for non-cash items	**$ 14.3**	$ 14.7	$ (0.4)
Net change in non-cash working capital	**2.6**	(2.6)	5.2
Net payments for interest and income taxes	**(3.3)**	(3.8)	0.5
	13.6	8.3	5.3
Investing activities			
Additions to capital assets	-	(0.1)	0.1
Deposits in cash management pools	**(9.6)**	(4.2)	(5.4)
	(9.6)	(4.3)	(5.3)
Financing activities			
Dividends paid	**(4.0)**	(4.0)	-
Net change in cash	$ -	$ -	$ -

[1] *In preparing the comparative information, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. See Note 16 to the interim condensed consolidated financial statements for an explanation of the transition to IFRS.*

Operating activities

Net cash from operating activities was $13.6 million this quarter, representing an increase of $5.3 million when compared with same quarter last year. The quarter-over-quarter change is mostly attributable to the net change in non-cash working capital, which generated $5.2 million of cash. This is largely the result of production timing, as the comparative quarter experienced a significant increase in inventory levels due to advance timing of production for the 2010 holiday season. In addition, the Company's relocation of production of its Lamb's rum international business to the UK, effectively reduced the amount of bulk rum inventory levels this quarter when compared with the same period last year.

Investing activities

Cash used in investing activities increased $5.3 million this quarter when compared with the same quarter last year. This was primarily due to Corby depositing a net $9.6 million of cash in PR's cash management pool as compared with a net of $4.2 million in the first quarter last year. The increase in the amount of the deposit is a direct result of the increased cash generated from operating activities.

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 its deposits. For more information related to these deposits, please refer to the "Related Party Transactions" section of this MD&A.

Financing activities

Cash used for financing activities reflects regular dividends being paid to shareholders and totalled $4.0 million, or $0.14 per share for the quarter, which 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.

Outstanding Share Data

There has been no change in Corby's share data since June 30, 2011. As at November 9, 2011, 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.

Related Party Transactions

Transactions with parent, ultimate parent, and affiliates

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 services, 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. These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for 15 years, as well as providing 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.

In addition to the aforementioned agreements, Corby signed an agreement on September 26, 2008, with its ultimate parent to be the exclusive Canadian representative for the ABSOLUT vodka and Plymouth gin brands, for a five-year term expiring October 1, 2013. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006. As noted in the "Significant Events" section of this MD&A, the Company entered into an agreement with PR on November 9, 2011, for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Canadian representation for the other PR brands in Corby's portfolio.

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 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 November 9, 2011, as published by Standard & Poor's and Moody's, was BBB- and Baa3, 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 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.

Other Contractual Obligations

As part of the agreement with PR signed on September 26, 2008, Corby agreed to parameters governing certain of its obligations and continuing business practices. Specifically, Corby agreed not to declare any special dividends, repurchase shares or make acquisitions or capital investments outside the normal course of business without PR's prior approval until October 1, 2011. Subsequent to October 1, 2011, Corby is no longer subject to these restrictions.

Selected Quarterly Information

Summary of Quarterly Financial Results

(in millions of Canadian dollars, except per share amounts)	**Q1 2012**	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010 [1]	Q3 2010 [1]	Q2 2010 [1]
Revenue	**$ 44.2**	$ 40.0	$ 32.4	$ 45.5	$ 41.6	$ 42.0	$ 32.2	$ 46.9
Earnings from operations	**12.6**	9.4	4.3	13.7	13.1	9.4	6.8	14.7
Net earnings, excluding unusual items [2]	**9.5**	6.8	3.1	9.8	9.2	6.6	4.5	10.5
Net earnings	**9.5**	6.8	4.8	9.8	9.2	6.6	4.5	1.1
Basic EPS	**0.33**	0.24	0.11	0.34	0.32	0.23	0.16	0.04
Diluted EPS	**0.33**	0.24	0.11	0.34	0.32	0.23	0.16	0.04

[1] The selected information that is presented for quarterly periods in fiscal 2010 does not reflect the impact of the adoption of IFRS.

[2] Net earnings have been adjusted for the net after-tax loss on the sale of Seagram Coolers of $1.7 million in 2011 and the net after-tax impairment charge recognized in 2010 of $9.4 million.

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 purchasing levels during the summer season.

Also highlighted in the chart is the effect of the sale of the Seagram Coolers brand (sold in Q3 2011) and an impairment charge that was taken in the second quarter of 2010. Specifically, the Company's net earnings were impacted by a loss on the sale of the Seagram Coolers brand in the amount of $1.7 million in the third quarter of 2011. For further information regarding the sale of the Seagram Coolers brand and the impairment charge please refer to the most recently completed annual report for the year ended June 30, 2011. The aforementioned impairment charge had the effect of reducing net earnings by $9.4 million in the second quarter of 2010.

New Accounting Pronouncements

Transition to International Financial Reporting Standards

The Company has adopted International Financial Reporting Standards ("IFRS") for its 2012 fiscal year as required by the Accounting Standards Board of the Canadian Institute of Chartered Accountants. The Company provided information on its transition to IFRS in its 2011 Annual MD&A. The assessments and impacts discussion in the 2011 Annual MD&A remain largely unchanged.

The most significant impact of the transition to IFRS is the revaluation of the Company's provision for pensions to conform to Corby's parent company's measurement basis. Upon transition to IFRS, the Company's opening July 1, 2010 retained earnings balance has been reduced by $14.6 million, including the impact of taxes, due to the revaluation of its pension obligations.

The Company has provided a detailed explanation of the impacts of this transition in Note 16 of the Company's first quarter 2012 unaudited condensed interim period financial statements ("Note 16"). Note 16 includes reconciliations of the Company's balance sheet and shareholders' equity from Canadian

GAAP to IFRS as at June 30, 2011, September 30, 2010 and July 1, 2010, and its fiscal 2011 net earnings and comprehensive income for the year ended June 30, 2011 and the three month period ended September 30, 2010. Explanation of the individual impacts of adopting IFRS identified in the reconciliations is also provided, as are the Company's elections under IFRS 1 "First-time Adoption of International Financial Reporting Standards".

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year ending June 30, 2012, and accordingly, have not been applied in preparing the interim condensed consolidated financial statements for the three month period ending September 30, 2011:

(i) Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. This standard becomes effective on January 1, 2013. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

(ii)

(ii) Deferred Taxes – Recovery of Underlying Assets

The IASB has issued an amendment to IAS 12, "Income Taxes" ("IAS 12 amendment"), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. The Company will apply the amendment at the beginning of its 2013 financial year, beginning July 1, 2012. The Company is currently assessing the impact of the IAS 12 amendment on its consolidated financial statements.

(iii) Consolidated Financial Statements

In May 2011 the IASB issued IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Ventures" ("IFRS 11"), and IFRS 12, "Disclosure of Interest in Other Entities" ("IFRS 12"). In addition, the IASB amended IAS 27, "Consolidated and Separate Financial Statements" ("IAS27") and IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The objective of IFRS 10 is to define the principles of control and establish the basis of determining when and how an entity should be included within a set of consolidated financial statements. IFRS 11 establishes principles to determine the type of joint arrangement and guidance for financial reporting activities required by entities that have an interest in an arrangement that is jointly controlled. IFRS 12 enables users of the financial statements to evaluate the nature and risks associated with its interest in other entities and the effects of those interests on its financial performance.

IFRS 10, 11 and 12, and the amendments to IAS 27 and 28 are all effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of these new standards on its consolidated financial statements.

(iv) Fair Value Measurement

On May 12, 2011 the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13") which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

(v) Employee Benefits

On June 16, 2011 the IASB revised IAS 19, "Employee Benefits" ("IAS 19"). The revisions include the elimination of the option to defer the recognition of actuarial gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and introduces enhanced disclosure for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of this amendment on its consolidated financial statements.

(vi) Presentation of Financial Statements

On June 16, 2011 the IASB issued amendments to IAS 1, "Presentation of Financial Statements." The amendments enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements. The amendments are effective for annual periods beginning on or after July 1, 2012. The Company is currently assessing the impact of this amendment on its consolidated financial statements.

Internal Controls Over Financial Reporting

The Company maintains a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

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 IFRS. Internal control 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.

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 & 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, causing 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.

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 economic outlook and overall consumer confidence in the stability of the economy as a whole. 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., a 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 a 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 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 and note 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 LB s, management believes the Company's credit risk relating to accounts receivable is at an acceptably low level. The Company's note receivable is secured.

