STRAIGHT UP

CORBY DISTILLERIES LIMITED ANNUAL REPORT 2012

FINANCIAL SUMMARY

AS AT AND FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

(in thousands of Canadian dollars, except per share amounts)	**2012**	2011
RESULTS		
Revenue	**$ 146,746**	$ 159,566
Revenue adjusted for disposed brands[1]	**133,616**	124,976
Earnings from operations	**58,851**	40,456
Earnings before income taxes	**60,202**	40,839
Net earnings	**46,048**	28,870
Net earnings adjusted for unusual items and disposed brands[1]	**28,371**	30,603
Cash flows from operating activities	**46,278**	35,350
FINANCIAL POSITION		
Working capital	**$ 161,583**	$ 170,019
Total assets	**253,412**	271,516
Shareholders' equity	**215,823**	239,239
PER COMMON SHARE		
Earnings from operations	**$ 2.07**	$ 1.42
Net earnings	**1.62**	1.01
Net earnings adjusted for unusual items and disposed brands[1]	**0.92**	0.84
Dividends declared and paid	**2.44**	0.56
Shareholders' equity	**7.58**	8.40
FINANCIAL RATIOS		
Working capital	**7.2**	9.7
Return on average shareholders' equity	**20.2**	12.1
Return on average shareholders' equity adjusted for unusual items and disposed brands[1]	**11.6**	10.4
Pre-tax return on average capital employed	**26.4**	16.8
Pre-tax return on average capital employed adjusted for unusual items and disposed brands[1]	**15.7**	13.8

[1] *Net earnings are adjusted in 2012 for the net after-tax gain from the sale of the Montréal plant and non-core brands of $17.7 million and in 2011 for the net after-tax loss from the sale of Seagram Coolers, which amounted to $1.7 million. Both years have been further adjusted for the financial impact of the brands disposed. Revenue has been adjusted to exclude sales related to disposed brands in 2012 and 2011.*

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CORBY DISTILLERIES LIMITED IS A LEADING CANADIAN MARKETER, DISTRIBUTOR AND INNOVATOR OF SPIRITS AND IMPORTED WINES.

AT CORBY, SUCCESS MEANS DEMONSTRATING LEADERSHIP IN ALL ASPECTS OF OUR BUSINESS. WE WANT TO BE KNOWN FOR DELIVERING CONSISTENT SHAREHOLDER VALUE AND MARKET SHARE GROWTH, DRIVEN VIA INNOVATION, POSITIVE CUSTOMER RELATIONSHIPS, QUALITY BRANDS AND EMPLOYEE ENGAGEMENT. WITH APPROXIMATELY 23% OF ALL SPIRITS SALES IN CANADA, OUR PREMIUM PORTFOLIO BOASTS SOME OF THE COUNTRY'S TOP-SELLING BRANDS INCLUDING THOSE THAT WE OWN AND MANY GLOBAL NAMES THAT WE ARE PROUD TO REPRESENT IN CANADA.

OUR VISION IS TO BE THE BEST IN CANADA – STRAIGHT UP, CLEAR AND SIMPLE.

DEAR SHAREHOLDERS: I AM PLEASED TO SHARE WITH YOU OUR ANNUAL REPORT FOR THE 2012 FISCAL YEAR, A YEAR IN WHICH EVERY MEMBER OF THE CORBY TEAM WAS FOCUSED ON THE EXECUTION OF OUR STRATEGIC PLAN AND THE DELIVERY OF RESULTS TO ENHANCE THE VALUE OF YOUR COMPANY.

Following a period marked by in-depth market analysis and the laying of a new strategic platform, 2012 was a year of implementation. "Straight Up" is the attitude and approach we took towards delivering against our plan this year. In a highly competitive marketplace, we were straight up about our goals and we tackled the challenges straight on.

One such challenge that Corby has managed for many years was the number of brands in our portfolio. We addressed this through the sale of 17 non-core and duplicative brands as well as the associated bottling facility. The result is a more streamlined portfolio, a reduction in our exposure to the economy segment of the industry and a simplified business model.

Our enhanced market research and analysis tools helped identify brands in our portfolio that would benefit from increased investments in advertising and promotion. This breakthrough level of investment was funded both by Corby for our owned-brands and by Pernod Ricard for key represented brands. The strategy is beginning to deliver the share gains and top-line growth that we expected, as Corby outpaced the market in key categories that received priority focus and investment during the year.

Expanded research tools and capabilities delivered a new level of insight into consumer trends and taste preferences, leading to an unprecedented year for Corby's innovation pipeline. In fiscal 2012, a new dedicated Corby research and development team in the Hiram Walker Innovation Centre helped kick-start more than six new product and packaging ideas and brought many of those concepts to realization in record time. In addition, Pernod Ricard responded to our needs by bringing us several new products in complementary areas.

With a more strategically focused portfolio and exciting new products in the pipeline, we also reorganized our commercial structure behind the implementation of a new route-to-market approach. An investment in tools and skills development will result in a wide range of organizational changes intended to optimize our competitiveness, maximize our growth opportunities and provide closer alignment to our customers' needs.

The competitiveness of our portfolio was further secured during the fiscal year with the extension of our representation rights for the global powerhouse ABSOLUT vodka brand through September 2021. Vodka remains the largest and most dynamic spirits category in Canada and this iconic brand is a key driver in our strategy to grow Corby's on-premise business, in which we made progress last year in both the quality and quantity of our listings.

Part of the success in delivering against our plan in fiscal 2012 came from leveraging the knowledge, expertise and resources of our partner and majority shareholder. As part of the Pernod Ricard group, we enjoy a unique relationship with our manufacturing partner, Hiram Walker & Sons Limited, which is managed by the Corby management team. This gives us unprecedented control over the products in our portfolio and the innovation pipeline that is the lifeblood of our top-line growth and market leadership.

We also benefited from Pernod Ricard's industry-leading corporate social responsibility ("CSR") program. We fully endorse their CSR priorities of responsible consumption and environmental stewardship. We have adapted these priorities for the Canadian market, engaging all Corby employees in our CSR activities. Each year, these activities become further embedded in our Company and in the way we do business.

Again this year, the Corby team demonstrated that they are true leaders in their fields and in our industry. I am particularly proud of the high level of employee engagement measured by our 2011 employee opinion survey. With a participation rate of 95%, the survey also gave us useful information about areas for continuous improvement. In addition, we were gratified by the results of an external survey and organizational review that led to Corby being named one of the "50 Great Places to Work in Canada" in the large and/or multinational company category.

We will continue to invest in making Corby a place where people want to work and build a career. We call it a "Company of Leaders" culture because we believe that achieving our vision of industry leadership requires each and every one of us to think and act like leaders every day. This includes demonstrating leadership in the way we communicate with our shareholders and other stakeholders. The new Corby website, which we launched in the first weeks of our new fiscal year, provides easy access to the latest information about our brands, our key initiatives and our financial performance.

During fiscal 2012, Corby continued to deliver consistent returns for shareholders. The regular dividend provided a stable and attractive yield during a time when capital market volatility remained the norm and interest rates remained low. Payment of a special dividend early in the year made an investment in Corby even more profitable, and our amended dividend policy provides for increased participation in future success.

I am pleased with Corby's performance in fiscal 2012 but also with the way in which the Company is evolving. As you will see in the pages that follow, we accomplished a great deal. Our retail value growth outpaced volume growth, indicating that we are on the right track with our focus on premium brands. Our strong balance sheet provides stability and flexibility to respond to the spirits and wine market and assess opportunities to deliver long-term value for all shareholders.

In the year ahead, we will stay the course and continue to execute our plan. Many of the priority initiatives completed in fiscal 2012 will position us to deliver results in 2013, as new processes and systems are fully embedded in the business.

A new Corby has emerged from the many changes of the past few years. We are a stronger, more energized organization; we are a great place to work and a company of leaders with a clear vision for our future... to be the best in the industry. Straight Up.

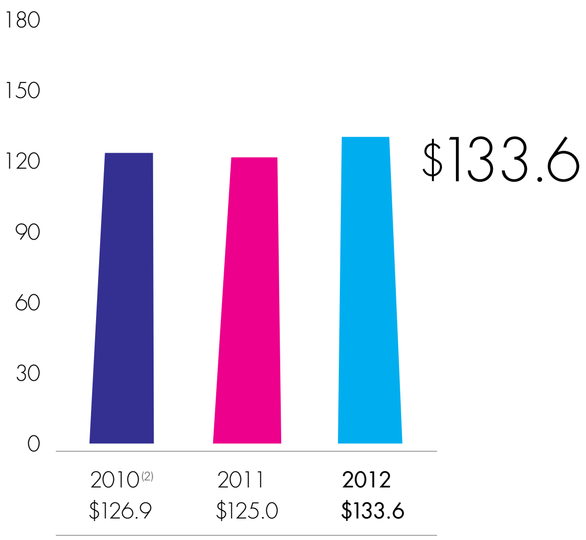
R. PATRICK O'DRISCOLL
PRESIDENT & CHIEF EXECUTIVE OFFICER

STRONG PERFORMANCE OF OUR CORE BUSINESS[1] CLEARLY UNDERLINES THAT OUR STRATEGIES ARE DELIVERING; AND WE HAVE A STRONG BASE FROM WHICH TO DRIVE FUTURE GROWTH.

Note: in view of the substantial impact that two disposal transactions in 2011 and 2012 had on Corby results, the following highlights exclude their "impact" to better reflect how our core business[1] is trending.

REVENUE, CORE BUSINESS[1]

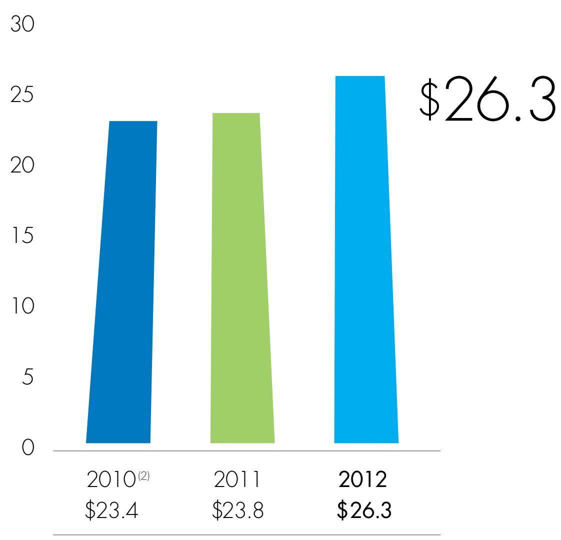
(in millions of Canadian dollars)



REVENUE GROWTH AHEAD OF VOLUME SHOWING IMPROVED MIX AND BETTER PERFORMANCE FROM OUR EXPORT BUSINESS.

NET EARNINGS, CORE BUSINESS[1]

(in millions of Canadian dollars)



STRONG GAINS ACROSS THE BOARD: IMPROVED PRICING STRATEGIES, REFOCUSED PROMOTIONAL ACTIVITIES, BETTER INTERNATIONAL PERFORMANCE AND IMPROVED BULK SALES.

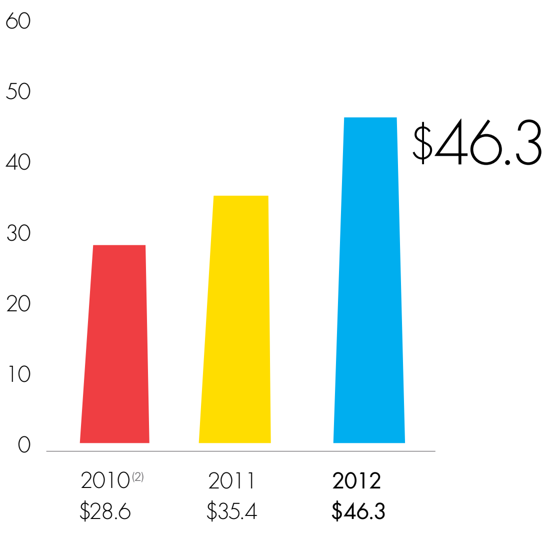
(1) *Core business excludes the results from disposed brands in all years presented, as well as net gain or loss generated on disposal.*
(2) *2010 data was prepared in accordance with Canadian GAAP. 2011 and 2012 data is in accordance with IFRS.*

KEY BRAND SHIPMENT VOLUME
(in 000s of 9L cases)

WISER'S CANADIAN WHISKY · LAMB'S RUM · POLAR ICE VODKA · MIXABLE LIQUEURS

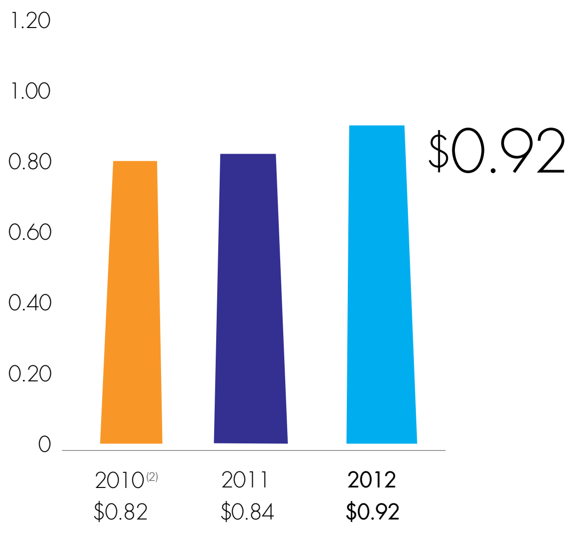
RETURN TO VOLUME GROWTH AS KEY BRANDS BENEFIT FROM INCREASED INVESTMENT, AND IMPROVED ROUTE-TO-MARKET CAPABILITIES.

CASH FLOWS FROM OPERATING ACTIVITIES
(in millions of Canadian dollars)



STRONG OPERATIONAL CASH FLOW WITH ADDITIONAL CASH FROM DISPOSALS PROVIDES STABILITY AND FLEXIBILITY.

EARNINGS PER SHARE, CORE BUSINESS[1]



CONSISTENT EPS CORE BUSINESS[1] GROWTH OF 4%[3] OVER LAST THREE YEARS.

(1) *Core business excludes the results from disposed brands in all years presented, as well as net gain or loss generated on disposal.*
(2) *2010 data was prepared in accordance with Canadian GAAP. 2011 and 2012 data is in accordance with IFRS.*
(3) *Compound annual growth rate from 2010 to 2012.*

THE TEAM

SENIOR MANAGEMENT

R. PATRICK O'DRISCOLL
PRESIDENT & CHIEF EXECUTIVE OFFICER

JOHN K. LEBURN
VICE-PRESIDENT & CHIEF FINANCIAL OFFICER

JEFFREY H. AGDERN
VICE-PRESIDENT, MARKETING

ANDREW S. ALEXANDER
VICE-PRESIDENT, SALES

PAUL G. HOLUB
VICE-PRESIDENT, HUMAN RESOURCES

JAMES M. STANSKI
VICE-PRESIDENT, PRODUCTION

MARC A. VALENCIA
GENERAL COUNSEL, CORPORATE SECRETARY & VICE-PRESIDENT, PUBLIC AFFAIRS

A CLEAR AND SIMPLE PLAN, BUILT FROM CONSUMER RESEARCH AND FLAWLESSLY EXECUTED ACROSS THE ORGANIZATION, IS A KEY TO LEADERSHIP IN THE HIGHLY COMPETITIVE AND RAPIDLY CHANGING SPIRITS AND WINE INDUSTRY.

