CORBY

CORBY SPIRIT AND WINE LIMITED

Interim Condensed Consolidated Financial Statements

For the three and nine months ended March 31, 2015 and 2014

Q3

Affiliated with Pernod Ricard

CORBY SPIRIT AND WINE LIMITED
Management's Discussion and Analysis
March 31, 2015

The following Management's Discussion and Analysis ("MD&A") dated May 6, 2015, should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three and nine month periods ended March 31, 2015, prepared in accordance with International Financial Reporting Standards ("IFRS"). While the Company's independent auditor performed a review for the six months ended December 31, 2014, they have not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited interim condensed financial statements by an entity's auditor. These unaudited interim condensed consolidated 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, 2014.

This MD&A contains forward-looking statements, including statements concerning possible or assumed future results of operations of Corby Spirit and Wine Limited ("Corby" or the "Company"), including the statements made under the headings "Strategies and Outlook", "Liquidity and Capital Resources", "Recent Accounting Pronouncements" and "Risks and Risk Management." 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 and uncertainties, 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 and other factors could also affect Corby's results. For more information, please see the "Risk and Risk Management" section of 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 May 6, 2015. 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 third quarter of fiscal 2015 (three months ended March 31, 2015) are against results for the third quarter of fiscal 2014 (three months ended March 31, 2014). All dollar amounts are in Canadian dollars unless otherwise stated.

Business Overview

Corby is a leading Canadian 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 "CSW.A" (Voting Class A Common Shares) and "CSW.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 its core business, such as logistics fees. Revenue from Corby's owned-brands predominantly consists of sales made to each of the provincial liquor boards ("LBs") in Canada, and also includes sales to international markets.

Corby's portfolio of owned-brands includes some of the most renowned brands in Canada, including J.P. 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®, Stoneleigh®, Campo Viejo® 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.

The Company expanded its agency portfolio, with the exclusive right to represent The Wine Group LLC ("The Wine Group") brands in Canada until May 2018 through an agreement (which began April 2013). The agreement complements Corby's owned and represented brands and expands Corby offerings in the premium wine sector. Corby represents all The Wine Group brands, including Cupcake Vineyards, Big House Wine Co., Concannon Vineyard, Grayfox Vineyards and Mogen David Wine Co.

Pursuant to a production agreement that expires in September 2016, PR produces Corby's owned-brands at HWSL's production facility in Windsor, Ontario. Under the production agreement, Corby manages PR's business interests in Canada, including HWSL's production facility, also until September 2016.

Corby sources more than 90% of its spirits production requirements from HWSL at its production facility in Windsor, Ontario. The Company's remaining production requirements have been outsourced to various third party vendors including a third-party manufacturer in the United Kingdom ("UK"). The UK site blends and bottles Lamb's rum products destined for sale in countries located outside the Americas. During the six months ended December 31, 2014 the Company effectively completed the process of moving production to the HWSL production facility from the bottling facility of a third party in Montreal, Quebec following the expiry of the related bottling agreement on October 31, 2014.

In most provinces, Corby's route to market in Canada entails shipping its products to government-controlled 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 international business is concentrated in the United States ("US") and UK and the Company has a different route to market for each. For the US market, Corby manufactures the majority of its products in Canada and ships to its US distributor, Pernod Ricard USA, LLC ("PR USA"), an affiliated company. See the "Related Party Transactions" section of this MD&A for additional details. The market in the US operates a three tier distribution system which often requires a much longer and larger inventory pipeline than in other markets, resulting in a disconnect between quarterly shipment performance, as reported in the financial statements and the true underlying performance of the brands at retail level.

For the UK market, Corby utilizes a third party contract bottler and distribution company for the production and distribution of Lamb's rum. Distributors sell to various local wholesalers and retailers who in turn sell directly to the consumer.

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.

Management believes that having a focused brand prioritization strategy will permit Corby 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 resource allocation. Over the long-term, management believes that effective execution of its strategy will result in value creation for shareholders. Past disposal transactions reflect this strategy by streamlining Corby's portfolio and eliminating brands with below average performance trends, thus focusing resources on key brands.

Pursuing new growth opportunities outside of Canada is also a key strategic priority. Our agreement with PR USA to represent certain of Corby's owned brands in the US supports our goal of expanding our Canadian whisky business into this market where we believe there is growth potential in both volume and margin.

Of primary importance to the successful implementation of our brand strategies is an effective route to market strategy. Corby is committed to investing in its trade marketing expertise and ensuring that its commercial resources are focused around the differing needs of its customers and the selling channels they inhabit. In all areas of the business, management believes setting clear strategies, optimizing organization structure and increasing efficiencies is key to Corby's overall success.

In addition, management is convinced that innovation is essential to seizing new profit and growth opportunities. Successful innovation can be delivered through a structured and efficient process as well as consistent investment in 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. In 2014, Corby continued a successful partnership with the Toronto Transit Commission to provide free transit on New Year's Eve for a three year period which began in 2013. The Company stresses its core values throughout its organization, including those of conviviality, straightforwardness, commitment, integrity and entrepreneurship.

Significant Events

Corby declares special dividend and increases regular dividend amount

On November 5, 2014, the Corby Board of Directors declared a special dividend of $0.62 per share payable on January 9, 2015 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 12, 2014. The special dividend payment resulted in a cash distribution of approximately $17.7 million to shareholders and was sourced from Corby's surplus cash position. The payment represented cash that the Board considered to be in excess of its requirements to fund future growth opportunities.

The Corby Board of Directors also announced an amendment to its dividend policy. Subject to business conditions and opportunities and appropriate adjustment for extraordinary events, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 85% of net earnings per share in the preceding fiscal year ended June 30, and $0.60 per share. Such dividend policy represents a 5.6% increase in the Company's quarterly dividend, from $0.18 per share to $0.19 per share. Under the amended policy, the Corby Board of Directors declared a regular dividend of $0.19 per share payable on December 12, 2014 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 November 28, 2014.

Corby Distilleries Limited changes its name to Corby Spirit and Wine Limited
Effective November 7, 2013, Corby Distilleries Limited began operating under the name Corby Spirit and Wine Limited. The new name was approved at the Company's annual and special meeting held November 7, 2013, and reflecting the change, Corby now trades on the TSX under the symbols CSW.A and CSW.B. The new name coincided with completely redesigned corporate branding and logos. The new name and branding better reflect Corby's growing activities with a strong focus on product, service and marketing.

Corby Launches J.P. Wiser's Rye and J.P. Wiser's Spiced Canadian Whisky in the US Market
In July 2012, the Company reached a new agreement with PR USA to represent Corby brands in the US for a five year period, giving Corby access to one of the strongest spirits distribution networks in the US market.

Since signing the agreement, Corby and PR USA have readied Corby's whisky portfolio for a national launch which began in the first quarter of 2014. Specifically, Corby developed two new Wiser's brand extensions under the names J.P. Wiser's Rye and J.P. Wiser's Spiced Whisky. Given this is the early stages of the launch, Corby continued to invest heavily in the US market during the quarter. The launch has had a significant impact on our financial results and as such will be discussed throughout this MD&A.