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 and also has a note receivable that earns a fixed rate of interest. 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

The Company has exposure to foreign currency risk, as it conducts business in multiple foreign currencies; however, its exposure is primarily limited to the US dollar ("USD") and UK pound sterling ("GBP"). Corby does not utilize derivative instruments to manage this risk. Subject to competitive conditions, changes in foreign currency rates may be passed on to consumers through pricing over the long term.

USD Exposure
The Company's demand for USD has traditionally outpaced its supply, due to USD sourcing of production inputs exceeding that of the Company's USD sales. Therefore, decreases in the value of the Canadian dollar ("CAD") relative to the USD will have an unfavourable impact on the Company's earnings.

GBP Exposure
The Company's supply of GBP outpaces demand, as Corby's sales into the UK market are denominated in GBP, while it has only an insignificant amount of GBP purchases. Therefore, increases in the value of the CAD relative to the GBP will have an unfavourable impact on the Company's earnings. As a result of the Company's recent relocation of its Lamb's international production from Canada to the UK, Corby's exposure to fluctuations in GBP relative to the CAD will be reduced.

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. The Company strives to mitigate such risks by selecting only those products from suppliers that strategically complement Corby's existing brand portfolio and by actively monitoring brand advertising and promotion activities. The Company registers trademarks, as applicable, while constantly watching for and responding to competitive threats, as necessary.

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 that involve the determination of fair value. Inherent in such fair value determinations are certain judgments and estimates including, but not limited to, projected future sales, earnings and capital investment; discount rates; and terminal growth rates. These judgments 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.

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

Associated Brand	Associated Market	Carrying Values as at September 30, 2011 Goodwill	Intangibles	Total
Various PR brands	Canada	$ -	$ 45.4	$ 45.4
Lamb's rum	United Kingdom[1]	1.4	11.8	13.2
Corby domestic brands	Canada [2]	1.9	-	1.9
		$ 3.3	$ 57.2	$ 60.5

[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.

[2] Goodwill related to Corby domestic brands has been adjusted to reflect the impact of the sale of certain DeKuyper brands as discussed in the "Significant Events" section of this MD&A.

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.

Provision for pensions

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 21 of the interim condensed consolidated financial statements for the quarter ended September 30, 2011 which includes details of the provision for pensions under IFRS as at June 30, 2011.

CORBY DISTILLERIES LIMITED
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(in thousands of Canadian dollars)

	Note	**Sept. 30, 2011**	Sept. 30, 2010[(1)]	June 30, 2011[(1)]	July 1, 2010[(1)]
ASSETS					
Deposits in cash management pools		**$ 106,244**	$ 78,975	$ 96,636	$ 74,685
Accounts receivable	5	**29,171**	30,304	31,005	28,340
Income and other taxes recoverable	20	**-**	-	-	1,070
Inventories		**58,578**	63,346	59,654	60,502
Prepaid expenses		**1,607**	880	1,731	1,551
Current portion of note receivable		**600**	-	600	-
Assets held for sale	4	**11,060**	-	-	-
Total current assets		**207,260**	173,505	189,626	166,148
Note receivable		**1,800**	-	1,800	-
Deferred income taxes	20	**1,604**	-	256	-
Property, plant and equipment	17	**6,754**	14,865	15,646	15,238
Goodwill		**3,278**	6,857	5,886	6,857
Intangible assets		**57,169**	69,439	58,302	70,571
Total assets		**$ 277,865**	$ 264,666	$ 271,516	$ 258,814
LIABILITIES					
Accounts payable and accrued liabilities	6	**$ 18,696**	$ 18,571	$ 19,492	$ 18,285
Income and other taxes payable	19,20	**433**	203	115	-
Liabilities held for sale	4	**1,201**	-	-	-
Total current liabilities		**20,330**	18,774	19,607	18,285
Provision for pensions	21	**12,822**	14,223	12,670	14,175
Deferred income taxes	20	**-**	137	-	41
Total liabiliites		**33,152**	33,134	32,277	32,501
Shareholders' equity					
Share capital		**14,304**	14,304	14,304	14,304
Retained earnings		**230,409**	217,228	224,935	212,009
Total shareholders' equity		**244,713**	231,532	239,239	226,313
Total liabilities and shareholders' equity		**$ 277,865**	$ 264,666	$ 271,516	$ 258,814

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 16 to these interim condensed consolidated financial statements for an explanation of the transition to IFRS.

CORBY DISTILLERIES LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

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

	Note	For the Three Months Ended Sept. 30, 2011	Sept. 30, 2010[1]
Revenue	7,13	**$ 44,223**	$ 41,610
Cost of sales	8,13	**(19,378)**	(17,720)
Marketing, sales and administration	8,13	**(11,921)**	(10,914)
Other income (expense)	9	**(311)**	79
Earnings from operations		**12,613**	13,055
Financial income	10	**495**	246
Financial expenses	10	**(162)**	(245)
Net financial income		**333**	**1**
Earnings before income taxes		**12,946**	13,056
Current income taxes		**(3,633)**	(3,755)
Deferred income taxes		**147**	(96)
Income taxes		**(3,486)**	**(3,851)**
Net earnings		**$ 9,460**	$ 9,205
Basic earnings per share		**$ 0.33**	$ 0.32
Diluted earnings per share		**$ 0.33**	$ 0.32
Weighted average common shares outstanding			
Basic		**28,468,856**	28,468,856
Diluted		**28,468,856**	28,468,856

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 16 to these interim condensed consolidated financial statements for an explanation of the transition to IFRS.

CORBY DISTILLERIES LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(in thousands of Canadian dollars)

	For the Three Months Ended	
	Sept 30, 2011	Sept 30, 2010[1]
Net earnings	**$ 9,460**	$ 9,205
Other comprehensive income	**-**	-
Total comprehensive income	**$ 9,460**	$ 9,205

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 16 to these interim condensed consolidated financial statements for an explanation of the transition to IFRS.

CORBY DISTILLERIES LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)
(in thousands of Canadian dollars)

	Note	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance as at July 1, 2011 [1]		$ 14,304	$ -	$ 224,935	$ 239,239
Net earnings		-	-	9,460	9,460
Other comprehensive income		-	-	-	-
Dividends	11	-	-	(3,986)	(3,986)
Balance as at September 30, 2011		**$ 14,304**	-	**$ 230,409**	**$ 244,713**
Balance as at July 1, 2010 [1]		$ 14,304	$ -	$ 212,009	$ 226,313
Net earnings		-	-	9,205	9,205
Other comprehensive income		-	-	-	-
Dividends		-	-	(3,986)	(3,986)
Balance as at September 30, 2010 [1]		$ 14,304	-	$ 217,228	$ 231,532

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 16 to these interim condensed consolidated financial statements for an explanation of the transition to IFRS.

CORBY DISTILLERIES LIMITED
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)
(in thousands of Canadian dollars)

	Notes	For the Three Months Ended Sept. 30, 2011	Sept. 30, 2010[1]
Operating activities			
Net earnings		**$ 9,460**	9,205
Adjustments for:			
Amortization and depreciation	8	**1,568**	1,566
Net financial income	10	**(333)**	(1)
Loss on disposal of property, plant and equipment		**-**	11
Income tax expense		**3,486**	3,851
Provision for pensions		**152**	48
		14,333	14,680
Net change in non-cash working capital balances	12	**2,556**	(2,578)
Interest received		**434**	242
Income taxes paid		**(3,729)**	(3,996)
Net cash from operating activities		**13,594**	**8,348**
Investing activities			
Additions to property, plant and equipment		**-**	(78)
Proceeds from disposition of property, plant and equipment		**-**	6
Deposits in cash management pools		**(9,608)**	(4,290)
Net cash used in investing activities		**(9,608)**	**(4,362)**
Financing activity			
Dividends paid	11	**(3,986)**	(3,986)
Net cash used in financing activity		**(3,986)**	(3,986)
Net increase in cash		**-**	-
Cash, beginning of period		**-**	-
Cash, end of period		**$ -**	$ -

(1) In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 16 to these interim condensed consolidated financial statements for an explanation of the transition to IFRS.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010
(in thousands of Canadian dollars, except per share amounts)

1. GENERAL INFORMATION

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, 2011.

Corby is a public company incorporated and domiciled in Canada, whose shares are traded on the Toronto Stock Exchange. The Company's registered address is 225 King Street West, Suite 1100, Toronto, ON M5V 3M2.

2. BASIS OF PREPARATION

Statement of compliance
These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the financial year ending June 30, 2012.