CORBY'S STRATEGIC PLAN IS JUST THAT – A SIMPLE BUT POWERFUL ROADMAP TO HELP US BE THE LEADER IN EVERY ASPECT OF OUR BUSINESS. THIS YEAR, WE CONTINUED OUR WORK ON FOUR KEY PRIORITIES THAT SHOULD HELP POSITION US FOR LONG-TERM GROWTH.

1. STRATEGICALLY PRIORITIZE OUR PORTFOLIO
2. BUILD CHANNEL STRATEGIES FOR ON-PREMISE AND OPEN MARKETS OF WESTERN CANADA
3. INCREASE SPEED AND QUANTITY OF INNOVATION
4. OPTIMIZE ORGANIZATIONAL STRUCTURE AND INCREASE EFFICIENCIES

CORBY'S PERFORMANCE IN FISCAL 2012 WAS A STORY OF DELIVERY AND EXECUTION. WITH A CLEAR SET OF PRIORITIES, REGULARLY COMMUNICATED THROUGHOUT THE COMPANY, EVERY CORBY DEPARTMENT AND FUNCTION SET SPECIFIC GOALS TO HELP US MOVE CLOSER TO OUR VISION OF BEING THE LEADING SPIRITS AND WINE COMPANY IN CANADA.

CRISP EXECUTION

1. Strategically prioritize our portfolio – After an extensive, in-depth review of every industry category, matching strengths and weaknesses of each brand in our portfolio to opportunities in the marketplace, we established a clear set of priorities for the business.

In fiscal 2012, the successful divestiture of 17 non-core brands, along with the subsidiary that owned the Montréal-based manufacturing facility where a significant portion of the brands were produced, was the single most important initiative in strategically prioritizing our portfolio. The transaction freed up resources to allow for a more focused investment at competitive levels in the key brands that drive top-line growth for Corby. That investment helped to secure market share gains and strengthen our performance in priority categories.

2. Build channel strategies for on-premise and open markets of Western Canada – Building the visibility of Corby portfolio brands in bars and restaurants is a key driver for retail sales. This is where consumers sample products before making purchases for home consumption. In fiscal 2012, we accelerated our on-premise business with strong execution in sales and marketing, contributing to an increase in our on-premise business over the previous year.

In the open markets of Western Canada where the spirits and wine market is dominated by a few major retail chains, Corby increased resources and support during the year. Senior management invested time in building positive customer relationships with collaborative planning to maximize the success of our brands and our customers' business.

17

non-core brands divested to streamline the Corby portfolio

750

on-premise promotional events helped to raise the visibility of the Corby portfolio of brands

31

new or redefined roles as part of the sales and marketing structure reorganization

3. Increase speed and quantity of innovation – In fiscal 2012, the number of innovations under development in our research and development labs grew by more than 50% over the previous year. This increase was matched only by our improved speed in moving successful innovations into the marketplace. This progress in innovation was driven in part by a new research and development team dedicated to working on Corby products in the innovation labs of our manufacturing partner, Hiram Walker & Sons Limited.

4. Optimize organizational structure and increase efficiencies – In addition to strengthening our presence in Western Canada with new dedicated sales and marketing positions, we also conducted an intensive review of our organizational structure and trade marketing capabilities during the year. An investment in additional trade marketing roles, specializations and expertise will help drive sell-in for our customers.

Using a high-quality and efficient partner for the blending, bottling and maturation of Corby brands helps us to keep our costs in control and maximize the profit margins of our owned-brands. In fiscal 2012, Hiram Walker & Sons Limited delivered industry-leading quality and efficiency rates. With four separate ISO certifications for Quality, Health & Safety, Environmental and Food Safety standards, the Hiram Walker operations are best in class: quality performance consistently surpassed 99% and on-time and in-full delivery rates were above 96% throughout the year.

CORBY'S INNOVATION PIPELINE MOVED INTO HIGH GEAR IN FISCAL 2012, WITH PLANNING FOR NEARLY 60 NEW PRODUCTS AND PACKAGES OVER THE NEXT FOUR YEARS. TWELVE OF THESE TRANSITIONED FROM THE DRAWING BOARD TO TANGIBLE LISTINGS ACROSS THE COUNTRY DURING THE YEAR.

FRESH THINKING

Corby achieved listings of Malibu Black in all 10 provinces during the same time period, allowing for a high-impact national launch campaign using television, digital advertising, social media and special events. With a significant investment from the brand's owner and superb execution by the Corby marketing team, a new consumer segment was drawn to sample a fresh new twist on the popular coconut rum.

Some fresh thinking led to a major innovation overhaul for two of Corby's owned-brands during the year. McGuinness Ice Storm liqueur was a made-in-Canada worldwide first: an innovative drinking experience that transforms in your mouth from fruit to a unique cooling sensation at the back of the throat, even when mixed. Launched in April with grape and raspberry flavours, the brand has injected new life into the mixable liqueur category. The unique Ice Storm formula was developed by the world-class flavour experts in the innovation labs at Hiram Walker & Sons Limited.

12

new products or brand extensions developed in fiscal 2012 made it to retail shelves

4,000

samples of Ice Storm were served to target consumers during promotional blitzes at selected accounts across the country in the first six to eight weeks following launch

Gräpevine Wednesday

Gräpevine Wednesday events helped to launch ABSOLUT GRÄPEVINE by turning Wednesday into something special with a signature cocktail by the same name

Polar Ice vodka, "Canada's Vodka", took on a new shape in 2012 with an innovative packaging and formula marketed as the Polar Ice Cube. The first premium pre-mixed vodka cocktail in a bag-in-box format with a raspberry lemonade flavour is an innovation made for convenience and entertaining. The new product was launched in eight provinces with extensive retail sampling and displays. Early customer and consumer feedback is encouraging.

One of the most successful products in our fiscal 2012 portfolio took a fresh new approach to one of the oldest sources of alcoholic beverages – the grape. Jacob's Creek Moscato was produced from the hottest new varietal and aims to bring new consumers into the wine category with a light and fresh wine taste that is a perfect alternative to beer or coolers. Corby's launch of the new Jacob's Creek Moscato wines was supported by an out-of-home media campaign, a pop-up patio series and in-store tastings. Together with the stunning label design, the fresh promotional campaign drove a high level of consumer trial, contributing to a 1.2% volume increase for the Jacob's Creek brand in fiscal 2012 compared to last year.

ACHIEVING OUR VISION TO BE THE LEADING SPIRITS AND WINE COMPANY IN CANADA REQUIRES A LEADERSHIP MINDSET, A CULTURE OF THINKING AND ACTING LIKE LEADERS IN EVERYTHING WE DO. CREATING THIS CULTURE IS THE BASIS OF CORBY'S PEOPLE STRATEGY, AND CORBY PEOPLE ARE OUR SINGLE GREATEST COMPETITIVE ADVANTAGE.

GREAT PLACE TO WORK®

NATURAL LEADERS

In fiscal 2012, we significantly increased our investment in training and development for Corby employees, with a particular focus on enhancing the skills of our sales force to support the execution of our new go-to-market strategy. In total, 62% of Corby employees received career development training during the year through online and experiential training programs, as well as the Company's tuition reimbursement program.

Engaging employees in our vision, our strategy and our plans helps to ensure a collective focus on executing our key priorities. Our annual "I Say" employee survey measures 12 areas of engagement and brings to light those that need improvement. In fiscal 2012, more than 95.2% of Corby employees participated in the survey and their input directly led to two organizational and 10 departmental action plans for an improved workplace.

This high level of employee engagement helped Corby to be awarded "One of the 50 Best Workplaces in Canada" in the "Over 1,000 Employees and Multinationals" category by the Great Place to Work® Institute Canada.

This was a significant achievement in our first year of participation in the program. The Company was particularly singled out for high scores in the culture audit of our internal communication and engagement practices and in the results of the Institute's survey of Corby employees.

95%

Over 95% of Corby employees participated in the 2012 engagement survey

62%

Nearly two-thirds of Corby employees received career development during the year

91%

The vast majority of Corby employees are also Corby owners. Over 90% are invested in the Company through the Employee Share Purchase Plan

Recognition by the Great Place to Work Institute helps Corby attract the industry's best talent. Creating an environment that inspires them to grow and develop helps us to keep them. More than 98% of new hires are still with the Company after one year, and Corby's voluntary turnover rate for fiscal 2012 was less than 7%. Of eligible employees, 91% have demonstrated their commitment to Corby's future by becoming shareholders themselves.

We continuously promote and support opportunities for mobility and career development. In fiscal 2012, 15% of employees took advantage of the opportunity to take on new roles in the Company or with other Pernod Ricard affiliated companies.

Investing in a Company of Leaders is a natural strategy for Corby. Being the best employer is our clear and consistent goal.

CORBY'S INTENSE FOCUS ON EXECUTING THE PLAN IN FISCAL 2012 WAS MIXED WELL WITH OUR COMMITMENT TO CONTINUE IMPLEMENTING SOCIALLY RESPONSIBLE BUSINESS PRACTICES.

THE RIGHT MIX

In the previous year, we began to refocus the Company's long legacy of good works in the community and the industry into a more effective and meaningful corporate social responsibility ("CSR") strategy, leveraging the global CSR platform of Pernod Ricard, including their best practices, resources and expertise.

In 2012, we continued to build on the foundation already in place and developed a uniquely Canadian program that focuses on responsible consumption and environmental stewardship. We define our CSR commitment as "acknowledging our impact on the environment and society and voluntarily implementing actions to improve". This commitment guides our decision-making and the way in which we execute our business strategies.

Again this year, Corby employees took part in Responsib'ALL Day, a worldwide day of action dedicated to informing people about the risks associated with young people and alcohol. Corby offices were closed for one day in June so that all employees across Canada could participate in workshops and presentations, culminating in a personal commitment to be a mentor for responsible consumption by reaching out to friends, family and other contacts to share information and help them understand the importance of the issue. Employees received tools and resources to support them in their mentoring efforts and were encouraged to track their conversations with people to collectively start a dialogue about youth and responsible consumption.

New innovative packaging on Malibu RTD products results in a lighter, more portable and convenient format

Charitable Initiatives

Corby employees are involved in their communities through a variety of charitable initiatives in support of the Juvenile Diabetes Research Foundation, the Canadian Heart and Stroke Foundation and the Canadian Cancer Society

4 years

For the fourth year, Corby partnered with George Brown College and their hospitality program by providing classroom product education in the McGuinness Liqueur Mixology lab and the Jacob's Creek Sommelier lab

Responsib'ALL Day

Acting as stewards of our natural environment requires strong partnerships with our suppliers and manufacturing partners, as well as clear goals to reduce our carbon footprint across the organization. In fiscal 2012, Corby accelerated our commitment to "Go Green" with specific goals to reduce paper usage by 5% across Canadian offices and hydro consumption in the head office by 5%. Less paper and energy were used, as the Canadian offices surpassed both targets.

We work closely with the environmental team at Hiram Walker & Sons Limited, where the majority of Corby products are blended and bottled, to continuously reduce the environmental impact of our product manufacturing.

In fiscal 2012, a number of new initiatives and upgrades at the HWSL facility resulted in two important external recognitions for energy efficiency. In October 2012, the "ENWIN GreenSTAR" award was presented to Hiram Walker by local utility officials, who noted that the annual energy savings achieved by the facility was enough to power 65 homes in the community. In early 2012, Union Gas also recognized Hiram Walker's successful efforts to improve energy efficiency. In particular, a project to convert a fire suppression system from wet to dry eliminated the need to heat the facility's warehouses during the winter, resulting in significant energy savings.

LED BY OUR FLAGSHIP BRAND, WISER'S CANADIAN WHISKY, BROWN SPIRITS CONTINUED TO GAIN MARKET SHARE IN 2012 WITH QUALITY, CRAFTED PREMIUM PRODUCTS MADE WITH THE FINEST INGREDIENTS.

EVENTS

1 The Glenlivet Canadian Open Sponsorship held in July 2011 at the Shaughnessy Golf and Country Club in Vancouver, British Columbia

2 Chivas' Sip, Shower and Shave Event held in May 2012 at Mankind Grooming Studio for Men in Toronto, Ontario

WISER'S CANADIAN WHISKY **CORBY-OWNED**

Wiser's Canadian whisky continued to be Canada's best-selling and number one choice for whisky, with retail sales of over 717,000 cases this fiscal year, quickly outpacing category growth. "Purse" – the latest installment in *The Wiserhood* TV campaign – was launched in October 2011 and garnered significant favourable social media attention on the brand's Facebook page. Fiscal year 2012 was a great year of achievement in terms of awards for Wiser's whiskies; Wiser's Small Batch, Legacy and 18 Years Old all received medals at the 2011 Canadian Whisky Awards and were each awarded 90+ points in Jim Murray's prestigious *2012 Whisky Bible.* Wiser's 18 Years Old also won "Best Canadian Blended Whisky" at the 2012 World Whisky Awards, demonstrating Wiser's dedication to quality and craftsmanship.

JAMESON IRISH WHISKEY **AGENCY-OWNED**

Jameson, the number one Irish whiskey in Canada and the world, continued to grow at an outstanding pace of +26.8% in fiscal year 2012, reaching over 75,000 cases in volume. Following the success of *The Lost Barrel* TV campaign in Québec in early 2011, the campaign was rolled out nationally in French and English in the fall, helping to support the strong sales growth. The brand continued to gain advocates in the bartender community this year, with Jameson Bartender Ball events held in four key cities across Canada, as well as two full-time Brand Ambassadors in Toronto and Vancouver focusing on bartender education and on-premise visibility.

THE GLENLIVET SCOTCH WHISKY **AGENCY-OWNED**

The Glenlivet family continued to grow in fiscal year 2012, with volumes exceeding 48,000 cases and growing at +9.7%. In the fall, The Glenlivet further strengthened its association with golf through a partnership with Golf Town, Canada's premier golf merchandise and apparel superstore. The strong consumer offering was at the forefront of this program, where consumers had an opportunity to win an exclusive golf and scotch experience in Scotland. This was supported with tastings, on-pack communication, and print and online media. The Glenlivet has also continued its sponsorship of Canada's only US PGA tournament, the men's and women's Canadian Open, supported with digital and retail programs in Ontario.

CHIVAS REGAL SCOTCH WHISKY **AGENCY-OWNED**

Chivas Regal is a super-premium blended Scotch with volumes exceeding 46,000 cases in fiscal 2012. The brand embarked on a new program this year known as *Chivas 1801*, which involved many different consumer touch points targeting a younger consumer (25- to 35-year-olds). This robust program involved 23 "build-up" events that took place on-premise and with retail partners, leading up to the grand finale event. *Chivas 1801* was supported in retail and through digital, public relations and targeted media. This year Chivas was also involved with a new marketing campaign targeting the increasing multicultural Canadian population.