Corby Continues its Exclusive Canadian Representation of the Iconic ABSOLUT Vodka Brand
On September 30, 2013, Corby paid $10.3 million to continue its exclusive rights to represent the ABSOLUT vodka brand in Canada for an eight-year period ending September 29, 2021. The previous representation period expired September 29, 2013. The terms of this agreement are further described in the "Related Party Transactions" section of this MD&A. The transaction was accounted for as an increase in Intangible Assets and the purchase price is being amortized, straight-line, over the eight-year term of the agreement. Amortization expense is recorded net of commission revenues. The payment was funded from the Company's deposits in cash management pools.

Brand Performance Review

Corby's portfolio of owned-brands accounts for more than 80% of the Company's total annual revenue. Included in this portfolio are its key brands: J.P. 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 Shipment Value Performance

The following chart summarizes the performance of Corby's owned-brands (i.e., Case Goods) 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 net sales revenue). The chart includes results for sales in both Canada and international markets. Specifically, the J.P. Wiser's, Lamb's and Polar Ice brands are also sold to international markets, particularly in the US and UK.

BRAND PERFORMANCE CHART - INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

(Volumes in 000's of 9L cases)	*Three Months Ended*				*Nine Months Ended*			
			Shipment Change				*Shipment Change*	
	Mar. 31, 2015	*Mar. 31, 2014*	*Volume %*	*Value %*	***Mar. 31, 2015***	*Mar. 31, 2014*	*Volume %*	*Value %*
Brand								
J.P. Wiser's Canadian whisky	**162**	**183**	(11%)	(11%)	**611**	**661**	(8%)	(8%)
Lamb's rum	**100**	**92**	9%	15%	**394**	**391**	1%	5%
Polar Ice vodka	**83**	**92**	(10%)	(1%)	**286**	**290**	(1%)	3%
Mixable liqueurs	**32**	**35**	(10%)	(10%)	**132**	**142**	(7%)	(7%)
Total Key Brands	**377**	**402**	(6%)	(4%)	**1,423**	**1,484**	(4%)	(4%)
Other Corby-owned brands	**44**	**52**	(17%)	(5%)	**167**	**166**	1%	4%
Total Corby brands	**421**	454	(7%)	(4%)	**1,590**	1,650	(4%)	(3%)

Overall, volume and shipment value for Corby owned-brands is lower on a year over year comparative basis. However, trends in Corby's domestic market differ significantly from international markets as highlighted in the following chart:

(Volumes in 000's of 9L cases)	*Three Months Ended*				*Nine Months Ended*			
	Mar. 31, 2015	*Mar. 31, 2014*	*% Shipment Volume Growth*	*Shipment Value Growth*	***Mar. 31, 2015***	*Mar. 31, 2014*	*% Shipment Volume Growth*	*Shipment Value Growth*
Domestic	**356**	386	(8%)	(3%)	**1,408**	1,421	(1%)	1%
International	**65**	68	(3%)	(13%)	**182**	229	(20%)	(28%)
Total Corby brands	**421**	454	(7%)	(4%)	**1,590**	1,650	(4%)	(3%)

For the three months ended March 31, 2015, Corby's domestic shipment value declined 3% on a year over year comparative basis largely attributable to the phasing of promotional activity in Western Canada This was further impacted by heavy competitive promotional activity. We consider the trend for nine months to be more reflective of the underlying trend of our domestic business.

For the nine months ended March 31, 2015, Corby's domestic shipment volume declined 1% while shipment value grew 1%. Shipment value performed ahead of volume as a result of our premiumization strategy, price increases and effective management of promotional programming. A more in-depth discussion of Corby's key brands in the Canadian market is provided in the "Summary of Corby's Key Brands" section of this MD&A.

In international markets, lower shipments reflect J.P. Wiser's Canadian whisky lapping a one-time inventory pipe-line build-up for the national launch of J.P. Wiser's Rye and J.P. Wiser's Spiced whisky in the US last year that was not repeated in the current year. The three tier distribution system in the US requires us to fill the inventory pipeline well before any retail promotions which did not commence until third quarter of the last fiscal year.

Our entry into the US market has been very successful from the perspective of the number of distribution points gained. During Q3 we adjusted our strategy to provide increased focus on a smaller number of markets where the portfolio has performed well and the greatest opportunities exist. Our focus shifted from distribution gains to retail velocity driving activities. As a result, we have not refilled the initial inventory pipeline to non-priority markets.

Shipments of Lamb's rum in the UK market for the three months ended March 31, 2015 were higher than the same quarter last year due primarily to a shift in production timing at our third-party bottling facility. This shift effectively moved volumes which occurred in fourth quarter last year into third quarter this year.

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. While Corby's focus on the US business is increasing, retail sales data in the US is prepared using limited sampling techniques, which does not provide meaningful trend analysis on a brand that has not yet reached sufficient scale to make such disclosure meaningful. Corby will provide such data as and when it is considered to offer meaningful analysis of brand performance.

RETAIL SALES FOR THE CANADIAN MARKET ONLY[1]

	Three Months Ended				*Nine Months Ended*			
(Volumes in 000's of 9L cases)	***Mar. 31, 2015***	*Mar. 31, 2014*	*% Retail Volume Growth*	*% Retail Value Growth*	***Mar. 31, 2015***	*Mar. 31, 2014*	*% Retail Volume Growth*	*% Retail Value Growth*
Brand								
J.P. Wiser's Canadian whisky	**153**	153	0%	1%	**564**	556	1%	2%
Lamb's rum	**80**	87	(8%)	(5%)	**307**	324	(5%)	(4%)
Polar Ice vodka	**74**	89	(16%)	(11%)	**275**	277	(1%)	1%
Mixable liqueurs	**31**	32	(4%)	(4%)	**134**	139	(3%)	(2%)
Total Key Brands	**339**	361	(6%)	(3%)	**1,280**	1,295	(1%)	0%
Other Corby-owned brands	**40**	52	(24%)	(18%)	**153**	162	(6%)	(3%)
Total	**379**	413	(8%)	(5%)	**1,433**	1,457	(2%)	0%

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

The Canadian spirits industry has maintained modest growth posting 2% retail sales volume growth and 2% retail sales value growth for the three months ended March 31, 2015. For the nine months ended March 31, 2015 retail sales volume growth is 1% and retail sales value growth is 2%. These trends are supported by double digit retail sales value growth in the Bourbon and Irish Whiskey categories.

As illustrated in the above chart, Corby's portfolio of owned brands underperformed the spirits industry for the three months ending March 31, 2015 largely due to the phasing of retail programming in Western Canada, and therefore the nine month trend is more reflective of underlying performance. The following brand discussion provides a more detailed discussion of how each of Corby's key brands performed relative to its respective industry category.

Summary of Corby's Key Brands

J.P. Wiser's Canadian Whisky

Corby's flagship brand, J.P. Wiser's Canadian whisky, continued to outperform the Canadian whisky category and gained market share for the nine months ended March 31, 2015. For the nine months ended March 31, 2015, J.P. Wiser's grew retail volume 1% and retail value 2% on a year over year comparison basis. The Canadian whisky category was flat on retail volume and grew retail value 1% when compared to the same nine month period last year.

For the three months ended March 31, 2015, J.P. Wiser's Canadian whisky retail value grew 1% on a year-over-year comparison basis. The Canadian whisky category grew 2% in retail value, when compared to the same three month period last year.