As these interim condensed consolidated financial statements are the Company's first financial statements prepared using International Financial Reporting Standards ("IFRS"), certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS, that were not included in the Company's most recent annual financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"), have been included in these financial statements for the comparative annual period.

These interim condensed consolidated financial statements should be read in conjunction with the Company's 2011 annual financial statements and in consideration of the IFRS transitional disclosures included in Note 16 to these interim condensed consolidated financial statements and the additional annual disclosures included herein.

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on November 9, 2011.

Functional and presentation currency
The Company's interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION (continued)

Foreign currency translation

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate applying at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical exchange rate applicable at the transaction date. Monetary assets and liabilities dominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences related to operating activities are recognized in earnings from operations for the period; foreign currency differences related to financing activities are recognized within net financial income.

Basis of Measurement

These interim condensed consolidated financial statements are prepared in accordance with the historical cost model, except for certain categories of assets and liabilities, which are measured in accordance with the methods provided for by IFRS as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Seasonality

The interim condensed consolidated financial statements should not be taken as indicative of the performance to be expected for the full year due to the seasonal nature of the spirits business. Corby's operations are typically subject to seasonal fluctuations in that the retail holiday season generally results in an increase in consumer purchases over the course of October, November and December. Further, the summer months traditionally result in higher consumer purchases of spirits as compared to the winter and spring months. As a result, the Company's first and second quarter of each fiscal year tend to reflect the impact of seasonal fluctuations in that more shipments are typically made during those quarters.

Use of Estimates and Judgements

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are made on the assumption the Company will continue as a going concern and are based on information available at the time of preparation. Estimates may be revised where the circumstance on which they were based change or where new information becomes available. Future outcomes can differ from these estimates.

Judgement is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgement and estimates are often interrelated.

The Company has applied judgement in its determining the tax rates used for measuring deferred taxes and identifying the indicators of impairment for property, plant and equipment, goodwill and intangible assets with finite useful lives. In the absence of standards or interpretations applicable to a specific transaction, management uses its judgement to define and apply accounting policies that provide relevant and reliable information in the context of the preparation of the financial statements.

2. BASIS OF PREPARATION (continued)

Estimates are used when estimating the useful lives of property, plant and equipment and intangible assets for the purpose of depreciation and amortization, when accounting for or measuring items such as allowances for uncollectible accounts receivable and inventory obsolescence, assumptions underlying the actuarial determination of retirement benefit obligations, income and other taxes, provisions, certain fair value measures including those related to the valuation of share-based payments and financial instruments, and when testing goodwill, indefinite useful life intangible asset and other assets for impairment. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Company's consolidated financial statement from the date that the control commences until the date that control ceases.

Intra-company balances and transactions and any unrealized income and expenses arising from intra-company transactions are eliminated in preparing the consolidated financial statements.

Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under a Mirror Netting Services Agreement together with PR's other Canadian affiliates, the terms of which are administered by the Bank of Nova Scotia. The Mirror Netting Services 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and broken down by component. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Land is not depreciated. Useful life and depreciation methods are reviewed at each reporting date. Items of property, plant and equipment are written down when impaired

The average depreciable lives for the major categories of property, plant and equipment are as follows:

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

Depreciation of property, plant and equipment is recognized within earnings from operations. The Company commences recognition of depreciation in earnings when the item of property, plant and equipment is ready for its intended use.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net, within earnings from operations.

Fully-depreciated items of property, plant and equipment that are still in use continue to be recognized in the cost and accumulated depreciation.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of repairs and maintenance of property, plant and equipment are recognized in earnings from operations as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Company leases certain premises and equipment. Terms vary in length and typically permit renewal for additional periods. These leases are classified as operating leases under which minimum rent, including scheduled escalations, is expensed on a straight-line basis over the term of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company currently has no financing leases.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. For acquisitions on or after July 1, 2010, goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the fair value of the identifiable assets acquired less the fair value of the liabilities assumed. Goodwill is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

As described in Note 15, as part of its transition to IFRS, the Company elected to apply IFRS 3 – *Business Combinations* ("IFRS 3"), only to those business combinations that occurred on or after July 1, 2010. In respect of acquisitions prior to July 1, 2010, goodwill represents the amount recognized under Canadian GAAP.

Goodwill is measured at cost less any accumulated impairment losses.

Intangible Assets

Intangible assets are comprised of long-term representation rights and trademarks and licenses:

(i) Long-term Representation Rights

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 and recognized within earnings from operations.

(ii) Trademarks and licences

Trademarks and licences represent the value of trademarks and licences of businesses acquired and are measured at cost on initial recognition. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

(i) *Financial Assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred that have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that a financial asset is impaired includes, but is not limited to, default or delinquency by a debtor, restructuring of an amount due to the Company on terms the Company would not consider otherwise, indicators the debtor will enter bankruptcy, or adverse changes in the status of the debtor's economic conditions.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in net earnings.

(ii) Non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated.

Intangible assets and property, plant and equipment are subject to impairment tests whenever there is an indication that the value of the asset has been impaired and at least once a year for non-current assets with indefinite useful lives (goodwill and trademarks and licences).

Assets subject to impairment tests are included in Cash-Generating Units ("CGUs"), corresponding to linked groups of assets, which generate identifiable cash flows. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. When the recoverable amount of a CGU is less than its carrying amount, an impairment loss is recognized within earnings from operations. The recoverable amount of the CGU is the higher of its fair value less costs to sell and its value in use.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Projected cash flows are discounted to present based on annual budgets and multi-year strategies, extrapolated into subsequent years based on the medium and long-term trends for each market and brand. The calculation includes a terminal value derived by capitalizing the cash flows generated in the last forecasted year. Assumptions applied to sales and advertising spending are determined by management based on previous results and long-term development trends in the markets concerned. The present values of discounted cash flows are sensitive to these assumptions as well as to consumer trends and economic factors.

Fair value is based either on the sale price, net of selling costs, obtained under normal market conditions or earnings multiples observed in recent transactions concerning similar assets.

Impairment losses are recognized in the statement of earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. With respect to other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indicators that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the assets does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized. Provisions notably include: provisions for pensions and provisions for uncertain tax positions.

Provisions for pensions

The Company maintains registered defined benefit pension plans under which benefits are available to certain employee groups. The Company also makes supplementary retirement benefits available to certain employees under a non-registered defined benefit pension plan. The Company also provides a defined contribution plan.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Defined Benefit Plans

For defined benefit plans, the projected unit credit method is used to measure the present value of defined benefit obligations, current service cost and, if applicable, past service cost. The measurement is made at each balance sheet date and the personnel data concerning employees is revised at least every three years. The calculation requires the use of economic assumptions (inflation rate, discount rate, expected return on plan assets) and assumptions concerning employees (mainly: average salary increase, rate of employee turnover, life expectancy). Plan assets are measured at their market value at each annual balance sheet date. The provision in the balance sheet corresponds to the discounted value of the defined benefit obligation, adjusted for unrecognized past service cost and unrecognized actuarial gains and losses, and net of the fair value of plan assets. Actuarial gains and losses mainly arise where estimates differ from actual outcomes (for example between the expected value of plan assets and their actual value at the balance sheet date) or when changes are made to long-term actuarial assumptions (for example: discount rate, rate of increase of salaries). Actuarial gains and losses are only recognized when, for a given plan, they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of plan assets at the end of the prior year (termed the “corridor” method). Recognition of the provision is on a straight-line basis over the average number of remaining years’ service of the employees in the plan in question (amortization of actuarial gains and losses).

The expense recognized in respect of the benefit obligation described above incorporates:

- expenses corresponding to the acquisition of an additional year’s rights;
- interest costs;
- income corresponding to the expected return on plan assets;
- income or expense corresponding to the amortization of actuarial gains and losses;
- past service costs; recognized on a straight-line basis over the average residual period until the corresponding benefits vest with employees;
- income or expense related to changes to existing plans or the creation of new plans;
- income or expense related to any plan curtailments or settlements.

The expense arising from the change in net obligations for pensions and other long-term employee benefits is recognized within earnings from operations or within net financial income on the basis of the nature of the underlying.

(ii) Defined contributions plans

Contributions are recognized as expenses when the employees have rendered services. As the Company is not committed beyond the amount of such contributions, no provision is recognized in respect of defined contribution plans.

Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net earnings except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively.