CANADIAN

Wiser's Deluxe
Wiser's Small Batch
Wiser's Special Blend
Wiser's *(18)*
Wiser's Legacy
Royal Reserve
Hiram Walker Special Old
Bonded Stock

BLENDED SCOTCH

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

SINGLE MALT

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

IRISH

Jameson
Jameson Reserves
(12, Gold, 18, Rarest Vintage Reserve)
Redbreast *(12)*
Midleton Very Rare
Green Spot

COGNAC AND BRANDY

Martell VS
Martell VSOP
Martell XO
Martell Cordon Bleu
Barclays

WHITE SPIRITS **MAKE UP 66.7% OF OUR SPIRITS AND 56.4% OF OUR TOTAL PORTFOLIO AND INCLUDE A RANGE OF OPTIONS AND PRICE POINTS THAT APPEAL TO A WIDE CONSUMER DEMOGRAPHIC.**

EVENTS

1 The *Lamb's Nation* Embassy Party held in July 2011 at the George Street Festival in St. John's, Newfoundland, welcomed over 800 consumers of Lamb's rum during its four nights

2 ABSOLUT pop-up sampling event held in November 2011 to amplify the billboards and digital screens dominating Yonge-Dundas Square in Toronto, Ontario

POLAR ICE VODKA CORBY-OWNED

In 2012, Polar Ice continued to solidify its positioning as "Canada's Vodka", with sales growth significantly outpacing the overall vodka category. Polar Ice experienced sales growth of +8.8% versus the prior year, and total sales exceeded 350,000 cases. The brand continued the *Canada's Vodka* campaign with new out-of-home creative and point-of-sale materials. The national on-premise partnership with Mott's Clamato focusing on Canada's national cocktail, the Caesar, was also increased in scope to include the retail channel. To drive incremental sales, the Polar Ice brand launched the Polar Ice Cube. This new-to-market innovation targets a new demand via consumers looking for pre-mixed cocktails for occasions when a convenient and larger format pack size is required.

LAMB'S RUM CORBY-OWNED

Lamb's rum is the number three rum family in Canada, with sales of more than 453,000 nine-litre cases. This year, Lamb's Palm Breeze rum sales reached approximately 234,000 cases and maintained its market share position as the number two amber rum in Canada. In its largest market, Newfoundland and Labrador, Lamb's Palm Breeze remained the number one spirit with 28% total spirits market share. In the summer of 2011, Lamb's launched the *Lamb's Nation* program in Newfoundland, aimed at our current Lamb's Palm Breeze consumers and targeting new, younger adult consumers. The program, which coincided with sponsorship of the George Street Festival at the end of July, consisted of retail domination for July and August with "Instant Win" consumer prizing. The success helped Lamb's Palm Breeze grow +3% over the summer, versus the total rum category growth of +2%.

ABSOLUT VODKA AGENCY-OWNED

ABSOLUT vodka is Canada's second-largest vodka and the number one premium and imported vodka brand. In 2012, ABSOLUT grew at a rate of +3.1%, slightly trailing the vodka category growth. This year, the brand launched the *ABSOLUT Greyhound* (national excluding Québec) and the *ABSOLUT Blank* (Québec only) campaigns to further strengthen leadership positioning within Canadian cocktail culture. The campaigns featured new television advertising and consumer event activation within the on-premise channel. Strong plans are in place to ensure that 2013 will provide for continued growth leadership within the largest spirits category in Canada.

HAVANA CLUB RUM AGENCY-OWNED

Havana Club rum, the authentic premium Cuban rum from Havana, had another impressive year in 2012, selling over 87,000 nine-litre cases. Havana Club Añejo Reserva was the fastest growing member of the family and remains the flagship variant. The brand repeated the Havana Cultura festival in both Toronto and Montréal, as well as numerous on-premise events, bartender training and strong retail activity.

VODKA

ABSOLUT
ABSOLUT ELYX
ABSOLUT NATURALS
(BERRI AÇAÍ, APEACH, CITRON, GRÄPEVINE, MANDRIN, MANGO, ORIENT APPLE, PEARS, PEPPAR, RASPBERRI, VANILIA, 100)
Polar Ice
Stolichnaya
Stolichnaya flavours
(Razberi, Vanil, Blueberi, Ohranj)
Stolichnaya elit
Moskovskaya
WYBOROWA
WYBOROWA Exquisite

RUM

Lamb's White
Lamb's Navy
Lamb's Palm Breeze
Lamb's Black Sheep
Havana Club Añejo Blanco
Havana Club Añejo Reserva
Havana Club Dry 7 Year Old
Havana Club Selección de Maestros

GIN

Beefeater
Beefeater 24
Plymouth Gin

TEQUILA

Olmeca Gold
Olmeca Blanco
Olmeca Altos Reposado
Avion Silver
Avion Reposado
Avion Anejo

1

WITH MORE THAN A DOZEN BRANDS AND OVER 50 FLAVOURS – SOME POPULAR AND SOME UNIQUE – THE LIQUEUR PORTFOLIO IS A KEY DRIVER OF CORBY'S STRATEGY TO EXPAND OUR PRESENCE AND VISIBILITY IN BARS AND RESTAURANTS.

EVENTS

1 SAQ store staff and bar staff training sessions on priority brands held from October 2011 to April 2012 in SAQ stores across Québec

2 Malibu Black brand ambassadors conducted samplings at high-energy on-premise accounts across the country including Berlin Nightclub in Vaughan, Ontario

2

McGUINNESS LIQUEURS CORBY-OWNED

The McGuinness liqueur family is Canada's best-selling liqueur family, and the distinctive diamond-shaped bottles are a familiar sight in restaurants and bars across the country. This year the McGuinness brand achieved a growth rate of +5.0% versus the prior year, with sales of over 106,000 cases. The brand also launched McGuinness Ice Storm, a "new to world" liqueur featuring a unique cooling sensation that allows consumers to enjoy a new drinking experience. This innovative liqueur had a strong start with encouraging feedback from customers and consumers alike.

MALIBU RUM AGENCY-OWNED

Malibu rum launched a number of innovations throughout the year to deliver +11.4% growth versus fiscal 2011. Malibu Black was launched in the fall of 2011 – a higher strength, less sweet, coconut-flavoured amber rum. In its first nine months since launch, the brand has reached 10% of Malibu Coconut rum's volume. In the spring of 2012, Malibu launched Malibu Fresh and Malibu Piña Colada ready to serve cocktails. Malibu Fresh is a limited edition mint-flavoured coconut rum, with exciting, refreshing graphics on the bottle. This was a great success, selling all stock for the summer season. Malibu Piña Colada is the second flavour in our ready to serve cocktails line and has strong sales numbers to date. The brand was also supported with Malibu television, radio and online advertising for the summer of 2011 and the spring of 2012. These efforts helped contribute to the sale of over 132,000 cases in fiscal 2012.

KAHLÚA LIQUEUR AGENCY-OWNED

In a challenging Canadian liqueurs category, Kahlúa remained the number one coffee liqueur, selling almost 137,000 nine-litre cases in fiscal year 2012, flat growth versus fiscal year 2011. The brand continued to receive strong support in multiple channels, including a new advertising campaign, consumer promotions and brand activation during the key holiday season. Limited edition Kahlúa Peppermint Mocha was launched across Canada for the holidays to great success and will be repeated in fiscal year 2013.

LIQUEURS

McGuinness
(Amaretto Dell' Amorosa, Anisette, Crème de Banane, Crème de Cacao White, Crème de Cherry, Crème de Menthe Green, Crème de Menthe White, Crème de Whisky, Melon, Triple Sec)
McGuinness Ice Storm
(Grape, Raspberry)
Meaghers
(Crème de Menthe White, Crème de Menthe Green, Triple Sec)
Kahlúa
Kahlúa Peppermint Mocha
(holiday flavour)
Malibu Black
Malibu Coconut
Malibu Fresh
(Limited Edition summer flavour)
Malibu flavours
(Mango, Passion Fruit, Pineapple, Tropical Banana, Island Melon)
Soho
Carolans Irish Cream
Carolans Light Irish Cream
Sour Puss
Ramazzotti Amaro
Ramazzotti Black Sambuca
Ramazzotti Sambuca
Ricard Pastis
Pernod
Pernod Absinthe
Becherovka
Hiram Walker
(Peach Schnapps, Peppermint Schnapps)
Midori
Phillips Schnapps

READY TO DRINK

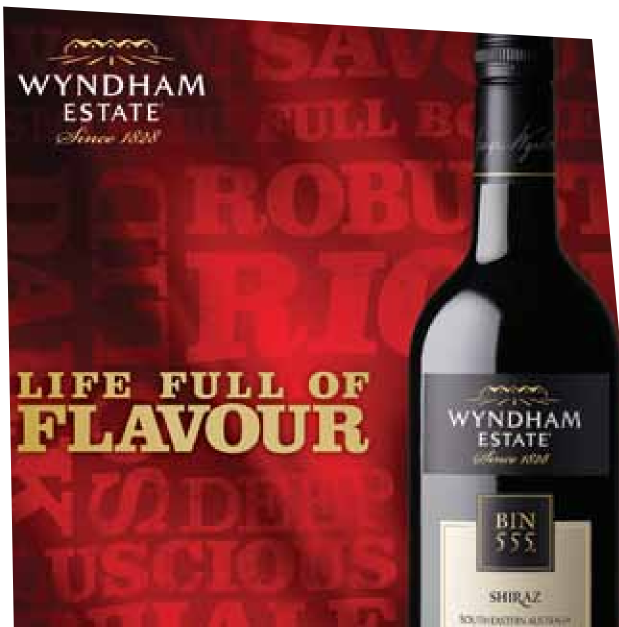
Kahlúa Mudslide
Kahlúa White Russian
Malibu Piña Colada
Malibu Rum Punch

CORBY'S COLLECTION OF IMPORTED WINES MADE SIGNIFICANT DISTRIBUTION INROADS IN 2012, WITH MORE THAN 1,100 NEW RETAIL DISTRIBUTION POINTS SECURED ACROSS THE COUNTRY.

EVENTS

1 Jacob's Creek Moscato Pop-up Patio Series held in June 2012 on the streets of Toronto, Ontario, to drive awareness of the brand

2 Mumm's F-1 sponsorship in June 2012 in Montréal, Québec



JACOB'S CREEK WINE AGENCY-OWNED

Jacob's Creek sold 285,000 cases in fiscal year 2012 and grew +1.2% over the last 12 months, outpacing the overall Australian category and reinforcing the brand's position as the number four Australian wine family in Canada. Jacob's Creek has a 6.0% share of the Australian category, holding share growth versus last year. Other key brand highlights include the successful launch of the new Jacob's Creek Moscato, shipping over 12,000 cases just three months after the product launched. The Jacob's Creek Reserve tier drove growth and premiumization for the brand, growing +59% nationally over the last 12 months, and received several accolades, including a 90 point rating from *Wine Spectator* for the 2010 Reserve Adelaide Hills Chardonnay and a 92 point rating by Gord Stimmell of the *Toronto Star* for the 2008 Reserve Barossa Valley Shiraz. The success of the Reserve tier has not been limited to one region; across the country new listings have premiumized the overall Jacob's Creek product mix, with the Reserve Tier now representing 11% of the brand's volume and 14% of its retail sales value.

WYNDHAM ESTATE WINE AGENCY-OWNED

Wyndham Estate sold 183,000 cases in fiscal year 2012 and grew +14.3% over the last 12 months in an increasingly competitive landscape. Highlights of the last 12 months include an impactful out-of-home campaign during December in Alberta and Québec featuring the new *Life Full of Flavour* creative, resulting in increased awareness among target consumers in those regions. The 2009 Wyndham Estate Bin 555 Shiraz also received a 90 point rating from Gord Stimmell of the *Toronto Star*, helping to strengthen consideration for the brand.

STONELEIGH WINE AGENCY-OWNED

Stoneleigh continued to perform extremely well this year, with sales of over 72,000 cases in fiscal year 2012, an increase of +37%. Stoneleigh remains strong in its position as the number three New Zealand brand in Canada. Launching its first-ever out-of-home and digital advertising campaign in fiscal 2012, Stoneleigh saw both awareness and trial scores grow, setting the brand up for continued growth in fiscal 2013. Stoneleigh also expanded its footprint into Québec. A strong launch in the province has delivered an incremental 7,400 nine-litre cases over the past 12 months and paved the way for further brand expansion in fiscal year 2013.

CAMPO VIEJO WINE AGENCY-OWNED

The Campo Viejo family saw outstanding growth in fiscal 2012, with volumes reaching just over 22,500 cases, which is an incredible +74% growth over last year. Highlights for the brand over the last 12 months include the launch of the Campo Viejo Crianza in Québec, which sold 6,800 cases since launch. The brand's new eye-catching *Live Uncorked* creative was used in an out-of-home campaign in Québec to help drive further awareness and growth for the brand.

WINES

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

CHAMPAGNES AND SPARKLING WINES

G.H. Mumm
Perrier-Jouët
Mumm Napa

APERITIFS

Dubonnet
Lillet

The following Management's Discussion and Analysis ("MD&A") dated August 28, 2012, should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2012, prepared in accordance with International Financial Reporting Standards ("IFRS"). (See "Transition to International Financial Reporting Standards" under "New Accounting Pronouncements" in this MD&A.)

This MD&A contains forward-looking statements, including statements concerning possible or assumed future results of operations of Corby Distilleries Limited ("Corby" or the "Company"). Forward-looking statements typically are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including, but not limited to: the impact of competition; business interruption; trademark infringement; consumer confidence and spending preferences; regulatory changes; general economic conditions; and the Company's ability to attract and retain qualified employees. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not intended to represent a complete list of the factors that could affect the Company. Additional factors are noted elsewhere in this MD&A.

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of August 28, 2012. 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 fourth quarter of fiscal 2012 (three months ended June 30, 2012) are against results for the fourth quarter of fiscal 2011 (three months ended June 30, 2011). All dollar amounts are in Canadian dollars unless otherwise stated. The results for the three months and year ended June 30, 2011 have been restated to conform to IFRS.

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

The Company derives its revenues from the sale of its owned-brands ("Case Goods"), as well as earning commission income from the representation of selected non-owned brands in Canada ("Commissions"). The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees and miscellaneous bulk spirit sales. Revenue from Corby's owned-brands predominantly consists of sales made to each of the provincial liquor boards in Canada, and also includes sales to international markets. As noted in the "Significant Events" section of this MD&A, Corby sold its bottling facility on October 31, 2011. As a result of this transaction Corby no longer derives revenue from contract bottling services. All other activities remain in place.

Corby's portfolio of owned-brands includes some of the most renowned brands in Canada, including Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka and McGuinness liqueurs. Through its affiliation with PR, Corby also represents leading international brands such as ABSOLUT vodka, Chivas Regal, The Glenlivet and Ballantine's Scotch whiskies, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek, Wyndham Estate, Stoneleigh 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.

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.

The Company sources more than 80% of its spirits production requirements from HWSL at its production facility in Windsor, Ontario. The Company's remaining production requirements have been outsourced to third-party vendors. The formerly owned plant in Montréal, Québec, continues to manufacture most of the Corby products that were produced there prior to the sale. The Company also utilizes a third-party manufacturer in the UK to produce its Lamb's rum products destined for sale in countries located outside North America. Corby's Lamb's rum products sold in North America continue to be manufactured at HWSL's production facility.