Corby continued its strong investment behind the brand, with the new *Wiserfund* campaign launched in October 2014. A new J.P. Wiser's Spiced extension, Torched Toffee delivered more than 2,000 incremental 9L cases in Retail Volume as a limited time offering in the three months ended December 31, 2014. As well, new packaging highlighting more premium and quality cues were rolled out to the Canadian market during the six months ended December 31, 2014.

Lamb's Rum

Lamb's rum, one of the top-selling rum families in Canada, is significantly impacted by consumer trends, particularly in respect of the dark and white rum segments which both declined 4% and 3% respectively in retail volumes when compared to the same three month period last year. In the quarter, performance was impacted by the phasing of retail value in Western Canada, but is indicative of how sensitive these segments are to promotional activity. Key competitors are experiencing similar issues, and are being aggressive on both pricing and promotional activity to maintain their volume bases. Our strategy is to defend our regional strongholds and to strongly promote the entire range.

For the nine months ending March 31, 2015, Lamb's declined 5% in retail volume and 4% decline in retail value when compared to same nine month period last year, reflective of category retail volume declines of 3% and 4% in the dark and white rum categories. Corby's Lamb's rum product line is heavily weighted in the dark and white segments.

Polar Ice Vodka

Polar Ice vodka is among the top three largest vodka brands in Canada. Retail volume declined 1% and retail value increased 1% when compared to the same nine month period last year. Positive market share gains in Ontario and Quebec have been impacted by aggressive competitor activity in Western Canada. Overall these trends slightly underperform a vodka category in Canada which grew retail volumes 1% and grew retail value 2% when compared to the same nine month period last year. Advertising and promotion investment included a digital / social media platform to drive support for the regional successful introduction of a Polar Ice 90° North premium innovation which has delivered 4,000 9L cases of retail volume in the nine months ending March 31, 2015.

Polar Ice vodka retail volume declined 16% for the three month period ended March 31, 2015 largely due to the phasing of promotional programing in Western Canada.

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 volume and retail value for Corby's mixable liqueurs portfolio lagged category trends with retail volume and value declining -4% for the three month period ended March 31, 2015. The Liqueurs category, which is growing at 2% in retail value, is being driven by new innovations and cream based offerings with which McGuinness does not directly compete. Our current strategy is to use alternative branded offerings such as Criollo® rather than McGuinness to benefit from these trends.

Retail volume and retail value for Corby's mixable liqueurs portfolio lagged a category growing at 1% in volume. (retail volume was -3% and retail value was -2% Corby mixable liqueur brands) for the nine month period ended March 31, 2015. Our focus is on strong programing in the retail environment and ensuring that our flavour offering is aligned to consumer trends.

During the six months ended December 31, 2014 the Company effectively completed the process of moving mixable liqueur production to the Corby managed HWSL production facility from the bottling facility of a third party in Montreal, Quebec.

Other Corby-Owned Brands

Innovation remains an important pillar for delivering new profit and growth opportunities to the Corby domestic business. Recent premium offerings in Canadian whisky such as Pike Creek® and Lot 40® collectively grew retail volume 23% and retail value 22% compared to the same nine month period last year.

Criollo® Chocolate Sea Salted Caramel and Criollo® Chocolate Raspberry Truffle marked their one year anniversary in the Canadian market in September 2014 and continued to be well received by key customers and consumers with retail volume growth of 27% and retail value growth of 40% for the nine month period ended March 31, 2015.

Royal Reserve® Canadian whisky was impacted by the phasing of retail programing in Western Canada for the three months ended March 31, 2015. For the nine months ended March 31, 2015 retail volume declined 7% and retail value declined 5% when compared to the same nine month period last year. Our response to the declines has been to improve the retail support of the brand in its regional strongholds.

Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the three and nine month periods ended March 31, 2015 and 2014.

	Three Months Ended				Nine Months Ended			
(in millions of Canadian dollars, except per share amounts)	***Mar. 31 2015***	*Mar. 31 2014*	*$ Change*	*% Change*	***Mar. 31 2015***	*Mar. 31 2014*	*$ Change*	*% Change*
Revenue	**$ 26.8**	$ 28.6	$ (1.8)	(6%)	**$ 99.6**	$ 103.9	$ (4.3)	(4%)
Cost of sales	**(10.4)**	(11.0)	0.6	(5%)	**(37.4)**	(38.2)	0.8	(2%)
Marketing, sales and administration	**(13.3)**	(13.6)	0.3	(2%)	**(44.9)**	(41.9)	(3.0)	7%
Other income (expense)	**0.0**	0.1	(0.1)	(91%)	**0.1**	0.4	(0.3)	(75%)
Earnings from operations	**3.1**	4.1	(1.0)	(24%)	**17.4**	24.2	(6.8)	(28%)
Financial income	**0.4**	0.4	0.0	12%	**1.3**	1.3	-	0%
Financial expenses	**(0.3)**	(0.3)	0.0	(2%)	**(0.8)**	(0.9)	0.1	(11%)
Net financial income	**0.2**	0.1	0.1	53%	**0.5**	0.4	0.1	25%
Earnings before income taxes	**3.3**	**4.2**	(0.9)	(22%)	**17.9**	24.6	(6.7)	(27%)
Income taxes	**(0.9)**	(1.1)	0.2	(18%)	**(4.8)**	(6.5)	1.7	(26%)
Net earnings	**$ 2.4**	$ 3.1	$ (0.7)	(24%)	**$ 13.1**	$ 18.1	$ (5.0)	(28%)
Per common share								
- Basic net earnings	**$ 0.08**	$ 0.11	$ (0.03)	(27%)	**$ 0.46**	$ 0.64	$ (0.18)	(28%)
- Diluted net earnings	**$ 0.08**	$ 0.11	$ (0.03)	(27%)	**$ 0.46**	$ 0.64	$ (0.18)	(28%)

Overall Financial Results

For the three month period ended March 31, 2015, net earnings decreased $0.7 million or 24% when compared to the prior year. The earnings decrease is largely attributable the non-repeat of one-time, non-cash savings of $0.7 million in the prior year. This saving related to amendments to certain of the Company's employee defined benefit pension plans including reductions in some early retirement provisions and an increase in employee contributions effective from January 1, 2014.

Lower shipments for the three month period ended March 31, 2015 were essentially offset by the phasing of our advertising and promotion investment in the US market and the phasing of retail programming in Western

Canada. With regard to the US, investment to drive awareness and trial has been consistent throughout the current fiscal year compared to last fiscal year where the third quarter introduced the first significant seeding of the J.P. Wiser's brand in the market place.

On a year to date basis, net earnings decreased $5.0 million or 28% when compared to the same nine month period last year. The decline is largely attributable to lapping the J.P. Wiser's Rye and J.P. Wiser's Spiced whisky launch in the US in the comparative period. In addition to the non-repeat of inventory pipe-line build-up for the US launch, advertising and promotional investment for these brands has now ramped up to drive awareness and trial.

Reduced Commission income due to discontinued representation of certain Agency brands in December 2013 and the non-repeat of one-time, non-cash savings related to amendments to the Company's employee defined benefit pension plans in the prior year was offset by improved revenues per case from the Canadian case goods business.