Current income tax expense comprises the tax payable on the taxable income for the current financial year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is recognized on temporary differences between the tax and book value of assets and liabilities in the consolidated balance sheet and is measured using the balance sheet approach. Deferred tax is measured at the tax rates that are expected to apply to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable earnings will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Revenue Recognition

Revenue is comprised of case good sales, commissions and revenues from ancillary activities and is measured at the fair value of the consideration received or to be received, after deducting trade discounts, volume rebates and sales-related taxes and duties. Sales are recognized when the significant risks and rewards of ownership have been transferred, generally at the date of transfer of ownership title.

(i) Costs of services rendered in connection with sales

In accordance with IAS 18 – *Revenue* ("IAS 18"), certain costs of services rendered in connection with sales, such as advertising programmes in conjunction with distributors, listing costs for new products, and promotional activities at point of sale, are deducted directly from sales if there is no separately identifiable service whose fair value can be reliably measured.

(ii) Commissions

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commissions made by the Company. Commissions are reported net of long-term representation rights amortization. The long-term representation rights represent the Company's exclusive right to represent PR's brands in Canada and are being amortized over the 15-year term of the agreement.

(iii) Interest

Interest income is recognized on an accrual basis using the effective interest method. Primarily interest income is earned on deposits in cash management pools.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Earnings per Common Share

The Company presents basic and diluted earnings per share ("EPS") amounts for its common shares. Basic and diluted EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Dilutive EPS is calculated by adjusting the net income attributable to shareholders and the weighted average number of shares outstanding for the effect of potentially dilutive shares. There are no potentially dilutive shares as at September 30, 2011.

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	Loans and receivables	Amortized cost
Accounts receivable and note 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 plus any directly attributable transaction costs and then, subsequently, at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in earnings in the period in which the gain or loss occurs.

All financial assets are recognized and derecognized on the trade date. A financial asset is derecognized when the contractual rights to the cash flows from the asset expired or when the Company transferred the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

The Company categorizes its financial assets and financial liabilities that are recognized in the consolidated balance sheets at fair value using the fair value hierarchy. 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.

The Company has no financial instruments carried at fair value in its balance sheet. For financial assets and liabilities that are valued at other than fair value on its balance sheets (i.e., deposits in cash management pools, accounts receivable, accounts payable and accrued liabilities), fair value approximates their carrying value at each balance sheet date due to their short-term maturities.

The carrying value of the note receivable approximates fair value. Fair value is determined using the present value of future cash flows, based on the estimated market rates for instruments with similar terms and conditions.

Common shares issued by the Company are recorded in the amount of the proceeds received, net of direct issues costs.

Transaction costs are added to the initial fair value of financial assets and liabilities when those financial assets and liabilities are not measured at fair value subsequent to initial measurement. Transaction costs are amortized to net earnings, in finance expense, using the effective interest method.

Segmented Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company‘s other operations. Segment operating results are reviewed regularly by the Company’s CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year ending June 30, 2012, and accordingly, have not been applied in preparing these consolidated financial statements:

(i) Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. This standard becomes effective on January 1, 2013. The Company is currently assessing the impact of the new standard on its results of operations, financial position and disclosures.

(ii) Deferred Taxes – Recovery of Underlying Assets

The IASB has issued an amendment to IAS 12, "Income Taxes" ("IAS 12 amendment"), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. The Company will apply the amendment at the beginning of its 2013 financial year, beginning July 1, 2012. The Company is currently assessing the impact of the IAS 12 amendment on its results of operations, financial position and disclosures.

(iii) Consolidated Financial Statements

In May 2011 the IASB issued IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 11, "Joint Ventures" ("IFRS 11"), and IFRS 12, "Disclosure of Interest in Other Entities" ("IFRS 12"). In addition, the IASB amended IAS 27, "Consolidated and Separate Financial Statements" ("IAS27") and IAS 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The objective of IFRS 10 is to define the principles of control and establish the basis of determining when and how an entity should be included within a set of consolidated financial statements. IFRS 11 establishes principles to determine the type of joint arrangement and guidance for financial reporting activities required by entities that have an interest in an arrangement that is jointly controlled. IFRS 12 enables users of the financial statements to evaluate the nature and risks associated with its interest in other entities and the effects of those interests on its financial performance.

IFRS 10, 11 and 12, and the amendments to IAS 27 and 28 are all effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of these new standards on its consolidated financial statements.

(iv) Fair Value Measurement

On May 12, 2011 the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13") which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Employee Benefits

On June 16, 2011 the IASB revised IAS 19, "Employee Benefits" ("IAS 19"). The revisions include the elimination of the option to defer the recognition of actuarial gains and losses, enhancing the guidance around measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and introduces enhanced disclosure for defined benefit plans. The amendments are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of this amendment on its consolidated financial statements.

(vi) Presentation of Financial Statements

On June 16, 2011 the IASB issued amendments to IAS 1, "Presentation of Financial Statements." The amendments enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements. The amendments are effective for annual periods beginning on or after July 1, 2012. The Company is currently assessing the impact of this amendment on its consolidated financial statements.

4. ASSETS HELD FOR SALE

On September 27, 2011, the Company announced that it had entered into an agreement to sell certain owned-brands as well as the shares of its wholly-owned subsidiary that owns the manufacturing and bottling facility located in Montréal, Québec. The transaction closed on October 31, 2011. The transaction involved the sale of 17 brands, as well as the Montréal-based manufacturing facility where a significant portion of the brands are produced. The assets and liabilities associated with this transaction have been presented as assets and liabilities held for sale in the statement of financial position at September 30, 2011.

The disposal group classified as held for sale:

		Sept. 30, 2011		Sept. 30, 2010
Property, plant and equipment	**$**	**8,452**	$	-
Goodwill		**2,608**		
Assets classified as held for sale	**$**	**11,060**	$	-
Deferred income tax liabilities related to assets held for sale	**$**	**1,201**	$	-
Liabilities classified as held for sale	**$**	**1,201**	$	-

5. ACCOUNTS RECEIVABLE

		Sept. 30, 2011		Sept. 30, 2010		June 30, 2011		July 1, 2010
Trade receivables	**$**	**19,890**	$	23,239	$	21,398	$	22,144
Due from related parties		**7,860**		7,065		8,216		6,196
Other receivables		**1,421**		-		1,391		-
	$	**29,171**	$	30,304	$	31,005	$	28,340

Other receivables include amounts owing from Brick Brewing Co., Limited for the sale of the Seagram Coolers inventory transferred as part of the sale of the Seagram Coolers brand and interest accrued on the secured promissory note receivable from Brick Brewing Co., Limited. These amounts are due and payable within the next 12 months. Please see the most recently completed annual report for further information regarding the sale of Seagram Coolers.

6. ACCOUNTS PAYABLE AND ACCRUALS

		Sept. 30, 2011		Sept. 30, 2010		June 30, 2011		July 1, 2010
Trade payables and accruals	**$**	**13,340**	$	13,306	$	13,375	$	12,554
Due to related parties		**5,356**		5,265		6,117		5,731
	$	**18,696**	$	18,571	$	19,492	$	18,285

7. REVENUES

The Company's revenue consists of the following streams:

	Three months ended			
		Sept. 30, 2011		Sept. 30, 2010
Case good sales	**$**	**31,037**	$	31,522
Commissions (net of amortization of representation rights)		**4,682**		4,274
Other services		**8,504**		5,814
	$	**44,223**	$	41,610

Commissions are shown net of the long-term representation rights amortization of $1,133 (2010 - $1,133). Other services include revenues incidental to the manufacture of case goods, such as contract bottling revenues, logistics fees and miscellaneous bulk spirit sales.

8. EXPENSES BY NATURE

Earnings from operations notably includes depreciation and amortization, as well as personnel expenses as follows:

	Three months ended	
	Sept. 30, 2011	Sept. 30, 2010
Total depreciation and amortization	**$ 1,568**	$ 1,566
Salary and payroll costs	**6,144**	5,628
Pension and other benefits under defined benefit plans	**491**	683
	$ 8,203	$ 7,877

Included in total depreciation and amortization is the amortization of representation rights of $1,133 (2010- $1,133).