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

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

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

Corby's operations are subject to seasonal fluctuations: sales are typically strong in the first and second quarters, while third-quarter sales usually decline after the end of the retail holiday season. Fourth-quarter sales typically increase again with the onset of warmer weather as consumers tend to increase their purchasing levels during the summer season.

STRATEGIES AND OUTLOOK

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

Management believes that having a focused brand prioritization strategy will permit 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. Recent disposal transactions (the sale of the Seagram Coolers brand in March 2011, in the prior fiscal year, and the October 2011 sale of certain non-core brands and the subsidiary that owned the Montréal bottling facility, discussed below) reflect this strategy by streamlining Corby's portfolio and thus refocusing resources on key brands.

Key to brand strategies being implemented 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 addition, management is convinced that innovation is key to seizing new profit and growth opportunities. Successful innovation can be delivered through a structured and efficient process as well as consistent investment 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. The Company stresses its core values throughout its organization, including those of conviviality, straightforwardness, commitment, integrity and entrepreneurship.

SIGNIFICANT EVENTS

CORBY SELLS ITS MONTRÉAL BOTTLING FACILITY AND CERTAIN NON-CORE BRANDS

On October 31, 2011, the Company sold certain owned-brands as well as the shares of its subsidiary, Corby Manufacturing Inc., the owner of the manufacturing and bottling facility in Montréal, Québec, to Sazerac Company, Inc. ("Sazerac") for an aggregate purchase price of $39.7 million, including the cost of inventory and other working capital items associated with the brands and manufacturing facility sold and other related adjustments.

The transaction involved the sale of 17 brands, including De Kuyper Geneva gin, De Kuyper Peachtree schnapps, Red Tassel vodka and Silk Tassel Canadian whisky, as well as the Montréal-based manufacturing facility where a significant portion of the brands are produced. As a result of this transaction, Corby recognized a gain on closing of $17.7 million, net of taxes and transaction costs. The book value of the assets disposed, including working capital items, was $17.8 million.

The agreement contains customary representations, warranties and covenants. In addition, as part of the agreement, Corby agreed to indemnify Sazerac in respect of a misrepresentation, breach of covenant, pre-closing liabilities and certain environmental matters. Based on current facts and circumstances, no material liability is anticipated in respect of this indemnification, and no provision has been made in the financial results for this contingency.

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

In fiscal 2011 the brands and manufacturing facility disposed of contributed a combined $5.7 million to net earnings on sales of $32.2 million. Therefore, the transaction is expected to have a material impact on Corby's future operating results. Direct comparisons to prior periods will be less meaningful, and as such, the impacts of the transaction will be explained throughout this MD&A, where applicable.

CORBY DECLARES SPECIAL DIVIDEND AND INCREASES REGULAR DIVIDEND AMOUNT

On November 9, 2011, the Corby Board of Directors declared a special dividend of $1.85 per share, which was paid on January 3, 2012 on the Voting Class A Common Shares and Non-Voting Class B Common Shares of Corby to shareholders of record as at the close of business on December 15, 2011. The special dividend resulted in an aggregate cash distribution of approximately $52.7 million to shareholders and was sourced from Corby's surplus cash position.

Further, on November 9, 2011, the Corby Board of Directors announced an amendment to its dividend policy. Subject to business conditions and opportunities, the regular dividend shall be adjusted from $0.14 per share to $0.15 per share, representing a 7% increase in the Company's quarterly dividend. On an annualized basis, the regular dividend will increase from $0.56 per share to $0.60 per share. Further, subject to business conditions and opportunities, effective as of fiscal 2013, regular dividends for the fiscal year will be paid quarterly, on the basis of an annual amount equal to the greater of 75% of net earnings per share in the preceding fiscal year ended June 30, and $0.60 per share.

CORBY SECURES NEW TERM FOR ABSOLUT REPRESENTATION RIGHTS

On November 9, 2011, Corby entered into an agreement with PR for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Corby's Canadian representation for the other PR brands in Corby's portfolio. Under the agreement, Corby will pay the present value of $10 million for the additional eight years of the new term to PR at its commencement. Since the agreement with PR 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. Pursuant to this agreement, Corby also agreed to continue with the mirror netting arrangement with PR and its affiliates, under which Corby's excess cash will continue to be deposited to cash management pools, as further described in the "Related Party Transactions" section of this MD&A.

ABSOLUT is the number one premium vodka brand worldwide with around 11 million nine-litre cases sold in 2011 and is an iconic brand with an image built around values of creativity, innovation and cultural leadership. It is one of only four international spirits brands in the world which sells more than 10 million cases a year and has an especially attractive growth profile. ABSOLUT vodka complements Corby's strategy, while further enhancing the Company's premium brands portfolio. With ABSOLUT vodka in the Corby portfolio, Corby is the number two player in the vodka category in Canada with a 22% volume share – combining ABSOLUT with other key Corby vodka brands, such as Polar Ice vodka.

THREE-YEAR REVIEW OF SELECTED FINANCIAL INFORMATION

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

(in millions of Canadian dollars, except per share amounts)	**2012**	2011	2010[2]
Revenue	**$ 146.7**	$ 159.6	$ 162.2
Earnings from operations	**58.8**	40.5	43.0
– Earnings from operations per common share	**2.07**	1.42	1.51
Net earnings	**46.0**	28.9	20.7
– Basic earnings per share	**1.62**	1.01	0.73
– Diluted earnings per share	**1.62**	1.01	0.73
Net earnings adjusted for unusual items and disposed brands[1]	**26.3**	23.8	23.4
– Basic earnings per share, adjusted as noted above[1]	**0.92**	0.84	0.82
– Diluted earnings per share, adjusted as noted above[1]	**0.92**	0.84	0.82
Total assets	**253.4**	271.5	271.2
Total liabilities	**37.6**	32.3	30.3
Regular dividends paid per share	**0.59**	0.56	0.56
Special dividends paid per share	**1.85**	–	–

(1) *Net earnings are adjusted in 2012 for the net after-tax gain from the sale of the Montréal plant and non-core brands of $17.7 million and in 2011 for the net after-tax loss from the sale of Seagram Coolers, which amounted to $1.7 million. In 2010 net earnings are adjusted for the net after-tax impairment charge of $9.4 million. All three years have been further adjusted for net after-tax earnings related to brands disposed of in 2012 and 2011.*

(2) *The financial information presented for 2010 does not reflect the impact of the adoption of IFRS.*

In general, the global economic environment has been challenging over this three-year period, and, while the spirits industry is more resilient than others, the impact was still quite evident. More recently, however, the Canadian spirits industry has been experiencing growth with retail volumes up by 3% in 2012 when compared with retail volumes in 2011.

Despite the economic challenges, Corby has stayed true to its core strategy to leverage the long-term growth potential of its key brands by increasing its advertising and promotional expenditures in each of the last three years. In addition, the Company has actively carried out strategies to streamline and focus its portfolio. Two significant events, namely the sale of the Seagram Coolers brand in 2011 and the sale of certain non-core brands and the subsidiary that owned the Montréal manufacturing facility in October of this fiscal year, have been instrumental in carrying out these strategies. As a result of these actions, the Company exited low-growth and low-margin sectors, simplified and focused its brand portfolio (and thus focused its Sales and Marketing Teams) to its key brands, and sold an under-utilized bottling plant.

Given the significant structural changes in the business over this three-year period, the chart above removed the net earnings impact of these events to allow for a proper like-for-like comparison of Corby's remaining core business (denoted in the chart above as "Net earnings adjusted for unusual items and disposed brands").

Net earnings (as adjusted for unusual items and disposed brands) has held strong over the three-year period with a compounded annual growth rate of 4%. When reviewing the three-year period individually, a noticeable increase occurred in 2012 over 2011, and was primarily the result of a strong contribution from the Company's Case Goods business, with additional positive contributions from Corby's representation of PR brands and higher sales of bulk whisky this year versus last.

The three-year review chart also highlights the increased dividends paid to shareholders in 2012 when compared with 2011 and 2010. This year, the Board of Directors amended Corby's dividend policy to increase the regular quarterly dividend amount and also declared a significant special dividend, thus returning significant value to shareholders during the year. The new dividend policy also provided for a new mechanism whereby the greater of 75% of the prior year annual net earnings (or a minimum $0.60 per share) will be paid to shareholders beginning in fiscal 2013. For more information regarding Corby's dividend policy, please refer to the "Significant Events" section of this MD&A.

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

BRAND PERFORMANCE CHART – INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

	Three Months Ended				Year Ended			
Volumes (in 000s of 9L cases)	**June 30, 2012**	June 30, 2011	Shipment % Volume Change	Shipment % Value Change	**June 30, 2012**	June 30, 2011	Shipment % Volume Change	Shipment % Value Change
Brand								
Wiser's Canadian whisky	**189**	203	(7)%	(5)%	**786**	775	1%	3%
Lamb's rum	**126**	114	11%	9%	**564**	549	3%	2%
Polar Ice vodka	**102**	96	6%	10%	**394**	363	9%	12%
Mixable liqueurs	**45**	41	10%	10%	**182**	175	4%	5%
Total key brands	**462**	454	2%	2%	**1,926**	1,862	3%	4%
All other Corby-owned brands	**51**	54	(6)%	(3)%	**225**	230	(2)%	0%
Total Corby brands	**513**	508	1%	2%	**2,151**	2,092	3%	4%
Disposed Brands	**–**	78	(100)%	(100)%	**108**	421	(74)%	(71)%
Total Corby brands including Disposed Brands	**513**	586	(12)%	(8)%	**2,259**	2,513	(10)%	(8)%

Note that the above chart segregates "Disposed Brands" from the other Corby-owned brands. Disposed Brands include brands that are no longer owned by Corby as a result of two sale transactions. Specifically, the Company sold certain non-core brands and the subsidiary that owned the Montréal plant on October 31, 2011 (further described in the "Significant Events" section of this MD&A) and in the prior year the Company sold the Seagram Coolers brand effective March 16, 2011. Shipment information associated with these Disposed Brands has been segregated in an effort to display the non-recurring impact on Corby's shipments, as comparisons with prior periods are otherwise no longer meaningful given that Corby no longer owns these brands. Up until the date of their sale, the Disposed Brands sold in the October 31, 2011 sale transaction were showing a trend of decline of 4% over prior year performance.

From a year-over-year perspective, Corby's brand portfolio (excluding Disposed Brands), saw its shipment performance effectively match that of the overall Canadian spirits market with a 3% increase in volume. In fact, all of Corby's key brands achieved positive shipment volume and shipment value growth when compared against last year's results. Corby's Polar Ice vodka brand led the way with a 9% increase in shipment volumes (+12% in shipment value) on account of successful new market strategies, and changes to the brand's promotional calendar. Wiser's Canadian whisky, Corby's flagship brand, also posted a modest 1% increase in shipment volumes (+3% in shipment value), which exceeded the performance of the Canadian whisky category as a whole. In addition, shipments of Wiser's to the US market were strong, increasing 8% this year versus last. The Brand Performance Chart also confirms a 3% shipment volume increase in Lamb's rum. Lamb's benefited this year from strong international shipments, mostly the result of a changing shipment profile since its international production was moved to a third-party bottler in the UK.

From a quarter-over-quarter perspective, Corby's brand volumes remained relatively consistent with an overall shipment volume increase of 1% and shipment value increase of 2%. As anticipated, fourth-quarter shipments for Wiser's Canadian whisky pulled back on account of changes to the brand's promotional calendar in the current year. However, as previously noted the brand's annual shipment performance exceeded that of the prior year in addition to exceeding the Canadian whisky category as a whole. Lamb's rum continued to benefit from strong international shipments on account of a changing shipment profile since moving production to a third-party bottler in the UK. Polar Ice vodka and the mixable liqueurs brands experienced strong fourth-quarter shipment volume and value primarily due to new promotional activities as well as the launch of new product innovations.

RETAIL VOLUME AND RETAIL VALUE PERFORMANCE

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

RETAIL SALES FOR THE CANADIAN MARKET ONLY(1)

	Three Months Ended				Year Ended			
Volumes (in 000s of 9L cases)	**June 30, 2012**	June 30, 2011	% Retail Volume Change	% Retail Value Change	**June 30, 2012**	June 30, 2011	% Retail Volume Change	% Retail Value Change
Brand								
Wiser's Canadian whisky	**160**	157	2%	5%	**717**	695	3%	4%
Lamb's rum	**100**	102	(2)%	0%	**454**	455	0%	1%
Polar Ice vodka	**75**	74	2%	5%	**350**	321	9%	10%
Mixable liqueurs	**39**	36	9%	8%	**182**	176	3%	3%
Total key brands	**374**	369	1%	4%	**1,703**	1,647	3%	4%
All other Corby-owned brands	**53**	51	4%	3%	**218**	212	3%	3%
Total	**427**	420	2%	4%	**1,921**	1,859	3%	4%

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

In an effort to maintain focus on Corby's continuing business activities and the Company's brand prioritization strategy, brands impacted by the aforementioned sale transactions have been excluded from the above chart.

Overall, the year-over-year performance of Corby-owned brands was relatively consistent with trends seen in the Canadian spirits industry as a whole, with total retail volume increases of 3% and retail value increases of 4%. The Canadian spirits industry saw retail volume and retail value growth of 3% and 5%, respectively, during the same twelve-month period. The year-over-year growth trend currently experienced in the Canadian spirits industry continued to be led by the vodka and rum categories (especially spiced and dark rums), as both categories boasted growth of 4% in retail volume and 5% in retail value. The Canadian whisky category experienced only a modest increase in retail volume growth of just under 1%, while retail value grew 2% this year versus last.

The quarter-over-quarter overall retail trends for Corby-owned brands were relatively consistent with annual results. Polar Ice vodka's retail volume was somewhat less than that of the year-to-date results, and is attributed to changes in timing to the brand's promotional calendar. The Company's mixable liqueur brands benefited from strategic pricing and additional promotional support, in addition to new product innovations.

SUMMARY OF CORBY'S KEY BRANDS

Wiser's Canadian Whisky

On an annual basis, Corby's flagship brand, Wiser's Canadian whisky, continued to gain market share from both a retail volume and retail value perspective, at the expense of its direct competitors in Canada. Specifically, the brand had retail volume growth of 3% and retail value growth of 4% compared to its category, which showed 1% volume growth and 2% value growth during the same annual period. During the quarter, the brand continued to show strong performance against the market category with retail volume and retail value growth of 2% and 5%, respectively, whereas the Canadian whisky category was flat for volume and showed retail value growth of 2% compared to the same three-month period in the prior year. This year, the Company continued to build upon the brand's popular and award winning *Welcome to the Wiserhood* television campaign, as it launched new versions of its popular television commercials.

Lamb's Rum

Lamb's rum, one of the top-selling rum families in Canada, saw its retail volumes hold steady this year versus last, while retail volumes for the rum category in Canada increased 4%. The growth in the rum category has been entirely driven by the growth in spiced and dark rum categories, while consumer consumption of white rum has been experiencing declines (-2% on a year-over-year comparison basis). The Lamb's rum family has a significant amount of its volume weighted in white rum, and its performance is reflective of the decline in the category. However, compared to the white rum category, Lamb's rum is performing slightly ahead of the market. Corby continued to invest behind the brand this year as it launched a new campaign entitled *Lamb's Nation*, which is focused in its key markets of Newfoundland and Labrador.