Revenue

The following highlights the key components of the Company's revenue streams:

	Three Months Ended				Nine Months Ended			
(in millions of Canadian dollars)	***Mar. 31 2015***	*Mar. 31 2014*	*$ Change*	*% Change*	***Mar. 31 2015***	*Mar. 31 2014*	*$ Change*	*% Change*
Revenue streams:								
Case goods	**$ 22.7**	$ 24.6	$ (1.9)	(8%)	**$ 84.5**	$ 88.0	$ (3.5)	(4%)
Commissions	**3.4**	3.1	0.3	6%	**12.1**	12.7	(0.6)	(5%)
Other services	**0.8**	0.9	(0.1)	(8%)	**3.0**	3.2	(0.3)	(8%)
Revenue	**$ 26.8**	$ 28.6	$ (1.7)	(6%)	**$ 99.6**	$ 103.9	$ (4.3)	(4%)

Case goods revenue declined $1.9 million and $3.5 million respectively for the three and nine months ended March 31, 2015 when compared to the same periods last year. For the nine month period, satisfactory domestic case goods revenue increases of 1% were more than offset by the impact of the J.P. Wiser's inventory pipe-line build-up in the US in the prior period. For the three month period, domestic case goods revenue decreased 3% largely due to the phasing of retail programming in Western Canada.

Commissions increased $0.3 million or 6% on a quarter over quarter comparative basis due to improved commission income on Pernod Ricard brands. On a year to date basis, Commissions decreased $0.6 million or 5% when compared with the same nine month period last year. The reduction was primarily due to the impact of the discontinuation of certain agency brands ($0.6 million) as of December 2013. Referenced earlier in the Significant Events section of this MD&A, Corby entered into an agreement on September 30, 2013 for continued exclusive Canadian representation of the iconic ABSOLUT vodka brand. The growth in Pernod Ricard brands, and particularly ABSOLUT vodka, has already offset the increase in amortization for both the three and nine months ended March 31, 2015.

Other services represents ancillary revenue incidental to Corby's core business activities such as logistical fees.

Cost of sales

Cost of sales was $10.4 million for the three months ended March 31, 2015, representing a decrease of 5%, or $0.6 million when compared to the same period last year and moving directionally in line with topline revenues generated on our Case Goods business. Gross margin for the quarter was 58%, reduced from 59% for the same three month period last year, and reflects the lower mix of (superior margin) case good sales to the US market due to the inventory pipe-line build-up in the prior year quarter that was not repeated in the current quarter (note: commissions are not included in this calculation).

Cost of sales was $37.4 million for the nine months ended March 31, 2015, representing a decrease of 2%, or $0.8 million when compared to the same period last year and moving directionally in line with topline revenues generated on our Case Goods business. Gross margin for the year to date was a creditable 59%, reduced from 60% for the same nine month period last year, and reflects the lower mix of (superior margin) case good sales to the US market due to the inventory pipe-line build-up in the prior year that was not repeated in the current year (note: commissions are not included in this calculation).

Marketing, sales and administration

Marketing, sales and administration expenses decreased 2% for the three month period ending March 31, 2015. The phasing of both advertising and promotion investment in US market and retail programming in Western Canada was partially offset by the non-repeat of a one-time non-cash saving related to amendments to the Company's employee defined benefit pension plans in the prior year.

Marketing, sales and administration expenses increased 7% for the nine month period ending March 31, 2015. Corby has now ramped up investment behind the J.P. Wiser's brands in the US market through increased advertising and promotional spend. Examples of A&P investment include sponsorship of ESPN fantasy football and trips to the Super Bowl to support in-store programs. Excluding the non-repeat of the one-time non-cash saving noted in the above paragraph, recurring administrative costs remain relatively consistent with the prior year quarter and year-to-date periods reflecting the impacts of the Company's cost reduction programme offsetting inflationary increases.

Other income and expenses

Other income and expenses include such items as realized foreign exchange gains and losses, and gains on sale of property and equipment. The balances comprising this account are relatively consistent year over year.

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 post-retirement benefit plans. This balance is relatively consistent with the prior year.

Income taxes

A reconciliation of the effective tax rate to the statutory rates for each period is presented below. The effective tax rate for the nine month period ending March 31, 2014 was impacted by permanent differences between financial income and income reported for taxation purposes as well as the impacts of the adjustments that arise upon the completion of annual tax filings.

	Three Months Ended		*Nine Months Ended*	
	Mar. 31 2015	*Mar. 31 2014*	***Mar. 31 2015***	*Mar. 31 2014*
Combined basic Federal and Provincial tax rates	**27%**	27%	**27%**	27%
Other	**0%**	0%	0%	-1%
Effective tax rate	**27%**	27%	**27%**	26%

Liquidity and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of $88.1 million as at March 31, 2015, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities, which totalled $25.5 million as at March 31, 2015, and are all due to be paid within one year. The Company does not have any liabilities under short- or long-term debt facilities.

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

Cash Flows

	Three Months Ended			Nine Months Ended		
	Mar. 31	*Mar. 31*		**Mar. 31**	*Mar. 31*	
(in millions of Canadian dollars)	***2015***	*2014*	*$ Change*	***2015***	*2014*	*$ Change*
Operating activities						
Net earnings, adjusted for non-cash items	**$ 4.7**	$ 4.9	$ (0.2)	**$ 22.6**	$ 28.2	$ (5.6)
Net change in non-cash working capital	**(5.5)**	4.0	(9.5)	**(3.6)**	(0.3)	(3.3)
Net payments for interest and income taxes	**(0.6)**	(0.7)	0.1	**(4.4)**	(5.2)	0.8
	(1.4)	8.2	(9.6)	**14.6**	22.7	(8.1)
Investing activities						
Additions to property and equipment	**(0.4)**	(0.4)	-	**(1.7)**	(0.6)	(1.1)
Additions to intangible assets	**-**	-	-	**-**	(10.3)	10.3
Proceeds from disposition of property and equipment	**-**	0.1	(0.1)	**0.2**	0.3	(0.1)
Deposits in cash management pools	**24.3**	(3.4)	27.7	**19.9**	2.4	17.5
	23.9	(3.7)	27.6	**18.4**	(8.2)	26.6
Financing activities						
Proceeds from note receivable	**0.6**	0.6	-	**0.6**	0.6	-
Dividends paid	**(23.1)**	(5.1)	(18.0)	**(33.6)**	(15.1)	(18.5)
	(22.5)	(4.5)	(18.0)	**(33.0)**	(14.5)	(18.5)
Net change in cash	**$ -**	**$ -**	$ -	**$ -**	$ -	$ -

Operating activities

Net cash from operating activities was an outflow of $1.4 million during the quarter ended March 31, 2015 compared to an inflow of $8.2 million in the same quarter of the prior year, representing a decrease of $9.6 million. The quarter-over quarter change is attributable to a net change in working capital due to delays in customer receipts and higher cash payments settling heavier advertising and promotional spend through the first half of the fiscal year.

For the year to date period, net cash from operating activities was $14.6 million, a reduction of $8.1 million compared to the same nine month period last year. This includes lower earnings, adjusted for non-cash items of $5.6 million and reduced working capital due to delays in customer receipts and timing of vendor payments of $3.3 million.

Investing activities

Cash used in investing activities was $23.9 million for the quarter and $18.4 million for the nine month period ending March 31, 2015, compared to a use of cash of $3.7 million and $8.2 million for the same three and nine month periods last year, respectively.

The prior year period includes a payment of $10.3 million to PR for the exclusive right to represent the ABSOLUT vodka brand in Canada for an additional eight year term, as discussed in the "Related Party Transaction" section of this MD&A. The payment was made on September 30, 2013 and was funded through withdrawals from cash management pools.