9. OTHER INCOME (EXPENSE)

The Company's other income (expense) consist of the following amounts:

	Three months ended	
	Sept. 30, 2011	Sept. 30, 2010
Foreign exchange gains	**$ 81**	$ 106
Selling costs related to "Assets Held for Sale"	**(404)**	-
Losses on disposal of property, plant and equipment	**-**	(11)
Amortization of actuarial gains (losses) under defined benefit plans	**12**	(16)
	$ (311)	$ 79

10. NET FINANCIAL INCOME (EXPENSE)

The Company's financial income and expenses consist of the following amounts:

	Three months ended	
	Sept. 30, 2011	Sept. 30, 2010
Interest income	**$ 495**	$ 246
Interest expense	**(13)**	(4)
Net financial impact of pensions and other benefits under defined benefit plans	**(149)**	(241)
	$ 333	$ 1

11. DIVIDENDS

On August 24, 2011, the Company announced that its Board of Directors had declared a dividend of $0.14 per common share, payable September 30, 2011 to shareholders of record as at the close of business on September 15, 2011.

On November 9, 2011, subsequent to the quarter ended September 30, 2011, the Board of Directors declared a dividend of $0.15 per common share, payable December 15, 2011, to shareholders of record as at the close of business on November 30, 2011. The Board of Directors also declared a special dividend of $1.85 per common share, payable on January 3, 2012, to shareholders of record as at the close of business on December 15, 2011.

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	Three months ended	
	Sept. 30, 2011	Sept. 30, 2010
Accounts receivable	**$ 1,834**	$ (1,964)
Inventories	**1,076**	(2,844)
Prepaid expenses	**124**	671
Income tax and other taxes recoverable	**318**	1,273
Accounts payable and accrued liabilities	**(796)**	286
	$ 2,556	$ (2,578)

13. RELATED PARTY TRANSACTIONS

Transactions with parent, ultimate parent, and affiliates

The majority of Corby's issued and outstanding voting Class A shares are owned by HWSL. HWSL is a wholly-owned subsidiary of PR. Therefore, HWSL is Corby's parent and PR is Corby's ultimate parent. Affiliated companies are subsidiaries which are controlled by Corby's parent and/or ultimate parent.

The companies operate under the terms of agreements that became effective on September 29, 2006. These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for 15 years, as well as providing 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.

In addition to the aforementioned agreements, Corby signed an agreement on September 26, 2008, with its ultimate parent to be the exclusive Canadian representative for the ABSOLUT vodka and Plymouth gin brands, for a five-year term expiring October 1, 2013. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006. As discussed in Note 15 "Subsequent Events," the Company entered into an agreement on November 9, 2011, for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Canadian representation for the other PR brands in Corby's portfolio.

13. RELATED PARTY TRANSACTIONS (continued)

Transactions between Corby and its parent, ultimate parent and affiliates during the period are as follows:

	Three months ended	
	Sept. 30, 2011	Sept. 30, 2010
Sales to related parties		
Commissions - parent, ultimate parent and affiliated companies	**$ 4,861**	$ 4,591
Blending and bottling services - parent	**184**	57
Products for resale at an export level - affiliated companies	**129**	120
Bulk spirits - parent	**113**	-
	$ 5,287	$ 4,768
Cost of goods sold, purchased from related parties		
Distilling, blending, and production services - parent	**$ 4,421**	$ 5,738
Bulk spirits - parent	**552**	671
	$ 4,973	**$ 6,409**
Administrative services purchased from related parties		
Marketing, selling and administrative services- parent	**$ 511**	$ 559

Outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash within two months of the reporting date. None of the balances are secured.

Deposits in cash management pools

Corby participates in a cash 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 Services 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 November 9, 2011, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Services Agreement by paying interest to Corby based upon the 30-day LIBOR rate plus 0.40%. Corby earned interest income of $387 from PR during quarter ended September 30, 2011 (2010 – $241). Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

Other obligations

As part of an agreement with PR signed on September 26, 2008, Corby agreed to parameters governing certain of its obligations and continuing business practices. Specifically, Corby agreed not to declare any special dividends, repurchase shares or make acquisitions or capital investments outside the normal course of business without PR's prior approval until October 1, 2011. Subsequent to October 1, 2011, Corby is no longer subject to these restrictions.

Corby has a number of defined benefit pension plans; contributions to these plans totaled $322 for the three-month period ending September 30, 2011 (2010 - $525).

14. 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, and McGuinness liqueurs.

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" in Note 7 of these consolidated statements. Therefore, a chart detailing operational results by segment has not been provided as no additional meaningful information would result.

15. SUBSEQUENT EVENTS

On October 31, 2011, subsequent to the first quarter ended September 30, 2011, the Company completed a transaction to sell the shares of its wholly-owned subsidiary that owns the manufacturing and bottling facility located in Montreal, Quebec along with 17 brands. Brands sold include De Kuyper Geneva gin, De Kuyper Peachtree Schnapps, Red Tassel vodka and Silk Tassel Canadian whisky. The transaction closed on October 31, 2011 for a total purchase price of $39.4 million; including the cost of inventory on hand. Along with amounts classified in these financial statements as assets held for sale and liabilities held for sale, the transaction included $6.5 million of inventory, sold at cost. The Company estimates it will realize a gain on the sale in excess of $17 million, net of taxes and transaction fees.

On November 9, 2011, subsequent to the first quarter ended September 30, 2011, the Board of Directors of Corby declared a special dividend in the amount of $1.85 per share. This dividend will be paid on January 3, 2012, on Voting Class A Common Shares and Non-voting Class B Common Shares of the Company to shareholders of record as at the close of business on December 15, 2011. This dividend will be in addition to Corby's regular dividend of $0.15 per share which was also declared by the Corby's Board of Directors on the same day. The special dividend will result in a cash distribution of approximately $52.7 million to shareholders and will be sourced from the Company's current surplus cash deposits.

On November 9, 2011, subsequent to the first quarter ended September 30, 3011, the Company announced that it has entered into an agreement with PR for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Canadian representation for the other PR brands in Corby's portfolio. Under the agreement, Corby will pay the present value of $10 million to PR at the commencement of the new term for the additional eight years of the new term.

16. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2, these are the Company's first consolidated financial statements prepared in accordance with IFRS. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP" or "previous GAAP"). The Company's financial statements for the financial year ending June 30, 2012 will be the first annual financial statements that comply with IFRS. Accordingly, the Company will make an unreserved statement of compliance with IFRS beginning with its 2012 annual financial statements.

The accounting policies set out in Note 3 have been applied in preparing the interim condensed consolidated financial statements for the three months ended September 30, 2011, the comparative information presented in these financial statement for the financial year ended June 30, 2011, for the three months ended September 30, 2010 and in the preparation of an opening IFRS balance sheet at July 1, 2010 (the Company's date of transition). The Company will ultimately prepare its opening IFRS statement of financial position and the financial statements for 2011 and 2012 by applying existing IFRS with an effective date of June 30, 2012. Accordingly, the opening IFRS statement of financial position and the financial statements for 2011 and 2012 may differ from these interim condensed consolidated financial statements.

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP based on IFRS 1- *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), elections and exceptions and IFRS policy choices. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial performance and financial position is set out in the following tables and the notes that accompany the tables.

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the statements of financial position, statements of earnings, statements of comprehensive income and statements of equity have resulted in reclassifications of various amounts on the statements of cash flows, however, as there has been no change to net cash flows, no reconciliations have been presented.

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Statement of Earnings for the year ended June 30, 2011
(in thousands of Canadian dollars, except per share amounts)

	Note	Previous GAAP	Presentation adjustments from previous GAAP to IFRS	Employee benefits	**IFRS**
Revenue	c)	$ 158,790	$ 776	$ -	**$ 159,566**
Cost of sales	c)	(71,336)	795	-	**(70,541)**
Marketing, sales and administration	b) i); c)	(45,764)	(3,264)	2,393	**(46,635)**
Amortization and depreciation	c)	(1,693)	1,693	-	**-**
Other operating (expense) income	b) i); c)	-	(2,400)	466	**(1,934)**
Earnings from operations		39,997	(2,400)	2,859	**40,456**
Financial income	c)	-	1,308	-	**1,308**
Financial expenses	b) i); c)	-	(20)	(905)	**(925)**
Loss on sale of Seagram Coolers	c)	(2,233)	2,233	-	**-**
Interest income	c)	1,288	(1,288)	-	**-**
Foreign exchange loss	c)	(115)	115	-	**-**
Loss on disposal of property, plant and equipment	c)	(52)	52	-	**-**
Net financial income		(1,112)	2,400	(905)	**383**
Earnings before income taxes		38,885	-	1,954	**40,839**
Current income taxes		(12,266)	-	-	**(12,266)**
Deferred income taxes		804	-	(507)	**297**
Income taxes		(11,462)	-	(507)	**(11,969)**
Net earnings		$ 27,423	$ -	$ 1,447	**$ 28,870**
Basic earnings per share		$ 0.96			**$ 1.01**
Diluted earnings per share		$ 0.96			**$ 1.01**