Polar Ice Vodka

Polar Ice vodka is among the top three largest vodka brands in Canada. As a result of achieving considerable growth in the first and second quarters, the brand's year-over-year growth trend (+9% retail volume, +10% retail value) continued to significantly outpace the vodka category in Canada, which was +4% for volume and +6% for value when compared to the prior year. Aggressive investment in key markets, specifically BC and Alberta, supported with an outdoor *Canada's Vodka* media campaign and strategic pricing were key reasons that consumers have re-engaged with the brand. As well, the Company recently introduced Polar Ice Cube, a new ready-to-drink innovation for the brand.

Mixable Liqueurs

Corby's portfolio of mixable liqueur brands consists of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family) and Meaghers liqueurs. Retail value and volumes for Corby's mixable liqueurs portfolio grew 3% during the year when compared to last year, while the category as a whole grew at only 1% over prior year retail volumes. During the quarter, Corby brands experienced heavy retail sales as a result of strategic pricing and promotional activity. Specifically, Corby's mixable liqueur brands grew 9% for volume and 8% for value while the category shows growth of 5% in volume and value over the same three-month period. Corby recently launched McGuinness Ice Storm, a unique liqueur innovation which has been well received by consumers across Canada.

Other Corby-Owned Brands

Royal Reserve, a Canadian whisky, is the most significant brand in this grouping and achieved growth of 3% in both retail volume and retail value compared to last year. On a quarterly basis the brand's retail sales grew 4% when compared to the same quarter last year. The brand's performance exceeded its Canadian whisky category in Canada on both a year-to-date and quarter-over-quarter basis.

FINANCIAL AND OPERATING RESULTS

The following table presents a summary of certain selected consolidated financial information of the Company for the years ended June 30, 2012 and 2011.

(in millions of Canadian dollars, except per share amounts)	2012	2011[1]	$ Change	% Change
Revenue	**$ 146.7**	$ 159.6	$ (12.9)	(8)%
Cost of sales	**(60.9)**	(70.5)	9.6	(14)%
Marketing, sales and administration	**(48.7)**	(46.6)	(2.1)	4%
Disposal transactions	**21.5**	(2.2)	23.7	n/a
Other income (expense)	**0.2**	0.3	(0.1)	(33)%
Earnings from operations	**58.8**	40.5	18.4	45%
Financial income	**2.0**	1.3	0.7	50%
Financial expenses	**(0.6)**	(0.9)	0.3	(35)%
Net financial income	**1.4**	0.4	1.0	256%
Earnings before income taxes	**60.2**	40.8	19.4	47%
Income taxes	**(14.2)**	(12.0)	(2.2)	19%
Net earnings	**$ 46.0**	$ 28.9	$ 17.1	59%
Per common share				
– Basic net earnings	**$ 1.62**	$ 1.01	$ 0.61	60%
– Diluted net earnings	**$ 1.62**	$ 1.01	$ 0.61	60%

[1] *In preparing the comparative information, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. See Note 32 to the consolidated financial statements for an explanation of the transition to IFRS.*

OVERALL FINANCIAL RESULTS

Financial results were substantially impacted by three factors:

1. The gain on sale of certain non-core brands and the subsidiary that owned the manufacturing plant on October 31, 2011. An after-tax gain on sale of $17.7 million was recognized in the fiscal 2012 financial results. Please refer to the "Significant Events" section of this MD&A for further details regarding the sale transaction.
2. The reduction of earnings resulting from the aforementioned October 31, 2011 sale transaction, as from November 1, 2011 onward, Corby's results no longer include earnings associated with the brands and manufacturing facility sold. However, the comparative periods will include the financial results of those brands for the full period, given the Company's ownership of the brands at that time.
3. The sale of the Company's formerly owned Seagram Coolers brand, which occurred on March 16, 2011. There are no earnings associated with this brand in fiscal 2012; however, the comparative period includes the financial results of this brand given the Company's ownership at that time.

In order to effectively assess Corby's current year's results against those of the prior year, the impact of the aforementioned three factors has been removed from the discussion, where noted.

As noted in the Financial and Operating Results chart, the Company's net earnings increased $17.1 million for the year ended June 31, 2012 compared to 2011. After removing the impacts of the aforementioned three factors, net earnings increased 11%, when compared to last year. Earnings per share increases mirror these results on the same comparative basis.

These increases were primarily the result of having higher case good sales (driven by Polar Ice vodka and Wiser's in Canada), increased bulk whisky sales activity, increased interest income earned on cash deposits, and lastly, the impact of having lower statutory corporate tax rates this year versus last year. The aforementioned growth in earnings was partially offset by increased selling and administrative costs and higher advertising and promotional investment in the Company's key brands.

REVENUE

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

(in millions of Canadian dollars)	2012	2011	$ Change	% Change
Revenue streams:				
Case goods (excluding Disposed Brands)	**$ 107.9**	$ 105.1	$ 2.8	3%
Commissions	**16.3**	15.2	1.1	7%
Other services	**9.4**	4.7	4.7	100%
Revenue, excluding Disposed Brands	**133.6**	125.0	8.6	7%
Disposed Brands	**13.1**	34.6	(21.5)	(62)%
Revenue	**$ 146.7**	$ 159.6	$ (12.9)	(8)%

Removing the impact of the aforementioned sale transactions (which are denoted in the above chart as "Disposed Brands"), revenue from the remaining Corby brand portfolio and other business activities increased 7% compared to the prior year.

The increase in Case Goods revenue is driven by new pricing strategies and refocused promotional activities for certain key brands, notably Polar Ice vodka and Wiser's Canadian whisky. Case Goods revenue also benefited from the impact of general price increases across most of Corby's brand portfolio in Canada. Commission income also increased on a year-over-year comparative basis and reflects the strong performance from Corby's international brand portfolio, including ABSOLUT vodka and Jameson Irish whiskey. Corby's portfolio of represented wine brands also experienced strong growth during 2012. Other services primarily include revenue ancillary to the sale of Case Goods, such as logistics fees and miscellaneous bulk spirit sales. The increase in other services is almost entirely the result of having a higher volume of bulk whisky sales to a former contract bottling customer; these sales are currently not expected to continue past December 31, 2012.

COST OF SALES

Cost of sales was $60.9 million, representing a decrease of 14%, or $9.6 million on an annual basis. The decrease in cost of sales is mostly the result of the aforementioned disposal transactions, as the Company no longer incurred production costs associated with the disposed brands and bottling facility. Gross margin for the year was 53.3% versus 51.1% last year (note: commissions are not included in this calculation). The improvement in gross margin is also a result of the two disposal transactions (i.e., sale of the Montréal plant and certain non-core brands as of October 31, 2011, and the sale of the Seagram Coolers brand in March 2011). The revenues derived from the formerly owned brands and bottling facility generated significantly less margin than Corby's remaining Case Goods business.

MARKETING, SALES AND ADMINISTRATION

Marketing, sales and administration expenses were $48.7 million for the year ended June 30, 2012, an increase of 4% or $2.1 million compared to the prior year. A significant portion of the increase relates to a project the Company has undertaken to improve its route to market and transform its sales and trade-marketing organization in Canada. Additionally, the increase reflects year-over-year increases associated with headcount and other related costs.

OTHER INCOME AND EXPENSES

Other income and expenses include such items as realized foreign exchange gains and losses, gains on sale of property and equipment, and amortization of actuarial gains and losses related to the Company's pension and post-retirement benefit plans. The balances comprising this account were 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. The increased net financial income is primarily the result of increased market interest rates applicable to the Company's cash deposits in addition to having higher average amounts of cash on deposit.

INCOME TAXES

Income tax expense for the year was $14.2 million as compared to $12.0 million last year. The effective tax rate for the year is substantially impacted by the sale of the Montréal plant and the non-core brands, which resulted in a tax impact of $3.9 million. Partially offsetting this increase are tax savings as a result of previously announced reductions in statutory income tax rates. Both the Canadian federal and Ontario provincial governments enacted reductions to corporate taxation rates.

	2012	2011
Combined basic Federal and Provincial tax rates	**27%**	29%
Net capital gain on disposal of plant and non-core brands	**(4)%**	0%
Other	**1%**	0%
Effective tax rate	**24%**	29%

LIQUIDITY AND CAPITAL RESOURCES

Corby's sources of liquidity are its deposits in cash management pools of $110.1 million as at June 30, 2012, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities and income and other taxes payable balances, which totalled $26.1 million as at June 30, 2012, 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 also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at June 30, 2012, certain of the Company's defined benefit pension plans were in a deficit position. Of those plans in a funded deficit position, the unfunded accrued benefit obligation totalled $4.3 million.

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

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. Nonetheless, pension fund assets are not immune to market fluctuations and, as a result, the Company may be required to make additional cash contributions in the future. For more information regarding Corby's employee future benefit plans, please refer to Note 15 to the consolidated financial statements.

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

CASH FLOWS

(in millions of Canadian dollars)	2012	2011	Change
Operating activities			
Net earnings, adjusted for non-cash items	**$ 40.2**	$ 46.6	$ (6.4)
Net change in non-cash working capital	**13.6**	(1.0)	14.6
Net payments for interest and income taxes	**(7.5)**	(10.3)	2.8
	46.3	35.3	11.0
Investing activities			
Additions to property and equipment	**(1.6)**	(2.3)	0.7
Proceeds from disposition of property and equipment	**0.3**	0.1	0.2
Proceeds from sale of plant and brands	**37.4**	4.8	32.6
Deposits in cash management pools	**(13.5)**	(22.0)	8.5
	22.6	(19.4)	42.0
Financing activities			
Proceeds from note receivable	**0.6**	–	0.6
Dividends paid	**(69.5)**	(15.9)	(53.6)
	(68.9)	(15.9)	(53.0)
Net change in cash	**$ –**	$ –	$ –

OPERATING ACTIVITIES

On an annual basis, net cash from operating activities was $46.3 million compared to $35.3 million in the prior year, representing an increase of $11.0 million. Cash flows from operating activities have been significantly impacted by the previously mentioned sale of the Montréal plant and non-core brands. Reduced net earnings, adjusted for non-cash items, have been offset by lower inventory and accounts receivable levels driven by the Disposed Brands. Further, cash flows from operating activities have benefited from lower levels of maturing inventories compared to the prior year due to bulk whisky sales and lower tax payments.

INVESTING ACTIVITIES

Cash from investing activities increased $42.0 million this year compared to last year. The year-over-year change in cash from investing activities was primarily impacted by the Disposal Transactions and changes to the amount deposited in cash management pools. The change in cash associated with the Disposal Transactions reflects the difference in proceeds received from the sale of the Montréal plant and non-core brands completed in 2012 versus the proceeds received from the sale of the Seagram Coolers brand completed in 2011.

Changes in the amount deposited in cash management pools is dependent on how much cash is available after operating, other investing, and financing activities are completed. In the current year, less cash was deposited primarily due to the higher amount of dividends paid, partially offset by cash generated from operating activities and proceeds received from the sale of the Montréal plant and non-core brands.

Deposits made to cash management pools represent cash on deposit with The Bank of Nova Scotia via Corby's Mirror Netting Service Agreement with PR. Corby has daily access to these funds and earns a market rate of interest from PR on its deposits. For more information related to these deposits, please refer to the "Related Party Transactions" section of this MD&A.

FINANCING ACTIVITIES

Cash used for financing activities totals $68.9 million for the year and primarily represented the payment of dividends to shareholders. Also included in this balance are proceeds received from the long-term note receivable paid to the Company during the year. Dividend payments increased over the prior year due to a special dividend of $1.85 per share and changes to the dividend policy which increased regular quarterly dividends to $0.15 per share from $0.14 per share effective November 9, 2011. The payment of these dividends is in accordance with the Company's stated dividend policy.

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
2012 – Q4	August 29, 2012	September 15, 2012	September 30, 2012	$ 0.15
2012 – Q3	May 10, 2012	May 31, 2012	June 15, 2012	0.15
2012 – Q2	February 8, 2012	February 29, 2012	March 15, 2012	0.15
2012 – special	November 9, 2011 (special dividend)	December 15, 2011	January 3, 2012	1.85
2012 – Q1	November 9, 2011	November 30, 2011	December 15, 2011	0.15
2011 – Q4	August 24, 2011	September 15, 2011	September 30, 2011	0.14
2011 – Q3	May 11, 2011	May 31, 2011	June 15, 2011	0.14
2011 – Q2	February 9, 2011	February 28, 2011	March 15, 2011	0.14
2011 – Q1	November 10, 2010	November 30, 2010	December 15, 2010	0.14

OUTSTANDING SHARE DATA

As at August 28, 2012, Corby had 24,274,320 Voting Class A Common Shares and 4,194,536 Non-Voting Class B Common Shares outstanding. The Company does not have a stock option plan, and therefore, there are no options outstanding.

CONTRACTUAL OBLIGATIONS

The following table presents a summary of the maturity periods of the Company's contractual obligations as at June 30, 2012:

	Payments During 2013	Payments Due in 2014 and 2015	Payments Due in 2016 and 2017	Payments Due After 2017	Obligations With No Fixed Maturity	Total
Operating lease obligations	$ 1.8	$ 2.9	$ 1.6	$ 0.8	$ –	$ 7.1
Employee benefits	–	–	–	–	20.9	20.9
	$ 1.8	$ 2.9	$ 1.6	$ 0.8	$ 20.9	$ 28.0

Operating lease obligations represent future minimum payments under long-term operating leases for premises and office equipment as at June 30, 2012. Employee benefits represent the Company's unfunded pension and other post-retirement benefit plan obligations as at June 30, 2012. For further information regarding Corby's employee future benefit plans, please refer to Note 15 to the audited consolidated financial statements.

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.

The companies operate under the terms of agreements that became effective on September 29, 2006. These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for 15 years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for 10 years. Corby also manages PR's business interests in Canada, including the Windsor production facility. Certain officers of Corby have been appointed as directors and officers of PR's Canadian entities, as approved by Corby's Board of Directors.

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

DEPOSITS IN CASH MANAGEMENT POOLS

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement, together with PR's other Canadian affiliates, the terms of which are administered by The Bank of Nova Scotia. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 28, 2012, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day LIBOR rate plus 0.40%.

Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

RESULTS OF OPERATIONS – FOURTH QUARTER OF FISCAL 2012

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2012 and 2011:

	Three Months Ended			
(in millions of Canadian dollars, except per share amounts)	**June 30, 2012**	June 30, 2011[1]	$ Change	% Change
Revenue	**$ 32.4**	$ 40.1	$ (7.7)	(19)%
Cost of sales	**(13.0)**	(17.7)	4.7	(27)%
Marketing, sales and administration	**(12.8)**	(12.6)	(0.2)	2%
Other income (expense)	**–**	(0.4)	0.4	(100)%
Earnings from operations	**6.6**	9.4	(2.8)	(30)%
Financial income	**0.4**	0.4	–	0%
Financial expenses	**(0.1)**	(0.2)	0.1	(50)%
Net financial income	**0.3**	0.2	0.1	50%
Earnings before income taxes	**6.9**	9.6	(2.7)	(28)%
Income taxes	**(2.0)**	(2.8)	0.8	(29)%
Net earnings	**$ 4.9**	$ 6.8	$ (1.9)	(28)%
Per common share				
– Basic net earnings	**$ 0.17**	$ 0.24	$ (0.07)	(28)%
– Diluted net earnings	**$ 0.17**	$ 0.24	$ (0.07)	(28)%

(1) *In preparing the comparative information, the Company has adjusted amounts previously reported in financial statements prepared in accordance with Canadian GAAP. See Note 32 to the consolidated financial statements for an explanation of the transition to IFRS.*

The financial results for the quarter have been substantially impacted by the sale of certain non-core brands and the subsidiary that owned the Montréal plant in October 2011. The following discussion identifies the impact of this transaction in order to facilitate comparison with the prior year quarter, where noted.

REVENUE

The following table highlights the various components of the Company's revenue streams for the quarter:

(in millions of Canadian dollars)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	$ Change	% Change
Revenue streams:				
Case goods (excluding Disposed Brands)	$ **25.9**	$ 26.3	$ (0.4)	(2)%
Commissions	**4.0**	3.8	0.2	5%
Other services	**2.5**	1.3	1.2	92%
Revenue, excluding Disposed Brands	**32.4**	31.4	1.0	3%
Disposed Brands	**–**	8.7	(8.7)	(100)%
Revenue	$ **32.4**	$ 40.1	$ (7.7)	(19)%

Excluding the impact of Disposed Brands, like-for-like revenues increased 3% quarter over quarter, or $1.0 million. While Case Goods experienced a 2% increase in shipment value (as previously discussed in the "Brand Performance Review" section), these sales were offset by increased promotional investment behind key brands as accounting rules require certain types of promotional expenses to be reported net of revenues. As a result, the increase in revenue this quarter versus the same quarter last year was mostly derived from the Company's other activities, which are predominantly comprised of bulk whisky sales to a former contract bottling customer. Note that these bulk whisky sales are not expected to continue past December 2012.

COST OF SALES

Cost of goods sold is significantly lower this quarter due to the reduced Case Goods volume as a result of the aforementioned sale transaction (i.e., Disposed Brands). Gross margin was 54.1% this quarter compared to 51.4% for the same quarter last year (note: commissions are not included in this calculation). The substantial increase in gross margin this quarter is a direct result of the aforementioned disposal transaction. The revenue derived from Disposed Brands and the Montréal bottling facility generated significantly less margin than Corby's remaining business.

NET EARNINGS AND EARNINGS PER SHARE

Net earnings for the fourth quarter were $4.9 million, or $0.17 per share, which is a decrease from the same quarter last year of $1.9 million. Removing the impact of Disposed Brands, net earnings on a like-for-like comparison basis decreased $0.2 million when compared to the same quarter last year.

SELECTED QUARTERLY INFORMATION

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in millions of Canadian dollars, except per share amounts)	**Q4 2012**	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	$ **32.4**	$ 29.2	$ 40.9	$ 44.2	$ 40.1	$ 32.4	$ 45.5	$ 41.6
Earnings from operations	**6.6**	6.1	33.6	12.6	9.4	4.3	13.7	13.1
Net earnings, excluding undernoted items[1]	**4.9**	4.6	9.0	9.9	6.8	3.1	9.8	9.2
Net earnings	**4.9**	4.6	27.1	9.5	6.8	4.8	9.8	9.2
Basic EPS	**0.17**	0.16	0.95	0.33	0.24	0.11	0.34	0.32
Diluted EPS	**0.17**	0.16	0.95	0.33	0.24	0.11	0.34	0.32

(1) *Net earnings have been adjusted for the net after-tax gain on the sale of plant and brands of $17.7 million in the current year and for the net after-tax loss on the sale of Seagram Coolers of $1.7 million in 2011.*

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

Also highlighted in the chart is the effect the aforementioned sale transactions (i.e., the sale of certain non-core brands and the subsidiary that owned the Montréal plant in Q2 2012, and the sale of the Seagram Coolers brand in Q3 2011) had on the quarterly results. Specifically, on a quarter-over-quarter comparative basis, revenues for Q4 2012 are lower by $7.7 million compared to Q4 2011 due to these aforementioned changes to the Company's brand portfolio. Removing the impact of the aforementioned sale transactions, revenue from the remaining Corby brand portfolio and other business activities increased 3% for the quarter when compared with the same period in the prior year. In addition, the Company's net earnings were impacted by the gain on the sale of the Montréal plant and non-core brands in the amount of $18.1 million in the second quarter for 2012. The third quarter of 2011 was impacted by a loss on the sale of the Seagram Coolers brand in the amount of $1.7 million.

For further information regarding these sale transactions please refer to Note 19 to the audited consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

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

The Company's significant accounting policies are discussed in Note 3 to the consolidated financial statements. The following accounting policies incorporate a higher degree of judgment and/or complexity and, accordingly, are considered to be critical accounting policies.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

The Company records as goodwill the excess amount of the purchase price of an acquired business over the fair value of the underlying net assets, including intangible assets, at the date of acquisition. Indefinite-lived intangible assets represent the value of trademarks and licences acquired. Goodwill and indefinite-lived intangible assets account for $15.1 million of the Company's total assets. These balances are evaluated annually for impairment. The process of evaluating these items for impairment involves the determination of fair value. Inherent in such fair value determinations are certain 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 a result of changes in the business strategies and outlook of the Company.

An impairment loss would be recognized to the extent that the carrying value of the goodwill or trademarks and licences exceeds the implied fair value. Any impairment would result in a reduction in the carrying value of these items on the consolidated balance sheets of the Company and the recognition of a non-cash impairment charge in net earnings. Based on analyses performed, the Company has not identified any impairment.

EMPLOYEE FUTURE BENEFITS

The cost and accrued benefit plan obligations of the Company's defined benefit pension plans and its other post-retirement benefit plan are accrued based on actuarial valuations that are dependent upon assumptions determined by management. These assumptions include the discount rate, the expected long-term rate of return on plan assets, the rate of compensation increases, retirement ages, mortality rates and the expected inflation rate of health care costs. These assumptions are reviewed annually by the Company's management and its actuary. These assumptions may change in the future and may have a material impact on the accrued benefit obligations of the Company and the cost of these plans, which is reflected in the Company's consolidated statement of earnings. In addition, the actual rate of return on plan assets and changes in interest rates could result in changes in the Company's funding requirements for its defined benefit pension plans. See Note 15 to the consolidated financial statements for detailed information regarding the major assumptions utilized.

INCOME AND OTHER TAXES

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

NEW ACCOUNTING PRONOUNCEMENTS

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has adopted International Financial Reporting Standards ("IFRS") for its fiscal year ended June 30, 2012 as required by the Accounting Standards Board of the Canadian Institute of Chartered Accountants.

The Company has provided a detailed explanation of the impacts of this transition in Note 32 to the Company's consolidated financial statements ("Note 32"). Note 32 includes reconciliations of the Company's balance sheet and shareholders' equity from previous Canadian GAAP to IFRS as at June 30, 2011 and July 1, 2010, and its net earnings and comprehensive income for the year ended June 30, 2011. Explanations of the individual impacts of adopting IFRS identified in the reconciliations are also provided, as are the Company's elections under IFRS 1 "First-time Adoption of International Financial Reporting Standards".

FUTURE ACCOUNTING STANDARDS

(i) Deferred Taxes – Recovery of Underlying Assets

The International Accounting Standards Board ("IASB") has issued an amendment to IAS 12, "Income Taxes" ("IAS 12 amendment"), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. Corby does not anticipate the implementation of this amendment to have a significant impact on its results of operations, financial position and disclosures.

(ii) Presentation of Financial Statements

On June 16, 2011 the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements. A requirement has been added to present items in OCI grouped on the basis of whether they may be subsequently reclassified to earnings in order to more clearly show the effect the items of OCI may have on future earnings. The amendments are effective for annual periods beginning on or after July 1, 2012. As the amendments only relate to presentation, Corby's results of operations and financial position will not be impacted. Further, Corby does not anticipate the amendment will have a significant impact on disclosure.

(iii) Consolidated Financial Statements

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

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

(iv) Fair Value Measurement

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

(v) Employee Benefits

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

(vi) Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. This standard becomes effective for fiscal years beginning on or after January 1, 2015. For Corby, this standard will become effective July 1, 2015. The Company is currently assessing the impact of the new standard on its results of operations, financial position and disclosures.

DISCLOSURE CONTROLS AND PROCEDURES

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

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109) as at June 30, 2012, and has concluded that such disclosure controls and procedures are effective based upon such evaluation.

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.

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting as at June 30, 2012, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission.

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

RISKS AND RISK MANAGEMENT

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

INDUSTRY AND REGULATORY

The beverage alcohol industry in Canada is subject to government policy, extensive regulatory requirements and significant rates of taxation at both the federal and provincial levels. As a result, changes in the government policy, regulatory and/or taxation environments within the beverage alcohol industry may affect Corby's business operations, causing changes in market dynamics or changes in consumer consumption patterns. In addition, the Company's provincial LB customers have the ability to mandate changes that can lead to increased costs, as well as other factors that may impact financial results.

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

CONSUMER CONSUMPTION PATTERNS

Beverage alcohol companies are susceptible to risks relating to changes in consumer consumption patterns. Consumer consumption patterns are affected by many external influences, not the least of which is the economic outlook and overall consumer confidence in the stability of the economy as a whole. Corby offers a diverse portfolio of products across all major spirits categories and at various price points, which complements consumer desires and offers exciting innovation.

DISTRIBUTION/SUPPLY CHAIN INTERRUPTION

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

Supply chain interruptions, including a manufacturing or inventory disruption, could impact product quality and availability. The Company adheres to a comprehensive suite of quality programs and proactively manages production and supply chains to mitigate any potential risk to consumer safety or Corby's reputation and profitability.

ENVIRONMENTAL COMPLIANCE

Environmental liabilities may potentially arise when companies are in the business of manufacturing products and, thus, required to handle potentially hazardous materials. As Corby outsources 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 experienced a significant amount of consolidation. Industry consolidation can have varying degrees of impact and, in some cases, may even create exceptional opportunities. Either way, management believes that the Company is well positioned to deal with this or other changes to the competitive landscape in Canada.

COMPETITION

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

CREDIT RISK

Credit risk arises from deposits in cash management pools held with PR via Corby's participation in the Mirror Netting Service Agreement (as previously described in the "Related Party Transactions" section of this MD&A), as well as credit exposure to customers, including outstanding accounts and note receivable. The maximum exposure to credit risk is equal to the carrying value of the Company's financial assets. The objective of managing counter-party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of its counter-parties, taking into account their financial position, past experience and other factors. As the large majority of Corby's accounts receivable balances are collectable from government-controlled 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 program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

EXPOSURE TO COMMODITY PRICE FLUCTUATIONS

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

FOREIGN CURRENCY EXCHANGE RISK

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

USD Exposure

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

GBP Exposure

As a result of the relocation of its Lamb's international production from Canada to the UK (transition completed in Q1 2012), the Company's exposure to fluctuations in the value of the GBP relative to the CAD has been significantly reduced as both sales and cost of production are now 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 80% 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 June 30, 2012		
Associated Brand	Associated Market	Goodwill	Intangibles	Total
Various PR brands	Canada	$ –	$ 42.0	$ 42.0
Lamb's rum	United Kingdom[1]	1.4	11.8	13.2
Corby domestic brands	Canada	1.9	–	1.9
		$ 3.3	$ 53.8	$ 57.1

[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 15 of the consolidated financial statements for the year ended June 30, 2012.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Corby Distilleries Limited (the "Company") were prepared by management in accordance with International Financial Reporting Standards. The significant accounting policies, which management believes are appropriate for the Company, are described in the accompanying notes to the consolidated financial statements. The financial information contained elsewhere in this annual report is consistent with that in the consolidated financial statements.

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

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

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

R. Patrick O'Driscoll
President & Chief Executive Officer

John K. Leburn
Vice-President & Chief Financial Officer

August 28, 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Corby Distilleries Limited

We have audited the accompanying consolidated financial statements of Corby Distilleries Limited, which comprise the consolidated balance sheets as at June 30, 2012, June 30, 2011 and July 1, 2010, and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the years ended June 30, 2012 and June 30, 2011, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corby Distilleries Limited as at June 30, 2012, June 30, 2011 and July 1, 2010, and its financial performance and its cash flows for the years ended June 30, 2012 and June 30, 2011 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP.

Chartered Accountants
Licensed Public Accountants
August 28, 2012

CONSOLIDATED BALANCE SHEETS

As at June 30, 2012, June 30, 2011 and July 1, 2010 (in thousands of Canadian dollars)	Note	**June 30, 2012**	June 30, 2011[1]	July 1, 2010[1]
ASSETS				
Deposits in cash management pools		**$ 110,113**	$ 96,636	$ 74,685
Accounts receivable	6	**28,611**	31,005	28,340
Income and other taxes recoverable		**–**	–	1,070
Inventories	7	**47,760**	59,654	60,502
Prepaid expenses		**555**	1,731	1,551
Current portion of note receivable	8	**600**	600	–
Total current assets		**187,639**	189,626	166,148
Note receivable	8	**1,200**	1,800	–
Deferred income taxes	16	**–**	256	–
Property and equipment	9	**7,524**	15,646	15,238
Goodwill	10	**3,278**	5,886	6,857
Intangible assets	11	**53,771**	58,302	70,571
Total assets		**$ 253,412**	$ 271,516	$ 258,814
LIABILITIES				
Accounts payable and accrued liabilities	13	**$ 22,400**	$ 19,492	$ 18,285
Income and other taxes payable		**3,656**	115	–
Total current liabilities		**26,056**	19,607	18,285
Provision for pensions	15	**10,550**	12,670	14,175
Deferred income taxes	16	**983**	–	41
Total liabilities		**37,589**	32,277	32,501
Shareholders' equity				
Share capital	17	**14,304**	14,304	14,304
Retained earnings		**201,519**	224,935	212,009
Total shareholders' equity		**215,823**	239,239	226,313
Total liabilities and shareholders' equity		**$ 253,412**	$ 271,516	$ 258,814

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 32 to these consolidated financial statements for an explanation of the transition to IFRS.*

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

Approved by the Board of Directors

George F. McCarthy
Director

Robert L. Llewellyn
Director

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended June 30, 2012 and 2011 (in thousands of Canadian dollars, except per share amounts)	Note	2012	2011[1]
Revenue	18	**$ 146,746**	$ 159,566
Cost of sales		**(60,885)**	(70,541)
Marketing, sales and administration		**(48,744)**	(46,635)
Disposal transactions	19	**21,532**	(2,233)
Other income and expenses	20	**202**	299
Earnings from operations		**58,851**	40,456
Financial income		**1,963**	1,308
Financial expenses		**(612)**	(925)
Net financial income	21	**1,351**	383
Earnings before income taxes		**60,202**	40,839
Current income taxes		**(12,915)**	(12,266)
Deferred income taxes		**(1,239)**	297
Income taxes	16	**(14,154)**	(11,969)
Net earnings		**$ 46,048**	$ 28,870
Basic earnings per share	24	**$ 1.62**	$ 1.01
Diluted earnings per share	24	**$ 1.62**	$ 1.01
Weighted average common shares outstanding			
Basic		**28,468,856**	28,468,856
Diluted		**28,468,856**	28,468,856