Investing activities also reflect funds deposited in cash management pools. Cash management pools represent cash on deposit with Citibank NA 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. Changes in cash management pools reflect amounts either deposited in or withdrawn from these bank accounts and are simply a function of Corby's cash requirements during the period of time being reported on. 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 was $22.5 million this quarter, an increase of $18.0 million over the same quarter last year, and reflects dividend payments paid to shareholders including a special dividend of $17.7 million. Similarly, year to date cash used for financing activities was $33.0 million, an increase of $18.5 million reflecting an increase in regular quarterly dividends being paid to shareholders and the special dividend of $17.7 million. There was no special dividend in the prior year periods.

On November 5, 2014 the Company announced that it had amended its dividend policy, whereby the annual amount of dividend will now be based on the greater of 85% of net earnings per share in the preceding fiscal year ended June 30 and $0.60 per share, subject to business conditions and opportunities and appropriate adjustment for extraordinary events. Prior to this announcement the annual amount of dividends was based on the greater of 75% of net earnings per share in the preceding fiscal year ended June 30 and $0.60 per share.

The following table summarizes dividends paid and payable by the Company over the last two fiscal years:

for	Declaration date	Record Date	Payment date	$ / Share
2015 - Q3	May 6, 2015	May 29, 2015	June 12, 2015	$ 0.19
2015 - Q2	February 4, 2015	February 27, 2015	March 13, 2015	0.19
2015 - special	November 5, 2014 (special dividend)	December 12, 2014	January 9, 2015	0.62
2015 - Q1	November 5, 2014	November 28, 2014	December 12, 2014	0.19
2014 - Q4	August 27, 2014	September 15, 2014	September 30, 2014	0.18
2014 - Q3	May 7, 2014	May 30, 2014	June 13, 2014	0.18
2014 - Q2	February 5, 2014	February 28, 2014	March 14, 2014	0.18
2014 - Q1	November 6, 2013	November 29, 2013	December 13, 2013	0.18
2013 - Q4	August 28, 2013	September 13, 2013	September 30, 2013	0.17
2013 - Q3	May 9, 2013	May 31, 2013	June 14, 2013	0.17

Outstanding Share Data

As at May 6, 2015, 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 outsources 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 are also outsourced to its parent company. Transactions with the parent company, ultimate parent and affiliates are subject to Corby's related party transaction policy, which requires such transactions to undergo an extensive review and receive approval from an Independent Committee of the Board of Directors.

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 fifteen years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for ten 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 which expired October 1, 2013 and was extended as noted below. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006. 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. The mirror netting arrangement with PR and its affiliates is further described below.

Further, on November 9, 2011, Corby entered into an agreement with a PR affiliate 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 of the other PR brands in Corby's portfolio. On September 30, 2013, Corby paid the present value of $10 million, or $10.3 million, for the additional eight years of the new term pursuant to an agreement entered into between Corby and The Absolut Company Aktiebolag, an affiliate of PR and owner of the Absolut brand, to satisfy the parties' obligations under the 2011 agreement. Since the agreement is a related party transaction, the agreement was approved by the Independent Committee of the Corby Board of Directors, in accordance with Corby's related party transaction policy, following an extensive review and with external financial and legal advice.

On July 1, 2012, the Company entered into a five year agreement with PR USA, an affiliated company, which provides PR USA the exclusive right to represent J.P. Wiser's Canadian whisky and Polar Ice vodka in the US. The agreement provides these key brands with access to PR USA's extensive national distribution network throughout the US and complements PR USA's premium brand portfolio. The agreement is effective for a five year period ending June 30, 2017. The agreement with PR USA is a related party transaction between Corby and PR USA, as such; the agreement was approved by the Independent Committee of the Board of Directors of Corby following an extensive review, in accordance with Corby's related party transaction policy.

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 Citibank N.A. effective July 17, 2014. 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 May 6, 2015, 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 Canadian Dealer Offered Rate ("CDOR") 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.

Selected Quarterly Information

Summary of Quarterly Financial Results

(in millions of Canadian dollars, except per share amounts)	**Q3 2015**	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue	**$ 26.8**	$ 38.0	$ 34.8	$ 33.4	$ 28.6	$ 38.5	$ 36.7	$ 33.5
Earnings from operations	**3.1**	7.7	6.6	9.2	4.1	10.2	9.9	10.0
Net earnings	**2.4**	5.8	4.9	6.9	3.1	7.5	7.5	7.3
Basic EPS	**0.08**	0.20	0.17	0.24	0.11	0.26	0.26	0.26
Diluted EPS	**0.08**	0.20	0.17	0.24	0.11	0.26	0.26	0.26

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. The launch of J.P. Wiser's Canadian whisky brand in the US is reflected in the 2014 results above, and impacted revenues in the first and second quarters as distribution channels were being filled.

New Accounting Pronouncements

New accounting standards

The following new and revised standards and interpretations were effective for Corby on July 1, 2014:

(i) Financial Instruments – Asset and Liability Offsetting

The IASB has issued amendments to IAS 32, "Financial Instruments: Presentation" ("IAS 32"), which provides further guidance on the requirements for offsetting of financial instruments. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. For Corby, this amendment was effective July 1, 2014. The implementation of IAS 32 amendments resulted in a reclassification of assets and liabilities related to other taxes to accounts receivable and accounts payable balances. The implementation of these amendments had the following impacts as at March 31, 2014, June 30, 2014 and June 30, 2013:

	increase (decrease)		
Balance sheet impacts	Mar. 31 2014	June 30, 2014	June 30, 2013
Trade receivables	$ 1,270	$ 1,569	$ 1,483
Income taxes and other taxes recoverable	(273)	(634)	(562)
Accounts payable and accrued liabilities	(997)	(935)	(921)
	$ -	$ -	$ -

The implementation of these amendments did not impact equity, net earnings or cash flows in the current and comparative periods.

(ii) Levies

The IFRS Interpretations Committee ("IFRIC") of the IASB has issued a new interpretation, "Levies" ("IFRIC 21"), which addresses the accounting for a liability to pay a levy to a government. IFRIC 21 applies to levy liabilities within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and to levy liabilities when the timing and amount is certain. IFRIC 21 is effective for annual periods beginning on or after

January 1, 2014 and must be applied retrospectively. For Corby, this interpretation was effective July 1, 2014. The implementation of IFRIC 21 did not have an impact on the Company's consolidated results of operations and financial position.

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, 2015, and accordingly, have not been applied in preparing these interim condensed consolidated financial statements:

(i) *Revenue*

In May 2014, the IASB released IFRS 15, "Revenue from contracts with customers" ("IFRS 15"), which supersedes IAS 11, "Construction Contracts", IAS 18, "Revenues", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreement for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for Corby's fiscal year beginning on July 1, 2017, with earlier application permitted. The Company has not yet assessed the impact of the adoption of this standard on its financial statements and disclosures.

(ii) *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 of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. For Corby, this standard will become effective July 1, 2018. The Company is currently assessing the impact of the new standard on its financial statements and disclosures.

(iii) *Disclosure initiative*

In December 2014, the IASB issued Disclosure Initiative Amendments to IAS 1 as part of the IASB's Disclosure Initiative. These amendments encourage entities to apply professional judgement regarding disclosure and presentation in their financial statements. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. For Corby, these amendments will become effective July 1, 2016. The Company is assessing the potential impact of these amendments.