Reconciliation of Consolidated Comprehensive Income for the period ended June 30, 2011
(in thousands of Canadian dollars)

	Previous GAAP	Effect of transition to IFRS	IFRS
NET EARNINGS	$ 27,423	$ 1,447	$ 28,870
OTHER COMPREHENSIVE INCOME	-	-	-
COMPREHENSIVE INCOME	$ 27,423	$ 1,447	$ 28,870

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Statement of Earnings for the period ended September 30, 2010
(in thousands of Canadian dollars, except per share amounts)

	Note	Previous GAAP	Presentation adjustments from previous GAAP to IFRS	Employee benefits	**IFRS**
Revenue	c)	$ 41,493	$ 117	$ -	**$ 41,610**
Cost of sales	c)	(17,885)	165	-	**(17,720)**
Marketing, sales and administration	b) i); c)	(10,731)	(716)	533	**(10,914)**
Amortization and depreciation	c)	(434)	434	-	**-**
Other income (expense)	b) i); c)	-	95	(16)	**79**
Earnings from operations		12,443	95	517	**13,055**
Financial income	c)	-	246	-	**246**
Financial expense	b) i); c)	-	(4)	(241)	**(245)**
Interest income	c)	242	(242)	-	**-**
Interest expense	c)	-	-	-	**-**
Foreign exchange gain	c)	106	(106)	-	**-**
Loss on disposal of property, plant and equipment	c)	(11)	11	-	**-**
Net financial income		337	(95)	(241)	**1**
Earnings before income taxes		12,780	-	276	**13,056**
Current income taxes		(3,755)	-	-	**(3,755)**
Deferred income taxes		(26)	-	(70)	**(96)**
Income taxes		(3,781)	-	(70)	**(3,851)**
Net earnings		$ 8,999	$ -	$ 206	**$ 9,205**
Basic earnings per share		$ 0.32			**$ 0.32**
Diluted earnings per share		$ 0.32			**$ 0.32**

Reconciliation of Consolidated Comprehensive Income for the period ended September 30, 2010
(in thousands of Canadian dollars)

	Previous GAAP	Effect of transition to IFRS	IFRS
NET EARNINGS	$ 8,999	$ 206	$ 9,205
OTHER COMPREHENSIVE INCOME	-	-	-
COMPREHENSIVE INCOME	$ 8,999	$ 206	$ 9,205

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Balance Sheet as at June 30, 2011
(in thousands of Canadian dollars)

	Notes	Previous GAAP	Presentation adjustments from previous GAAP to IFRS	Employee benefits	IFRS
ASSETS					
Deposits in cash management pools		$ 96,636	$ -	$ -	**$ 96,636**
Accounts receivable		31,005		-	**31,005**
Inventories		59,654	-	-	**59,654**
Prepaid expenses		1,731	-	-	**1,731**
Current portion of note receivable		600		-	**600**
Deferred income taxes	c)	161	(161)	-	**-**
Total current assets		189,787	(161)	-	**189,626**
Note receivable		1,800	-	-	**1,800**
Deferred income taxes	b) i), c)	-	256	-	**256**
Property, plant and equipment		15,646	-	-	**15,646**
Provision for pensions	b) i)	12,516	-	(12,516)	**-**
Goodwill		5,886	-	-	**5,886**
Intangible assets		58,302	-	-	**58,302**
Total assets		$ 283,937	$ 95	$ (12,516)	**$ 271,516**
LIABILITIES					
Accounts payable and accrued liabilities		$ 19,492	$ -	$ -	**$ 19,492**
Income and other taxes payable		115	-	-	**115**
Total current liabilities		19,607	-	-	**19,607**
Provision for pensions	b) i)	7,421	-	5,249	**12,670**
Deferred income taxes	b) i); c)	4,468	95	(4,563)	**-**
Total liabilities		31,496	95	686	**32,277**
Shareholders' equity					
Share capital		14,304	-	-	**14,304**
Retained earnings	b) i)	238,137	-	(13,202)	**224,935**
Total shareholders' equity		252,441	-	(13,202)	**239,239**
Total liabilities and shareholders' equity		$ 283,937	$ 95	$ (12,516)	**$ 271,516**

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Shareholders' Equity as at June 30, 2011
(in thousands of Canadian dollars)

	Note	Previous GAAP	Effect of transition to IFRS	**IFRS**
Share capital		$ 14,304	$ -	**$ 14,304**
Accumulated other comprehensive income		-	-	**-**
Retained earnings	b) i)	238,137	(13,202)	**224,935**
Total shareholder's equity		$ 252,441	$ (13,202)	**$ 239,239**

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Balance Sheet as at September 30, 2010
(in thousands of Canadian dollars)

	Notes	Previous GAAP	Presentation adjustments from previous GAAP to IFRS	Employee benefits	**IFRS**
ASSETS					
Deposits in cash management pools		$ 78,975	$ -	$ -	**$ 78,975**
Accounts receivable		30,304	-	-	**30,304**
Inventories		63,346	-	-	**63,346**
Prepaid expenses		880	-	-	**880**
Deferred income taxes	c)	101	(101)	-	**-**
Total current assets		173,606	(101)	-	**173,505**
Property, plant and equipment		14,865	-	-	**14,865**
Provision for pensions	b) i)	12,155	-	(12,155)	**-**
Goodwill		6,857	-	-	**6,857**
Intangible assets		69,439	-	-	**69,439**
Total assets		$ 276,922	$ (101)	$ (12,155)	**$ 264,666**
LIABILITIES					
Accounts payable and accrued liabilities		$ 18,571	$ -	$ -	**$ 18,571**
Income and other taxes payable		203	-	-	**203**
Total current liabilities		18,774	-	-	**18,774**
Provision for pensions	b) i)	6,935	-	7,288	**14,223**
Deferred income taxes	b) i); c)	5,238	(101)	(5,000)	**137**
Total liabilities		30,947	(101)	2,288	**33,134**
Shareholders' equity					
Share capital		14,304	-	-	**14,304**
Retained earnings	b) i)	231,671	-	(14,443)	**217,228**
Total shareholders' equity		245,975	-	(14,443)	**231,532**
Total liabilities and shareholders' equity		$ 276,922	$ (101)	$ (12,155)	**$ 264,666**

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Shareholders' Equity as at September 30, 2010
(in thousands of Canadian dollars)

	Note	Previous GAAP	Effect of transition to IFRS	**IFRS**
Share capital		$ 14,304	$ -	**$ 14,304**
Accumulated other comprehensive income		-	-	**-**
Retained earnings	b) i)	231,671	(14,443)	**217,228**
Total shareholder's equity		$ 245,975	$ (14,443)	**$ 231,532**

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Balance Sheet as at July 1, 2010
(in thousands of Canadian dollars)

	Notes	Previous GAAP	Presentation adjustments from previous GAAP to IFRS	Employee benefits	**IFRS**
ASSETS					
Deposits in cash management pools		$ 74,685	$ -	$ -	**$ 74,685**
Accounts receivable		28,340	-	-	**28,340**
Income and other taxes recoverable		1,070	-	-	**1,070**
Inventories		60,502	-	-	**60,502**
Prepaid expenses		1,551	-	-	**1,551**
Deferred income taxes	c)	135	(135)	-	**-**
Total current assets		166,283	(135)	-	**166,148**
Property, plant and equipment		15,238	-	-	**15,238**
Provision for pensions	b) i)	12,292	-	(12,292)	**-**
Goodwill		6,857	-	-	**6,857**
Intangible assets		70,571	-	-	**70,571**
Total assets		$ 271,241	$ (135)	$ (12,292)	**$ 258,814**
LIABILITIES					
Accounts payable and accrued liabilities		$ 18,285	$ -	$ -	**$ 18,285**
Total current liabilities		18,285	-	-	**18,285**
Provision for pensions	b) i)	6,748	-	7,427	**14,175**
Deferred income taxes	b) i); c)	5,246	(135)	(5,070)	**41**
Total liabilities		30,279	(135)	2,357	**32,501**
Shareholders' equity					
Share capital		14,304	-	-	**14,304**
Retained earnings	b) i)	226,658	-	(14,649)	**212,009**
Total shareholders' equity		240,962	-	(14,649)	**226,313**
Total liabilities and shareholders' equity		$ 271,241	$ (135)	$ (12,292)	**$ 258,814**

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Reconciliation of Consolidated Shareholders' Equity as at July 1, 2010
(in thousands of Canadian dollars)

	Note	Previous GAAP	Effect of transition to IFRS	**IFRS**
Share capital		$ 14,304	$ -	**$ 14,304**
Accumulated other comprehensive income		-	-	**-**
Retained earnings	b) i)	226,658	(14,649)	**212,009**
Total shareholder's equity		$ 240,962	$ (14,649)	**$ 226,313**

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Notes to Reconciliations

(a) Elections under IFRS 1

IFRS 1 provides a protocol for converting a set of financial statements from another basis of preparation. IFRS 1 generally requires that a first-time adopter apply IFRS accounting principles retrospectively to all periods presented in its first IFRS financial statements. However, IFRS 1 also provides certain mandatory and optional exemptions to alleviate the complication of full retrospective application.