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 32 to these consolidated financial statements for an explanation of the transition to IFRS.*

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended June 30, 2012 and 2011 (in thousands of Canadian dollars)	2012	2011[1]
Net earnings	**$ 46,048**	$ 28,870
Other comprehensive income	**–**	–
Total comprehensive income	**$ 46,048**	$ 28,870

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 32 to these consolidated financial statements for an explanation of the transition to IFRS.*

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended June 30, 2012 and 2011 (in thousands of Canadian dollars)	Note	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance as at July 1, 2011		$ 14,304	$ –	$ 224,935	$ 239,239
Net earnings		–	–	46,048	46,048
Other comprehensive income		–	–	–	–
Dividends	26	–	–	(69,464)	(69,464)
Balance as at June 30, 2012		**$ 14,304**	**$ –**	**$ 201,519**	**$ 215,823**
Balance as at July 1, 2010[1]		$ 14,304	$ –	$ 212,009	$ 226,313
Net earnings		–	–	28,870	28,870
Other comprehensive income		–	–	–	–
Dividends		–	–	(15,944)	(15,944)
Balance as at June 30, 2011[1]		$ 14,304	$ –	$ 224,935	$ 239,239

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 32 to these consolidated financial statements for an explanation of the transition to IFRS.*

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

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended June 30, 2012 and 2011 (in thousands of Canadian dollars)	Note	2012	2011[1]
Operating activities			
Net earnings		**$ 46,048**	$ 28,870
Adjustments for:			
Amortization and depreciation	22	**5,688**	6,224
Net financial income	21	**(1,351)**	(383)
Disposal transactions	19	**(21,532)**	2,233
(Gain) loss on disposal of property and equipment		**(175)**	52
Income tax expense	16	**14,154**	11,969
Provision for pensions		**(2,674)**	(2,410)
		40,158	46,555
Net change in non-cash working capital balances	25	**13,613**	(957)
Interest received		**1,797**	1,288
Income taxes paid		**(9,290)**	(11,536)
Net cash from operating activities		**46,278**	35,350
Investing activities			
Additions to property and equipment	9	**(1,648)**	(2,288)
Net proceeds on disposal transactions	19	**37,376**	4,756
Proceeds from disposition of property and equipment		**335**	77
Deposits in cash management pools		**(13,477)**	(21,951)
Net cash from (used in) investing activities		**22,586**	(19,406)
Financing activities			
Proceeds from note receivable	8	**600**	–
Dividends paid	26	**(69,464)**	(15,944)
Net cash used in financing activities		**(68,864)**	(15,944)
Net change in cash		**–**	–
Cash, beginning of period		**–**	–
Cash, end of period		**$ –**	$ –

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). See Note 32 to these consolidated financial statements for an explanation of the transition to IFRS.*

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

1. GENERAL INFORMATION

Corby Distilleries 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 earning commissions from the representation of selected non-owned brands in the Canadian marketplace. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada.

Corby is controlled by Hiram Walker & Sons Limited ("HWSL"), which is a wholly-owned subsidiary of Pernod Ricard S.A. ("PR"), a French public limited company that owned 51.6% of the outstanding Voting Class A Common Shares of Corby as at June 30, 2012.

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

2. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and using the accounting policies described herein.

These are the Company's first annual consolidated financial statements reported under IFRS for the year ended June 30, 2012 with comparatives for the year ended June 30, 2011. IFRS 1, "First-time Adoption of IFRS" ("IFRS 1") has been applied in the preparation of these financial statements. Consolidated financial statements of the Company had been prepared under previous Canadian Generally Accepted Accounting Principles ("Canadian GAAP"), which differs in certain respects from IFRS. When preparing the Company's 2011 consolidated financial statements as presented here, management has amended certain of the Company's previous accounting methods in order to comply with IFRS. The comparative consolidated financial statements presented reflect the adoption of IFRS.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the reported financial position, financial performance and cash flows of the Company, including the mandatory exceptions and optional exemptions under IFRS, is provided in Note 32 to these consolidated financial statements.

These consolidated financial statements were approved by the Company's Board of Directors on August 28, 2012.

FUNCTIONAL AND PRESENTATION CURRENCY

The Company's 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 dominated in foreign currencies are translated at the exchange rate applying at the balance sheet date. Foreign currency differences related to operating activities are recognized in earnings from operations for the period; foreign currency differences related to financing activities are recognized within net financial income.

BASIS OF MEASUREMENT

These 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.

USE OF ESTIMATES AND JUDGMENTS

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

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

The Company has applied judgment in its 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 judgment 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. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF CONSOLIDATION

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

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

DEPOSITS IN CASH MANAGEMENT POOLS

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

Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

INVENTORIES

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

PROPERTY AND EQUIPMENT

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

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

The range of depreciable lives for the major categories of property and equipment are as follows:

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

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

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

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

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

LEASES

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

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

GOODWILL

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

As described in Note 32, as part of its transition to IFRS, the Company elected to apply IFRS 3, "Business Combinations" ("IFRS 3"), only to those business combinations that occurred on or after July 1, 2010. In respect of acquisitions prior to July 1, 2010, goodwill represents the amount recognized under Canadian GAAP.

Goodwill is measured at cost less any accumulated impairment losses.

INTANGIBLE ASSETS

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

(i) Long-Term Representation Rights

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

(ii) Trademarks and Licences

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

IMPAIRMENT

(i) Financial Assets

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

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

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

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

All impairment losses are recognized in net earnings.

(ii) Non-financial Assets

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

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

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

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

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

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

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

PROVISIONS

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

PROVISIONS FOR PENSIONS

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

(i) Defined Benefit Plans

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

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

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

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

(ii) Defined Contributions Plans

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

INCOME TAXES

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

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

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

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

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

REVENUE RECOGNITION

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

(i) Costs of Services Rendered in Connection with Sales

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

(ii) Commissions

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

(iii) Interest

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

STOCK-BASED COMPENSATION PLANS

The Company utilizes a Restricted Share Units Plan as its long-term incentive plan. Through this plan, restricted share units ("RSUs") will be granted to certain officers and employees at a grant price equal to the market closing price of the Company's Voting Class A Common Shares on the last day prior to grant. RSUs vest at the end of a three-year term, subject to the achievement of pre-determined corporate performance targets. The related compensation expense is recognized over this period.

Unvested RSUs will attract dividend-equivalent units whenever dividends are paid on the Voting Class A Common Shares of the Company and will be immediately reinvested into additional RSUs, which will vest and become payable at the end of the three-year vesting period, subject to the same performance conditions as the original RSU award. On the date of vesting, the holder will be entitled to the cash value of the number of RSUs granted, plus any RSUs received from reinvested dividend-equivalents. RSUs do not entitle participants to acquire any rights or entitlements as a shareholder of the Company.

EARNINGS PER COMMON SHARE

The Company presents basic and diluted earnings per share ("EPS") amounts for its common shares. Basic and diluted EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Dilutive EPS is calculated by adjusting the net income attributable to shareholders and the weighted average number of shares outstanding for the effect of potentially dilutive shares. There are no potentially dilutive shares as at June 30, 2012.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

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

Financial Asset/Liability	Category	Measurement
Deposits in cash management pools	Loans and receivables	Amortized cost
Accounts receivable and note receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs and then, subsequently, at amortized cost using the effective interest method, less any impairment losses, with gains and losses recognized in earnings in the period in which the gain or loss occurs.

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

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

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

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

SEGMENTED REPORTING

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

(i) Deferred Taxes – Recovery of Underlying Assets

The International Accounting Standards Board ("IASB") has issued an amendment to IAS 12, "Income Taxes" ("IAS 12 amendment"), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. Corby does not anticipate the implementation of this amendment to have a significant impact on its results of operations, financial position and disclosures.

(ii) Presentation of Financial Statements

On June 16, 2011 the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments enhance the presentation of Other Comprehensive Income ("OCI") in the financial statements. A requirement has been added to present items in OCI grouped on the basis of whether they may be subsequently reclassified to earnings in order to more clearly show the effect the items of OCI may have on future earnings. The amendments are effective for annual periods beginning on or after July 1, 2012. As the amendments only relate to presentation, Corby's results of operations and financial position will not be impacted. Further, Corby does not anticipate the amendments will have a significant impact on disclosure.

(iii) Consolidated Financial Statements

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

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

(iv) Fair Value Measurement

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

(v) Employee Benefits

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

(vi) Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase. This standard becomes effective for fiscal years beginning on or after January 1, 2015. For Corby, this standard will become effective July 1, 2015. The Company is currently assessing the impact of the new standard on its results of operations, financial position and disclosures.

4. FINANCIAL INSTRUMENTS

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit Risk

Credit risk arises from cash held with PR via Corby's participation in the Mirror Netting Services Agreement (further described in Note 27), 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 financial assets.

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

As the large majority of Corby's accounts receivable balances are collectable from government-controlled liquor boards, management believes that the Company's credit risk relating to accounts receivable is at an acceptably low level. With respect to Corby's deposits in PR's cash management pools, the Company monitors PR's credit rating in the normal course of business and has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice. The note receivable is secured as described in Note 8.

Liquidity Risk

Corby's sources of liquidity are its deposits in cash management pools of $110,113 and its cash generated by operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities balances, which totalled $22,400 as at June 30, 2012, and are all due to be paid within one year. The Company believes that its deposits in cash management pools, combined with its historically strong and consistent operational cash flows, is more than sufficient to fund its operations, investing activities and commitments for the foreseeable future.

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 earning a fixed rate of interest.

As the note receivable earns interest at a fixed rate, there is no cash flow exposure associated with this instrument. However, the fair value of the note receivable will fluctuate with changes in market interest rates.

An active risk management program does not exist, as management believes that changes in interest rates would not have a material impact on Corby's financial position over the long term.

Foreign Currency Risk

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

USD Exposure

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

GBP Exposure

The Company's supply of GBP outpaces demand, as Corby's sales into the UK market are denominated in GBP, while having only certain production inputs denominated in GBP. Therefore, increases in the value of the CAD relative to the GBP will have an unfavourable impact on the Company's earnings.

Commodity Risk

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses a fair value hierarchy in order to classify the fair value disclosures related to the Company's financial assets and financial liabilities recognized in the balance sheets at fair value.

The fair value hierarchy has the following levels:

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

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

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.

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

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

Management includes the following items in its definition of capital:

	June 30, 2012	June 30, 2011	July 1, 2010
Share capital	**$ 14,304**	$ 14,304	$ 14,304
Retained earnings	**201,519**	224,935	212,009
Net capital under management	**$ 215,823**	$ 239,239	$ 226,313

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

Beginning in fiscal 2013, the Company's dividend policy stipulates that, barring any unanticipated developments, regular dividends will be paid quarterly, on the basis of an annual amount equal to the greater of 75% of net earnings per share in the preceding fiscal year ended June 30, and $0.60 per share.

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

6. ACCOUNTS RECEIVABLE

	June 30, 2012	June 30, 2011	July 1, 2010
Trade receivables	**$ 19,722**	$ 21,398	$ 22,144
Due from related parties	**8,852**	8,216	6,196
Other receivables	**37**	1,391	–
	$ 28,611	$ 31,005	$ 28,340

As at June 30, 2011, other receivables included amounts owing from Brick Brewing Co., Limited ("Brick") for inventory transferred as part of the sale of the Seagram Coolers brand, and also includes interest accrued on the secured promissory note receivable also due from Brick as described in Note 8 of these financial statements. The amount owing from Brick related to inventory was paid in full during the year ended June 30, 2012.

7. INVENTORIES

		June 30, 2012		June 30, 2011		July 1, 2010
Raw materials	$	**1,597**	$	5,429	$	6,390
Work-in-progress		**40,703**		45,079		43,990
Finished goods		**5,460**		9,146		10,122
	$	**47,760**	$	59,654	$	60,502

The cost of inventory recognized as an expense and included in cost of goods sold during the year ended June 30, 2012 was $50,373 (2011 – $60,010). During the current and prior year, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

8. NOTE RECEIVABLE

		June 30, 2012		June 30, 2011		July 1, 2010
Note receivable	$	**1,800**	$	2,400	$	–
Less: current portion		**600**		600		–
	$	**1,200**	$	1,800	$	–

As part of the Company's sale of the Seagram Coolers brand on March 15, 2011, the purchase price was satisfied in part by a promissory note secured by specific property and issued by the purchaser in favour of Corby for $2,400, which will be paid in equal annual installments of $600 plus interest of 5% per annum, with the final payment due January 31, 2015. The disposal transaction is further described in Note 19 to these consolidated financial statements.

9. PROPERTY AND EQUIPMENT

		July 1, 2011		Additions		Depreciation		Disposals		June 30, 2012
Land	$	**638**	$	**–**	$	**–**	$	**(638)**	$	**–**
Buildings		**8,125**		**39**		**–**		**(7,268)**		**896**
Machinery and equipment		**14,395**		**792**		**–**		**(10,591)**		**4,596**
Casks		**6,122**		**799**		**–**		**(222)**		**6,699**
Other		**455**		**18**		**–**		**(273)**		**200**
Gross value		**29,735**		**1,648**		**–**		**(18,992)**		**12,391**
Land		**–**		**–**		**–**		**–**		**–**
Buildings		**(5,106)**		**–**		**(130)**		**4,912**		**(324)**
Machinery and equipment		**(7,049)**		**–**		**(516)**		**5,332**		**(2,233)**
Casks		**(1,752)**		**–**		**(478)**		**69**		**(2,161)**
Other		**(182)**		**–**		**(33)**		**66**		**(149)**
Accumulated depreciation		**(14,089)**		**–**		**(1,157)**		**10,379**		**(4,867)**
Property, plant and equipment	$	**15,646**	$	**1,648**	$	**(1,157)**	$	**(8,613)**	$	**7,524**

	July 1, 2010	Additions	Depreciation	Disposals	June 30, 2011
Land	$ 638	$ –	$ –	$ –	$ 638
Buildings	7,931	194	–	–	8,125
Machinery and equipment	13,954	1,359	–	(918)	14,395
Casks	5,387	735	–	–	6,122
Other	538	–	–	(83)	455
Gross value	28,448	2,288	–	(1,001)	29,735
Land	–	–	–	–	–
Buildings	(4,864)	–	(242)	–	(5,106)
Machinery and equipment	(6,765)	–	(992)	708	(7,049)
Casks	(1,331)	–	(421)	–	(1,752)
Other	(250)	–	(38)	106	(182)
Accumulated depreciation	(13,210)	–	(1,693)	814	(14,089)
Property, plant and equipment	$ 15,238	$ 2,288	$ (1,693)	$ (187)	$ 15,646

10. GOODWILL

Changes in the carrying amount of goodwill are as follows:

	2012	2011
Balance, beginning of year	**$ 5,886**	$ 6,857
Decreases in goodwill	**(2,608)**	(971)
Balance, end of year	**$ 3,278**	$ 5,886

The decrease in goodwill recognized in fiscal 2012 was the result of the sale of certain brands included with the disposal of the Montréal manufacturing facility and non-core brands as described in Note 19 of these financial statements. In 2011, the decrease relates to the sale of Seagram Coolers, also described in Note 19. There have been no impairment losses recognized with respect to goodwill during 2012 (2011 – $nil).