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. Management currently has a project in place to update the internal control framework the Company uses, the *Internal Control – Integrated Framework* (COSO Framework), to the 2013 version from the original 1992 version as published by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The plan allows for the transition to the new framework for the fiscal year ending June 30, 2015.

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. As the Company becomes more reliant on international product sales in the US, UK and other countries exposure to changes in the laws and regulations in those countries could also adversely affect the operations, financial performance or reputation of the Company.

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 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. International sales are subject to the variations in distribution systems within each country where the products are sold.

Supply chain interruptions, including a manufacturing or inventory disruption, could impact product quality and availability. The Company adheres to a comprehensive suite of quality programmes 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 its production, including all of its storage and handling of maturing alcohol, the risk of environmental liabilities is considered minimal. Corby currently has no significant recorded or unrecorded environmental liabilities.

Industry Consolidation

In recent years, the global beverage alcohol industry has continued to experience 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 and other markets in which it carries on business.

Competition

The Canadian beverage alcohol industry is extremely competitive. Competitors may take actions to establish and sustain a competitive advantage through advertising and promotion and pricing strategies in an effort to maintain market share. Corby constantly monitors the market and adjusts its own strategies as appropriate. Competitors 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. Its role as a leading Canadian beverage alcohol company helps facilitate recruitment efforts.

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 LBs, 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 programme 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.

<u>USD Exposure</u>

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.

<u>GBP Exposure</u>

The Company's exposure to fluctuations in the value of the GBP relative to the CAD was reduced as both sales and cost of production are denominated in GBP. While Corby's exposure has been minimized, increases in the value of the CAD relative to the GBP will have an unfavourable impact on the Company's earnings.

Third-Party Service Providers

HWSL, which Corby manages on behalf of PR, provides more than 90% of the Company's production requirements, among other services including administration and information technology. However, the Company is reliant upon certain 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:

		Carrying Values as at March 31, 2015		
Associated Brand	Associated Market	Goodwill	Intangibles	Total
Various PR brands	Canada	$ -	$ 38.0	$ 38.0
Lamb's rum	United Kingdom[1]	1.4	11.8	13.2
Corby domestic brands	Canada	1.9	-	1.9
		$ 3.3	$ 49.8	$ 53.1

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

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

Employee Future Benefits
The Company has certain obligations under its registered and non-registered defined benefit pension plans and other post-retirement benefit plan. There is no assurance that the Company's benefit plans will be able to earn the assumed rate of return. New regulations and market-driven changes may result in changes in the discount rates and other variables, which would result in the Company being required to make contributions in the future that differ significantly from estimates. An extended period of depressed capital markets and low interest rates could require the Company to make contributions to these plans in excess of those currently contemplated, which, in turn, could have an adverse impact on the financial performance of the Company. Somewhat mitigating the impact of a potential market decline is the fact that the Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in-line with industry best practices. For further details related to Corby's defined benefit pension plans, please refer to Note 10 of the consolidated financial statements for the year ended June 30, 2014.

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars)

	Notes	Mar. 31 2015	Mar. 31 2014 (1)	June 30, 2014 (1)	June 30, 2013 (1)
ASSETS					
Deposits in cash management pools		**$ 88,145**	$ 105,620	$ 108,029	$ 108,043
Accounts receivable	5	**25,658**	24,260	24,818	25,125
Income taxes recoverable		**1,354**	649	346	493
Inventories	6	**52,987**	51,976	52,561	49,083
Prepaid expenses		**314**	379	256	533
Current portion of note receivable		**-**	600	600	600
Total current assets		**168,458**	183,484	186,610	183,877
Note receivable		**-**	-	-	600
Deferred income taxes		**592**	669	658	1,699
Property and equipment		**9,090**	7,533	8,632	8,092
Goodwill		**3,278**	3,278	3,278	3,278
Intangible assets		**49,751**	55,908	54,163	49,665
Total assets		**$ 231,169**	$ 250,872	$ 253,341	$ 247,211
LIABILITIES					
Accounts payable and accrued liabilities	7	**$ 25,483**	$ 26,753	$ 27,709	$ 25,106
Total current liabilities		**25,483**	26,753	27,709	25,106
Provision for employee benefits		**17,093**	17,348	16,491	20,794
Total liabilities		**42,576**	44,101	44,200	45,900
Shareholders' equity					
Share capital		**14,304**	14,304	14,304	14,304
Accumulated other comprehensive loss		**(4,331)**	(4,933)	(4,303)	(7,363)
Retained earnings		**178,620**	197,400	199,140	194,370
Total shareholders' equity		**188,593**	206,771	209,141	201,311
Total liabilities and shareholders' equity		**$ 231,169**	$ 250,872	$ 253,341	$ 247,211

[1] In preparing its comparative information, the Company has adjusted amounts reported previously in the condensed consolidated balance sheets as a result of the retrospective application of the amendments to IAS 32, *Financial Instruments - Presentation* . Refer to Note 3 for details regarding adjusted amounts.

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars, except per share amounts)

	Notes	For the Three Months Ended **Mar. 31 2015**	Mar. 31 2014	For the Nine Months Ended **Mar. 31 2015**	Mar. 31 2014
Revenue	8	**$ 26,838**	$ 28,642	**$ 99,593**	$ 103,913
Cost of sales		**(10,372)**	(11,020)	**(37,357)**	(38,212)
Marketing, sales and administration		**(13,363)**	(13,624)	**(44,859)**	(41,895)
Other income	9	**15**	73	**48**	412
Earnings from operations		**3,118**	4,071	**17,425**	24,218
Financial income	10	**395**	429	**1,303**	1,310
Financial expenses	10	**(266)**	(305)	**(848)**	(943)
		129	124	**455**	367
Earnings before income taxes		**3,247**	4,195	**17,880**	24,585
Current income taxes		**(874)**	(1,000)	**(4,727)**	(6,319)
Deferred income taxes		**(6)**	(140)	**(80)**	(148)
Income taxes		**(880)**	(1,140)	**(4,807)**	(6,467)
Net earnings		**$ 2,367**	$ 3,055	**$ 13,073**	$ 18,118
Basic earnings per share		**$ 0.08**	$ 0.11	**$ 0.46**	$ 0.64
Diluted earnings per share		**$ 0.08**	$ 0.11	**$ 0.46**	$ 0.64
Weighted average common shares outstanding					
Basic		**28,468,856**	28,468,856	**28,468,856**	28,468,856
Diluted		**28,468,856**	28,468,856	**28,468,856**	28,468,856

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars)

	For the Three Months Ended		For the Nine Months Ended	
	Mar. 31 2015	Mar. 31 2014	**Mar. 31 2015**	Mar. 31 2014
Net earnings	**$ 2,367**	$ 3,055	**$ 13,073**	$ 18,118
Amounts that will not be subsequently reclassified to earnings:				
Net actuarial (losses) gains	**(507)**	3,184	**(42)**	3,312
Income taxes	**139**	(848)	**14**	(882)
	(368)	2,336	**(28)**	2,430
Total comprehensive income	**$ 1,999**	$ 5,391	**$ 13,045**	$ 20,548

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars)