In addition to this, IFRS 1 permits a subsidiary that becomes a first-time adopter later than its parent to elect to measure its assets and liabilities in its financial statements at the carrying amounts that would be included in the parent's consolidated financial statements, if no adjustments were made for consolidation procedures and the effect of the business combination in which the parent acquired the subsidiary. As PR, the Company's ultimate parent, adopted IFRS on July 1, 2004 the Company has chosen this option under IFRS 1. This decision impacts the optional exemptions available to the Company on transition. The following accounting policies have been impacted by the transition to IFRS and the adoption of the parent company's measurement basis:

(i) Business Combinations

Certain of the Company's business combinations are outside of the option discussed above, which allows the Company to adopt the parent company's measurement basis, as certain business combinations are subject to adjustments by the parent company for consolidation procedures and for the effects of the business combination in which the parent company acquired Corby. Therefore, the IFRS 1 optional elections related to business combinations are applicable to Corby.

IFRS 1 permits a first-time adopter to elect not to apply IFRS 3 - *Business Combinations* ("IFRS 3"), to business combinations that occurred prior to the date of transition to IFRS. A first-time adopter can also elect to choose a date prior to the date of transition and apply IFRS 3 to all subsequent business combinations. The Company has elected to apply IFRS 3 prospectively to business combinations that occurred on or after July 1, 2010 (or "the date of transitions to IFRS"). No change has been made to the recognition and measurement of business combinations that occurred prior to this date.

(ii) Employee benefits

IFRS 1 permits a first-time adopter to account for its employee benefits under the "corridor" approach as measured retrospectively under IFRS or to recognize all cumulative actuarial gains and losses in retained earnings at the date of transition to IFRS. Since the Company has elected to adopt the measurement basis of its ultimate parent company, as described above, Corby will revalue the accrued benefit assets and liabilities related to its pension and other employee benefit defined benefit plans to reflect the carrying values recorded by the parent company.

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Further, to comply with the parent's policies with respect to the provision for pensions, the Company will continue to use the "corridor" approach option under IAS 19 – *Employee Benefits* ("IAS 19"). As well, to be consistent with accounting policies of the parent, the Company will present the amount of actuarial gains and losses recognized during the reporting period in "Other income and expenses" as well as past service costs and the impact of plan settlements or curtailments. Pension interest cost and expected return on plan assets is included in "Financial expenses" on the statement of earnings. All other costs related to pensions and other employee benefits under defined benefit plans is reflected in marketing, sales and administration expenses.

The Company has also elected to use the exemption not to disclose the defined benefit plan surplus/deficit and experience adjustments before the date of transition.

(iii) Deemed Cost

IFRS 1 allows a first-time adopter to elect to measure an item of property, plant and equipment or intangible asset at the date of transition to IFRS at fair value and use that fair value as deemed cost at that date. As described above, the Company has elected to adopt the measurement basis of its parent company and therefore is unable to utilize this election. However, the Company has determined that adoption of the parent company's measurement basis for property, plant and equipment will have no impact on the Company's financial position or results of operations, as there are no differences between the parent company's carrying values and accounting policies and those of the Company.

(b) Financial Impacts of Adopting IFRS

(i) Employee benefits

The Company has elected under IFRS 1 to measure its assets and liabilities in its financial statements at the carrying amounts that would be included in the parent's consolidated financial statements, if no adjustments were made for consolidation procedures and the effect of the business combination in which the parent acquired the subsidiary. As a result, the Company will revalue the provision for pensions to the carrying amounts recorded by the parent company.

Deferred income tax assets and liabilities have been re-measured for the IFRS transition adjustments related to employee future benefits, as described above.

The following is the impact of electing under IFRS 1 to measure its provision for pensions and the associated impact to deferred tax liabilities based on the parent company's carrying values on the Company's net earnings and other comprehensive income for the year ended June 30, 2011 and the three months ended September 30, 2010 and the Company's financial position as at June 30, 2011, September 30, 2010 and July 1, 2010.

16. EXPLANATION OF TRANSITION TO IFRS (continued)

Net earnings impact	Year ended June 30, 2011	3 months ended Sept. 30, 2010
Marketing, sales and administration	$ (2,393)	$ (533)
Other income	(466)	16
Earnings from operations	2,859	517
Financial expense	(905)	(241)
Earnings before income taxes	1,954	276
Income tax expense	507	(70)
Increase in net earnings	$ 1,447	$ 206

Balance sheet impact	June 30, 2011	Sept. 30, 2010	July 1, 2010
Provision for pensions	$ (17,765)	$ (19,443)	$ (19,719)
Deferred tax liabilities	4,563	5,000	5,070
Decrease in retained earnings	$ (13,202)	$ (14,443)	$ (14,649)

(ii) Impairment

The Company performed an impairment test under IFRS on goodwill and intangibles as at July 1, 2010. No impairment was identified.

(c) Presentation Impacts of Adopting IFRS

Certain presentation differences between Canadian GAAP and IFRS have no impact on reported earnings or shareholder's equity. Certain assets and liabilities have been reclassified into another line item under IFRS at the date of transition. Certain line items are described differently (renamed) under IFRS compared to Canadian GAAP, although the asset and liability amounts included in these items are unaffected. The following summarizes these changes:

"Deferred taxes" was previously described as future income taxes under Canadian GAAP. As well, under IFRS, deferred tax assets and liabilities may not be presented as current. The Company has reclassified deferred taxes into non-current assets and liabilities based on the net asset and liability positions of the entities that have generated the balances.

"Air miles" under previous GAAP Air Miles were deemed to be a sales discount and reflected on the statement of profit and loss as a reduction in Net Revenues. IFRIC 13 - *Customer Loyalty Programmes* ("IFRIC 13"), requires the value of Air Miles to be presented at gross fair value in revenues, with an offsetting cost reflected in Marketing, sales and administration expenses.

"Functional presentation" these IFRS financial statements have been presented by function. As a result certain expenses, such as depreciation expense, interest income and foreign exchange gains and losses, have been reclassified by function. Depreciation of property, plant and equipment is reported in costs of goods sold and in marketing, sales and administrative expenses. Foreign exchange gains and losses are included in earnings from operations as they relate to operating assets and liabilities. Interest earned on deposits in cash management pools is recorded in net financial income.

SELECTED ANNUAL DISCLOSURES

As these interim condensed consolidated financial statements are the Company's first consolidated financial statements prepared using IFRS, certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS, that were not included in the Company's most recent annual financial statements prepared in accordance with Canadian GAAP, have been included in these financial statements for the comparative annual period as Notes 16 through 24.

17. PROPERTY, PLANT AND EQUIPMENT

	July 1, 2010	Additions	Depreciation	Disposals	June 30, 2011
Land	$ 638	$ -	$ -	$ -	$ 638
Buildings	7,931	194	-	-	8,125
Machinery and equipment	13,954	1,359	-	(265)	15,048
Casks	5,387	735	-	-	6,122
Other	538	-	-	(83)	455
Gross value	28,448	2,288	-	(348)	30,388
Land	-	-	-	-	-
Buildings	(4,864)	-	(242)	-	(5,106)
Machinery and equipment	(6,765)	-	(992)	55	(7,702)
Casks	(1,331)	-	(421)	-	(1,752)
Other	(250)	-	(38)	106	(182)
Accum. depreciation	(13,210)	-	(1,693)	161	(14,742)
Property, plant and equipment	$ 15,238	$ 2,288	$ (1,693)	$ (187)	$ 15,646

18. IMPAIRMENT

In accordance with the Company's accounting policies, the Company tests goodwill and indefinite-lived intangibles (trademarks and licences) for impairment on an annual basis. The carrying value of goodwill and indefinite-lived intangibles at June 30, 2011, along with the data and assumptions applied to the Cash Generating Units ("CGUs") of the Case Goods Segment are as follows:

	Carrying Value Goodwill	Carrying Value Trademarks & Licences	Discount Rate	Terminal Growth Rate
Case Goods Segment	$ 5,886	$ 11,801	7.2% to 10.5%	1% to 3%

18. IMPAIRMENT (continued)

The Company's commissions segment has no goodwill or indefinite lived intangibles.