	Share Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance as at June 30, 2014	$ 14,304	$ (4,303)	$ 199,140	$ 209,141
Total comprehensive income	-	(28)	13,073	13,045
Dividends	-	-	(33,593)	(33,593)
Balance as at March 31, 2015	**$ 14,304**	**$ (4,331)**	**$ 178,620**	**$ 188,593**
Balance as at June 30, 2013	$ 14,304	$ (7,363)	$ 194,370	$ 201,311
Total comprehensive income	-	2,430	18,118	20,548
Dividends	-	-	(15,088)	(15,088)
Balance as at March 31, 2014	$ 14,304	$ (4,933)	$ 197,400	$ 206,771

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars)

		For the Three Months Ended		*For the Nine Months Ended*	
	Notes	**Mar. 31 2015**	Mar. 31 2014	**Mar. 31 2015**	Mar. 31 2014
Operating activities					
Net earnings		**$ 2,367**	$ 3,055	**$ 13,073**	$ 18,118
Adjustments for:					
Amortization and depreciation	11	**1,855**	1,945	**5,584**	5,181
Net financial income	10	**(129)**	(124)	**(455)**	(367)
Gain on disposal of property and equipment		**(17)**	(36)	**(100)**	(143)
Income tax expense		**880**	1,140	**4,807**	6,467
Provision for employee benefits		**(256)**	(1,059)	**(281)**	(1,076)
		4,700	4,921	**22,628**	28,180
Net change in non-cash working capital balances	12	**(5,456)**	4,050	**(3,550)**	(325)
Interest received		**411**	480	**1,296**	1,330
Income taxes paid		**(1,064)**	(1,152)	**(5,735)**	(6,474)
Net cash from operating activities		**(1,409)**	8,299	**14,639**	22,711
Investing activities					
Additions to property and equipment		**(456)**	(396)	**(1,701)**	(655)
Additions to intangible assets		**-**	-	**-**	(10,293)
Proceeds from disposition of property and equipment		**32**	56	**171**	302
Deposits in cash management pools		**24,294**	(3,435)	**19,884**	2,423
Net cash used in investing activities		**23,870**	(3,775)	**18,354**	(8,223)
Financing activity					
Proceeds from note receivable		**600**	600	**600**	600
Dividends paid		**(23,061)**	(5,124)	**(33,593)**	(15,088)
Net cash used in financing activity		**(22,461)**	(4,524)	**(32,993)**	(14,488)
Net increase in cash		**-**	-	**-**	-
Cash, beginning of period		**-**	-	**-**	-
Cash, end of period		**$ -**	$ -	**$ -**	$ -

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

(Not audited or reviewed by the Company's external auditor)
(in thousands of Canadian dollars, except per share amounts)

1. GENERAL INFORMATION

Corby Spirit and Wine Limited ("Corby" or the "Company") is a leading Canadian 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 commissions earned 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 ("LBs") in Canada. The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees.

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 controls 51.6% of the outstanding Voting Class A Common Shares of Corby as at March 31, 2015.

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.

Effective November 7, 2013, Corby changed its name and began operating as Corby Spirit and Wine Limited. Prior to this date, Corby operated as Corby Distilleries Limited. Reflecting the change, Corby began trading on the TSX under the symbols CSW.A and CSW.B.

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"). These interim condensed consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements, except for changes in accounting policies and methods described in Note 3 to these condensed consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Company's 2014 annual financial statements.

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on May 6, 2015.

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.

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 denominated 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.

2. BASIS OF PREPARATION (continued)

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 other 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

These 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 subject to seasonal fluctuations as 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.

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 interim condensed 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 interim condensed 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 determining the tax rates used for measuring deferred taxes and identifying the indicators of impairment for property and equipment, goodwill and intangible assets. 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.

Estimates are used when estimating the useful lives of property 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 provision for pensions, 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, intangible assets 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. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The following new and revised standards and interpretations were effective for Corby on July 1, 2014:

(i) Financial Instruments – Asset and Liability Offsetting

The IASB has issued amendments to IAS 32, "Financial Instruments: Presentation" ("IAS 32"), which provides further guidance on the requirements for offsetting of financial instruments. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. For Corby, this amendment was effective July 1, 2014. The implementation of IAS 32 amendments resulted in a reclassification of assets and liabilities related to other taxes to accounts receivable and accounts payable balances. The implementation of these amendments had the following impacts as at March 31, 2014, June 30, 2014 and June 30, 2013:

	increase (decrease)		
Balance sheet impacts	Mar. 31, 2014	June 30, 2014	June 30, 2013
Accounts receivable	$ 1,270	$ 1,569	$ 1,483
Income and other taxes recoverable	(273)	(634)	(562)
Accounts payable and accrued liabilities	(997)	(935)	(921)
	$ -	$ -	$ -

The implementation of these amendments did not impact equity, net earnings or cash flows in the current and comparative periods.

(ii) Levies

The IFRS Interpretations Committee ("IFRIC") of the IASB has issued a new interpretation, "Levies" ("IFRIC 21"), which addresses the accounting for a liability to pay a levy to a government. IFRIC 21 applies to levy liabilities within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and to levy liabilities when the timing and amount is certain. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. For Corby, this interpretation was effective July 1, 2014. The implementation of IFRIC 21 did not have an impact on the Company's consolidated results of operations and financial position.

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, 2015, and accordingly, have not been applied in preparing these interim condensed consolidated financial statements:

(i) Revenue

In May 2014, the IASB released IFRS 15, "Revenue from contracts with customers" ("IFRS 15"), which supersedes IAS 11, "Construction Contracts", IAS 18, "Revenues", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreement for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for Corby's fiscal year beginning on July 1, 2017, with earlier application permitted. The Company has not yet assessed the impact of the adoption of this standard on its financial statements and disclosures.

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS (continued)

(ii) 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 of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. For Corby, this standard will become effective July 1, 2018. The Company is currently assessing the impact of the new standard on its financial statements and disclosures.

(iii) Disclosure initiative

In December 2014, the IASB issued Disclosure Initiative Amendments to IAS 1 as part of the IASB's Disclosure Initiative. These amendments encourage entities to apply professional judgement regarding disclosure and presentation in their financial statements. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. For Corby, these amendments will become effective July 1, 2016. The Company is assessing the potential impact of these amendments.

4. FAIR VALUE

The Company uses a fair value hierarchy in order to classify the fair value measurements and disclosures related to the Company's financial assets and financial liabilities. 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 on 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. Fair value is determined using Level 2 inputs.

5. ACCOUNTS RECEIVABLE

		Mar. 31, 2015		Mar. 31, 2014		June 30, 2014		June 30, 2013
Trade receivables	**$**	**15,410**	$	13,782	$	16,343	$	16,491
Due from related parties		**8,835**		9,208		6,906		7,151
Other		**1,413**		1,270		1,569		1,483
	$	**25,658**	$	24,260	$	24,818	$	25,125

6. INVENTORIES

		Mar. 31, 2015		Mar. 31, 2014		June 30, 2014		June 30, 2013
Raw materials	**$**	**1,893**	$	2,309	$	2,058	$	2,132
Work-in-progress		**41,775**		40,577		41,081		39,669
Finished goods		**9,319**		9,090		9,422		7,282
	$	**52,987**	$	51,976	$	52,561	$	49,083

The cost of inventory recognized as an expense and included in cost of goods sold for the three and nine months ended March 31, 2015 was $7,951 and $29,860 (2014 – $8,933 and $31,074), respectively. During the three and nine month periods ended March 31, 2015 and 2014, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		Mar. 31, 2015		Mar. 31, 2014		June 30, 2014		June 30, 2013
Trade payables and accruals	**$**	**16,577**	$	20,574	$	17,724	$	17,715
Due to related parties		**8,038**		5,182		9,050		6,470
Other		**868**		997		935		921
	$	**25,483**	$	26,753	$	27,709	$	25,106

8. REVENUE

The Company’s revenue consists of the following streams:

	Three months ended				*Nine months ended*			
		Mar. 31, 2015		Mar. 31, 2014		**Mar. 31, 2015**		Mar. 31, 2014
Case goods sales	**$**	**22,669**	$	24,596	**$**	**84,489**	$	87,951
Commissions (net of amortization of representation rights)		**3,362**		3,170		**12,133**		12,733
Other services		**807**		876		**2,971**		3,229
	$	**26,838**	$	28,642	**$**	**99,593**	$	103,913

Commissions for the three and nine month periods are shown net of amortization of long-term representation rights and non-refundable upfront fees of $1,471 and $4,412, (2014 - $1,482 and $4,126), respectively. Other services include revenues incidental to the manufacture of case goods, such as logistics fees.

9. OTHER INCOME AND EXPENSE

The Company's other income consists of the following amounts:

	Three months ended		Nine months ended	
	Mar. 31, 2015	Mar. 31, 2014	**Mar. 31, 2015**	Mar. 31, 2014
Foreign exchange (loss) gain	**$ (16)**	$ 36	**$ (81)**	$ 269
Gain on disposal of property and equipment	**31**	37	**114**	143
Other	**-**	-	**15**	-
	$ 15	$ 73	**$ 48**	$ 412

10. NET FINANCIAL INCOME AND EXPENSE

The Company's financial income (expense) consists of the following amounts:

	Three months ended		Nine months ended	
	Mar. 31, 2015	Mar. 31, 2014	**Mar. 31, 2015**	Mar. 31, 2014
Interest income	**$ 395**	$ 429	**$ 1,296**	$ 1,310
Net financial impact of pensions	**(266)**	(305)	**(841)**	(943)
	$ 129	$ 124	**$ 455**	$ 367

11. EXPENSES BY NATURE

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

	Three months ended		Nine months ended	
	Mar. 31, 2015	Mar. 31, 2014	**Mar. 31, 2015**	Mar. 31, 2014
Depreciation of property and equipment	**$ 384**	$ 463	**$ 1,172**	$ 1,055
Amortization of intangible assets	**1,471**	1,482	**4,412**	4,126
Salary and payroll costs	**5,556**	5,300	**16,771**	15,610
Expenses related to pensions and benefits	**244**	(631)	**957**	259
	$ 7,655	$ 6,614	**$ 23,312**	$ 21,050

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	Three months ended		Nine months ended	
	Mar. 31, 2015	Mar. 31, 2014	**Mar. 31, 2015**	Mar. 31, 2014
Accounts receivable	**$ 5,228**	$ 6,356	**$ (840)**	$ 845
Inventories	**(1,572)**	(1,967)	**(426)**	(2,893)
Prepaid expenses	**132**	(78)	**(58)**	154
Accounts payable and accrued liabilities	**(9,244)**	(261)	**(2,226)**	1,569
	$ (5,456)	$ 4,050	**$ (3,550)**	$ (325)

13. DIVIDENDS

On May 6, 2015, subsequent to the quarter ended March 31, 2015, the Board of Directors declared a regular quarterly dividend of $0.19 per common share, to be paid on June 12, 2015, to shareholders of record as at the close of business on May 29, 2015. This dividend is in accordance with the Company's dividend policy.

14. 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.

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 outsources 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 are also outsourced to its parent company. Transactions with the parent company, ultimate parent and affiliates are subject to Corby's related party transaction policy, which requires such transactions to undergo an extensive review and receive approval from an Independent Committee of the Board of Directors.

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 fifteen years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for ten 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 which expired October 1, 2013 and was extended as noted below. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006. 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. The mirror netting arrangement with PR and its affiliates is further described below.

Further, on November 9, 2011, Corby entered into an agreement with a PR affiliate 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 of the other PR brands in Corby's portfolio. On September 30, 2013, Corby paid the present value of $10 million, or $10.3 million, for the additional eight years of the new term pursuant to an agreement entered into between Corby and The Absolut Company Aktiebolag, an affiliate of PR and owner of the Absolut brand, to satisfy the parties' obligations under the 2011 agreement. Since the agreement is a related party transaction, the agreement was approved by the Independent Committee of the Corby Board of Directors, in accordance with Corby's related party transaction policy, following an extensive review and with external financial and legal advice.

On July 1, 2012, the Company entered into a five year agreement with PR USA, an affiliated company, which provides PR USA the exclusive right to represent Wiser's Canadian whisky and Polar Ice vodka in the US. The agreement provides these key brands with access to PR USA's extensive national distribution network throughout the US and complements PR USA's premium brand portfolio. The agreement is effective for a five year period ending June 30, 2017. The agreement with PR USA is a related party transaction between Corby and PR USA, as such; the agreement was approved by the Independent Committee of the Board of Directors of Corby following an extensive review, in accordance with Corby's related party transaction policy.

14. RELATED PARTY TRANSACTIONS (continued)

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

		Three months ended				Nine months ended		
		Mar. 31, 2015		Mar. 31, 2014		**Mar. 31, 2015**		Mar. 31, 2014
Sales to related parties								
Commissions - parent, ultimate parent and affiliated companies	**$**	**4,163**	$	3,926	**$**	**14,402**	$	14,039
Products for resale at an export level - affiliated companies		**1,033**		3,052		**4,173**		9,668
	$	**5,196**	$	6,978	**$**	**18,575**	$	23,707
Cost of goods sold, purchased from related parties								
Distilling, blending, and production services - parent	**$**	**5,767**	$	5,461	**$**	**16,244**	$	16,944
Administrative services purchased from related parties								
Marketing, selling and administration services - parent	**$**	**625**	$	600	**$**	**1,875**	$	1,800
Marketing, selling and administration services - affiliate		**881**		3,741		**5,325**		6,149
	$	**1,506**	$	4,341	**$**	**7,200**	$	7,949

Balances outstanding with related parties are due within 60 days, are to be settled in cash and are unsecured.

During the three and nine month periods ending March 31, 2015, Corby sold casks to its parent company for net proceeds of $32 and $171 (2014 - $56 and $302), respectively.

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 Citibank N.A. effective July 17, 2014. 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 May 6, 2015, 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 CDOR rate plus 0.40%. During the three and nine month periods ending March 31, 2015, Corby earned interest income of $390 and $1,294 from PR (2014 – $417 and $1,272), respectively. Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

15. 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 J.P. 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® Scotch whiskies, Jameson® Irish whiskey, Beefeater® gin, Malibu® rum, Kahlúa® liqueur, Mumm® champagne, and Jacob's Creek®, Wyndham Estate®, Stoneleigh® and Graffigna® wines.

The Commissions segment's financial results are fully reported as "Commissions" in Note 8 of these interim condensed consolidated statements. Therefore, a table detailing operational results by segment has not been provided as no additional meaningful information would result.

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