For purposes of impairment testing, goodwill and intangibles with an indefinite life (trademarks and licences) were allocated to the group of CGUs which represent the lowest level within the group at which the goodwill is monitored for internal management purposes.

During the financial year ended June 30, 2011, the Company performed impairment testing on goodwill and indefinite-lived intangible assets in accordance with its accounting policy and identified no impairment.

The discount rate used for these calculations is a pre-tax rate which corresponds to the weighted average cost of capital. Different discount rates were used to allow for risks specific to certain markets or geographical areas in calculating cash flows. Assumptions made in terms of future changes in sales and of terminal values are reasonable and in accordance with market data available for each of the CGUs. Additional impairment tests are applied where events or specific circumstances suggest that a potential impairment exists.

A 50bp increase in the discount rates would result in no impairment to goodwill or the indefinite-lived intangibles. A 50bp decrease in the terminal growth rate would result in no impairment to goodwill or indefinite-lived intangibles.

19. PROVISIONS

Provisions include the provisions for uncertain tax risks and pensions and other long-term employee benefits. See Note 20 for details of changes in provision for pensions for the year ended June 30, 2011. Provision for uncertain tax risk is included in "Income and other taxes payable," in the amount of $1,000 at June 30, 2011. There was no activity in this balance during the course of the year.

20. INCOME TAXES

		Year -ended June 30, 2011
Current income tax expense		
Current period	$	12,328
Adjustments with respect to prior period tax estimates		(62)
	$	12,266
Deferred income tax expense		
Origination and reversal of temporary differences	$	991
Reduction in tax rate		3
Impact of sale of Seagram Coolers brand		(1,158)
Adjustments with respect to prior period tax estimates		(133)
	$	(297)
Total income tax expense	$	11,969

20. INCOME TAXES (continued)

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

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

		Year -ended June 30, 2011	
Net earnings for the financial year	$	28,870	
Total income tax expense		11,969	
Earnings before income tax expense	$	40,839	
Income tax using the combined Federal and Provincial statutory tax rates		11,843	29.0%
Non-deductible expenses		330	0.8%
Adjustments with respect to prior period tax estimates		(195)	-0.5%
Other		(9)	0.0%
Effective income tax rate	$	11,969	29.3%

Deferred tax assets (liabilities) are broken down by nature as follows:

	July 1, 2010	Recognized in Earnings	Recognized in Equity	June 30, 2011
Provision for pensions	$ 3,895	$ (419)	$ -	$ 3,476
Property, plant and equipment	(1,772)	(279)	-	(2,051)
Inventory	(681)	100	-	(581)
Intangibles	(1,618)	868	-	(750)
Other	135	27	-	162
	$ (41)	$ 297	$ -	$ 256

21. PROVISION FOR PENSIONS

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, 2010. The next required valuations must be completed with an effective date no later than December 31, 2013.

Beginning July 1, 2010, employees hired on or after this date, will no longer be offered enrolment into the Company's defined benefit pension plans. Instead, the Company will now provide these employees a defined contribution pension plan. To become eligible, most employees must first accrue one year of service before joining the new plan. As at June 30, 2011, there were no active participants enrolled in this new defined contribution plan.

21. PROVISION FOR PENSIONS (continued)

Details of the Company's defined benefit pension and other post-retirement benefit plans as at and for the year ended June 30, 2011 are as follows:

	2011	
	Pension Plans	Other Benefit Plans
Fair value of plan assets		
Fair value of plan assets, beginning of year	$ 43,478	$ -
Expected return on plan assets	2,140	-
Actuarial gains and losses return on plan assets	1,484	-
Company contributions	2,920	-
Plan participants' contributions	221	-
Benefits paid	(3,863)	-
Fair value of plan assets, end of year	$ 46,380	$ -
Present value of defined benefit obligation		
Defined benefit obligation, beginning of year	$ 46,226	$ 13,490
Current service cost	1,380	341
Interest cost	2,441	604
Plan participants' contributions	221	-
Actuarial loss (gain)	1,927	(2,131)
Benefits paid	(3,916)	(691)
Present value of the defined benefit obligations, end of year	$ 48,279	$ 11,613
Present value of funded status	1,899	11,613
Unrecognized actuarial (losses) / gains	(2,321)	173
Unrecognized past service costs	-	1,306
Net defined benefit (asset) / liability	$ (422)	$ 13,092

Only the Company's pension plans are partially funded. For the fiscal year ending June 30, 2012 total Company contributions to the pension plans is expected to be $1,747. The other benefit plans are not funded.

The table below presents a roll-forward of the net defined benefit liability between July 1, 2010 and June 30, 2011:

Defined benefit liability	
Net defined benefit liability, beginning of year	$ 14,175
Expenses (income) for the period	2,160
Employer contributions	(2,920)
Benefits paid directly by the employer	(745)
Net defined benefit liability, end of year	$ 12,670

The Company has elected to adopt the corridor method under which actuarial gains and losses are only recognized when they represent more than 10% of the greater of the present value of the benefit obligation and the fair value of corresponding plan assets.

21. PROVISION FOR PENSIONS (continued)

Significant actuarial assumptions adopted for the year ended June 30, 2011 are as follows:

	2011	
	Pension Plans	Other Benefit Plans
Accrued benefit obligation, end of year		
Discount rate	5.50%	5.50%
Compensation increase	3.50%	N/A
Benefit expense, for the year		
Discount rate	5.15%	5.15%
Expected long term return on assets	6.25%	N/A
Compensation increase	3.50%	N/A

The medical cost trend rate used was 9.0% for 2011 (2010 – 10%), with 5.0% being the ultimate trend rate for 2014 and years thereafter. The dental cost trend rate used was 5.0% for 2011 (2010 – 5.0%).

The overall expected long-term rate of return on plan assets is 6.25%. The expected long-term rate of return on plan assets is determined based on asset mix, active management and a review of historical returns. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the individual asset categories.

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 2011:

	Increase	Decrease
Service and interest cost	$ 155	$ (121)
Accrued benefit obligation	1,451	(1,189)

The net expense (income) recognized in profit and loss in respect of pensions and other long-term employee benefits are broken down as follows:

Net defined benefit pension expense recognized in profit and loss for the year	
Service cost	$ 1,721
Interest costs	3,045
Expected return on plan assets	(2,140)
Amortization of past service cost	(529)
Amortization of actuarial losses / (gains)	63
Net expense recognized in profit and loss	$ 2,160

At June 30, 2011 plan assets by category were as follows:

Equity	52.0%
Fixed income	37.0%
Refundable taxes at Canada Revenue Agency / other	11.0%
	100.0%

22. EXPENSES BY NATURE

		Year ended June 30, 2011
Total depreciation and amortization	$	6,276
Salary and payroll costs		23,083
Pension and other benefits under defined benefit plans		1,721
	$	31,080

Depreciation and amortization include amortization of long-term representation rights of $4,531.

23. OTHER OPERATING INCOME (EXPENSE)

		Year ended June 30, 2011
Foreign exchange loss	$	(115)
Loss on sale of Seagram Coolers brand		(2,233)
Losses on disposal of property, plant and equipment		(52)
Amortization of actuarial gains under defined benefit plans		466
	$	(1,934)

24. NET FINANCIAL INCOME (EXPENSE)

		Year ended June 30, 2011
Interest income	$	1,308
Interest expense		(20)
Net financial impact of pensions and other long-term employee benefits		(905)
	$	383

25. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors and the Senior Management Team (which includes the CEO, CFO, and Vice Presidents).

Key management personnel also participate in the company's RSU plan.

Key management personnel compensation is comprised of:

		Year ended June 30, 2011
Wages, salaries and short term employee benefits	$	3,378
Other long term benefits		329
Share-based payment transactions		403
	$	4,110

Certain members of the board and key management personnel are provided benefits and or salary and wages through the parent company or the ultimate parent company in addition to the amounts reported above.

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