11. INTANGIBLE ASSETS

					2012
		Movements in the Year			
	Opening Book Value	**Amortization**	**Impairments**	**Disposals**	**Ending Book Value**
Long-term representation rights	**$ 46,501**	**$ (4,531)**	**$ –**	**$ –**	**$ 41,970**
Trademarks and licences	**11,801**	**–**	**–**	**–**	**11,801**
	$ 58,302	**$ (4,531)**	**$ –**	**$ –**	**$ 53,771**

					2011
		Movements in the Year			
	Opening Book Value	Amortization	Impairments	Disposals	Ending Book Value
Long-term representation rights	$ 51,032	$ (4,531)	$ –	$ –	$ 46,501
Trademarks and licences	19,539	–	–	(7,738)	11,801
	$ 70,571	$ (4,531)	$ –	$ (7,738)	$ 58,302

Disposals in fiscal 2011 reflect the Company's decision to sell the trademark and licences associated with Seagram Coolers, as described in Note 19 of these financial statements. There have been no impairment losses recognized with respect to intangible assets during 2012 (2011 – $nil).

12. IMPAIRMENT

In accordance with the Company's accounting policies, the Company tests goodwill and indefinite-lived intangibles (trademarks and licences) for impairment on an annual basis. The carrying value of goodwill and indefinite-lived intangibles at June 30, 2012, along with the data and assumptions applied to the Cash Generating Units ("CGUs") of the Case Goods segment are as follows:

	Carrying Value Goodwill	Carrying Value Trademarks and Licences	Discount Rate	Terminal Growth Rate
Case Goods segment	$ 3,278	$ 11,801	7.8% to 11.5%	2% to 3%

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

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

During the financial year ended June 30, 2012, the Company performed impairment testing on goodwill and indefinite-lived intangible assets in accordance with its accounting policy and identified no impairment.

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

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

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2012	June 30, 2011	July 1, 2010
Trade payables and accruals	**$ 16,584**	$ 13,375	$ 12,554
Due to related parties	**5,816**	6,117	5,731
	$ 22,400	$ 19,492	$ 18,285

14. PROVISIONS

Provisions include the provisions for uncertain tax risks and pensions and other long-term employee benefits. See Note 15 for details of changes in provision for pensions for the year ended June 30, 2011. Provision for uncertain tax risk is included in "Income and other taxes payable," in the amount of $1,000 at June 30, 2012 (at June 30, 2011 and July 1, 2010 – $1,000). There was no activity in this balance during the course of the year.

15. PROVISION FOR PENSIONS

The Company has two defined benefit pension plans for executives and salaried employees, two supplementary executive retirement plans for retired and current senior executives of the Company, and a post-retirement benefit plan covering retiree life insurance, health care and dental care. Benefits under these plans are based on years of service and compensation levels. The latest valuations completed for these plans are dated December 31, 2010. The next required valuations must be completed with an effective date no later than December 31, 2013.

Employees hired after July 1, 2010 are no longer offered enrolment into the Company's defined benefit pension plans. The post-retirement benefit plan has been closed to new enrolment effective January 1, 2010. Instead, the Company provides these employees a defined contribution pension plan. To become eligible, most employees must first accrue one year of service before joining the new plan. For the year ended June 30, 2012, the Company recognized contributions of $63 as expense (2011 – $nil, as the plan had no active participants at June 30, 2011).

Details of the Company's defined benefit pension and other post-retirement benefit plans as at and for the years ended June 30, 2012 and 2011 are as follows:

	2012		2011	
	Pension Plans	**Other Benefit Plans**	Pension Plans	Other Benefit Plans
Fair value of plan assets				
Fair value of plan assets, beginning of year	**$ 46,380**	**$ –**	$ 43,478	$ –
Expected return on plan assets	**2,336**	**–**	2,140	–
Actuarial (loss) gain on plan assets	**(1,795)**	**–**	1,484	–
Company contributions	**1,637**	**–**	2,920	–
Plan participants' contributions	**205**	**–**	221	–
Settlement	**(2,495)**	**–**	–	–
Benefits paid	**(2,798)**	**–**	(3,863)	–
Fair value of plan assets, end of year	**$ 43,470**	**$ –**	$ 46,380	$ –
Present value of defined benefit obligations				
Defined benefit obligation, beginning of year	**$ 48,279**	**$ 11,613**	$ 46,226	$ 13,490
Current service cost	**1,534**	**286**	1,380	341
Interest cost	**2,358**	**532**	2,441	604
Curtailment	**(1,231)**	**(1,525)**	–	–
Settlement	**(2,435)**	**–**	–	–
Plan participants' contributions	**205**	**–**	221	–
Actuarial loss (gain)	**7,968**	**239**	1,927	(2,131)
Benefits paid	**(2,848)**	**(668)**	(3,916)	(691)
Present value of the defined benefit obligations, end of year	**$ 53,830**	**$ 10,477**	$ 48,279	$ 11,613
Present value of funded status	**10,360**	**10,477**	1,899	11,613
Unrecognized actuarial (losses) gains	**(11,399)**	**58**	(2,321)	173
Unrecognized past service costs	**–**	**1,054**	–	1,306
Net defined benefit (asset) liability	**$ (1,039)**	**$ 11,589**	$ (422)	$ 13,092

Only the Company's pension plans are partially funded. For the fiscal year ending June 30, 2013 total Company contributions to the pension plans are expected to be $1,693.

The table below presents a roll-forward of the net defined benefit liability:

	2012	2011
Defined benefit liability		
Net defined benefit liability, beginning of year	**$ 12,670**	$ 14,175
Expenses for the period	**2,407**	2,160
Curtailment and settlement	**(2,168)**	–
Employer contributions	**(1,637)**	(2,920)
Benefits paid directly by the employer	**(722)**	(745)
Net defined benefit liability, end of year	**$ 10,550**	$ 12,670

The curtailment and settlement was recognized as part of the sale of the Montréal manufacturing facility as described in Note 19 of these financial statements and included in earnings from operations under "Disposal Transactions".

Significant actuarial assumptions adopted for the years ended June 30, 2012 and 2011 are as follows:

	2012		2011	
	Pension Plans	**Other Benefit Plans**	Pension Plans	Other Benefit Plans
Accrued benefit obligation, end of year				
Discount rate	**4.2%**	**4.2%**	5.5%	5.5%
Compensation increase	**3.0–3.5%**	**n/a**	3.5%	n/a
Benefit expense, for the year				
Discount rate	**5.2%**	**5.2%**	5.2%	5.2%
Expected long-term return on assets	**3.5–6.5%**	**n/a**	6.3%	n/a
Compensation increase	**3.5–4.0%**	**n/a**	3.5%	n/a

The medical cost trend rate used was 8.0% for 2012 (2011 – 9%), with 5.0% being the ultimate trend rate for 2014 and years thereafter. The dental cost trend rate used was 5.0% for 2012 (2011 – 5.0%).

The experience adjustments are as follows:

	2012		2011	
	Pension Plans	**Other Benefit Plans**	Pension Plans	Other Benefit Plans
Asset experience adjustments				
Asset (loss) gain during the year	**$ (1,795)**	**$ –**	$ 1,484	$ –
Liability experience adjustments				
Liability (loss) gain during the year	**$ (845)**	**$ (1,336)**	$ 127	$ 766
Liability assumptions				
Liability (loss) gain during the year	**$ (7,124)**	**$ 1,097**	$ (2,054)	$ (2,897)

The expected long-term rate of return on plan assets is determined based on asset mix, active management and a review of historical returns. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the individual asset categories. The actual return on plan assets for 2012 was 6.46%.

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

	2012		2011	
	Increase	**Decrease**	Increase	Decrease
Service and interest cost	**$ 155**	**$ (121)**	$ 155	$ (121)
Accrued benefit obligation	**1,197**	**(964)**	1,451	(1,189)

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

	2012	2011
Net defined benefit pension expense recognized in profit and loss for the year		
Service cost	**$ 1,820**	$ 1,721
Interest costs	**2,890**	3,045
Expected return on plan assets	**(2,336)**	(2,140)
Amortization of past service cost	**(103)**	(529)
Amortization of actuarial losses	**136**	63
Net expense recognized in profit and loss	**$ 2,407**	$ 2,160

Plan assets by category were as follows:

	2012	2011
Equity	**48.0%**	52.0%
Fixed income	**42.0%**	37.0%
Other	**10.0%**	11.0%
	100.0%	100.0%

16. INCOME TAXES

		2012		2011
Current income tax expense				
Current period	**$**	**13,101**	$	12,328
Adjustments with respect to prior period tax estimates		**(186)**		(62)
	$	**12,915**	$	12,266
Deferred income tax expense				
Origination and reversal of temporary differences	**$**	**723**	$	991
Change in tax rate		**(73)**		3
Impact of disposal transactions		**449**		(1,158)
Adjustments with respect to prior period tax estimates		**140**		(133)
	$	**1,239**	$	(297)
Total income tax expense	**$**	**14,154**	$	11,969

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

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

		2012				2011
Net earnings for the financial year	**$**	**46,048**		$	28,870	
Total income tax expense		**14,154**			11,969	
Earnings before income tax expense	**$**	**60,202**		$	40,839	
Income tax using the combined Federal and Provincial statutory tax rates		**16,465**	**27.4%**		11,843	29.0%
Non-deductible expenses		**145**	**0.2%**		330	0.8%
Net capital gains		**(2,765)**	**(4.6)%**		–	0.0%
Adjustments with respect to prior period tax estimates		**(46)**	**(0.1)%**		(195)	(0.5)%
Other		**355**	**0.6%**		(9)	(0.0)%
Effective income tax rate	**$**	**14,154**	**23.5%**	$	11,969	29.3%

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

		July 1, 2011		Recognized in Earnings		Recognized in Equity		June 30, 2012
Provision for pensions	**$**	**3,476**	**$**	**(462)**	**$**	**–**	**$**	**3,014**
Property, plant and equipment		**(2,051)**		**987**		**–**		**(1,064)**
Inventory		**(581)**		**42**		**–**		**(539)**
Intangibles		**(750)**		**(1,857)**		**–**		**(2,607)**
Other		**162**		**51**		**–**		**213**
	$	**256**	**$**	**(1,239)**	**$**	**–**	**$**	**(983)**

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

17. SHARE CAPITAL

	June 30, 2012	June 30, 2011	July 1, 2010
Number of shares authorized:			
Voting Class A Common Shares – no par value	**Unlimited**	Unlimited	Unlimited
Non-Voting Class B Common Shares – no par value	**Unlimited**	Unlimited	Unlimited
Number of shares issued and fully paid:			
Voting Class A Common Shares	**24,274,320**	24,274,320	24,274,320
Non-Voting Class B Common Shares	**4,194,536**	4,194,536	4,194,536
	28,468,856	28,468,856	28,468,856
Stated value	**$ 14,304**	$ 14,304	$ 14,304

18. REVENUE

The Company's revenue consists of the following streams:

	2012	2011
Case good sales	**$ 110,857**	$ 118,381
Commissions (net of amortization of representation rights)	**16,314**	15,246
Other services	**19,575**	25,939
	$ 146,746	$ 159,566

Commissions for the year are shown net of the long-term representation rights amortization of $4,531 (2011 – $4,531). Other services include revenues incidental to the manufacture of case goods, such as contract bottling revenues, logistics fees and miscellaneous bulk spirit sales.

19. DISPOSAL TRANSACTIONS

SALE OF MONTRÉAL MANUFACTURING FACILITY AND NON-CORE BRANDS

On October 31, 2011, the Company completed a transaction to sell the shares of the wholly-owned subsidiary that owned the manufacturing and bottling facility located in Montréal, Québec. The transaction resulted in the sale of 17 brands, as well as the Montréal-based manufacturing facility where a significant portion of the brands were produced, for a total purchase price of $39,660, including the cost of inventory and other working capital items associated with the brands and manufacturing facility sold.

The transaction resulted in a gain on sale recorded as follows:

	Year Ended June 30, 2012
Proceeds, including inventory and other working capital items	**$ 39,660**
Book value of assets sold, including inventory and other working capital items	**(17,820)**
Curtailment gain and settlement with respect to employee benefit plans	**2,168**
Transaction costs	**(2,476)**
Gain on sale before income taxes	**21,532**
Income taxes	**(3,855)**
Net gain on sale	**$ 17,677**

The sale agreement contains customary representations, warranties and covenants. In addition, as part of the agreement, Corby agreed to indemnify the purchaser, Sazerac Company, Inc. ("Sazerac"), in respect of a misrepresentation, breach of covenant, pre-closing liabilities and certain environmental matters. Based on current facts and circumstances, no material liability is anticipated in respect of this indemnification, and no provision has been made in the financial results for this contingency.

SALE OF SEAGRAM COOLERS

On March 16, 2011, the Company entered into an agreement with Brick, pursuant to which Brick purchased from Corby the Canadian rights to the Seagram Coolers brand, for a purchase price of $7,300.

The transaction resulted in a loss on sale during the year ended June 30, 2011, as follows:

	Year Ended June 30, 2011
Proceeds	$ 7,300
Book value of assets sold	(9,061)
Transaction costs	(472)
Loss on sale before income taxes	(2,233)
Income taxes	500
Net loss on sale	$ (1,733)

20. OTHER INCOME AND EXPENSE

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

	2012	2011
Foreign exchange gains (losses)	**$ 61**	$ (115)
Gains (losses) on disposal of property and equipment	**175**	(52)
Amortization of actuarial (losses) gains under defined benefit plans	**(34)**	466
	$ 202	$ 299

21. NET FINANCIAL INCOME

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

	2012	2011
Interest income	**$ 1,963**	$ 1,308
Interest expense	**(58)**	(20)
Net financial impact of pensions	**(554)**	(905)
	$ 1,351	$ 383

22. EXPENSES BY NATURE

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

	2012	2011
Depreciation of property and equipment	**$ 1,157**	$ 1,693
Amortization of intangible assets	**4,531**	4,531
Salary and payroll costs	**21,689**	23,083
Expenses related to pensions and benefits	**1,852**	1,721
	$ 29,229	$ 31,028

23. RESTRICTED SHARE UNITS PLAN

	2012		2011	
	Restricted Share Units	**Weighted Average Grant Date Fair Value**	Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested, beginning of year	**53,768**	**$ 17.17**	57,414	$ 21.73
Granted	**23,012**	**15.89**	24,474	15.10
Reinvested dividend-equivalent units	**7,412**	**16.42**	2,044	16.07
Vested	**(28,434)**	**19.38**	(30,164)	24.09
Non-vested, end of year	**55,758**	**$ 15.42**	53,768	$ 17.17

Compensation expense related to this plan for the year ended June 30, 2012, was $332 (2011 – $292).

24. EARNINGS PER SHARE

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

	2012	2011
Numerator:		
Net earnings	**$ 46,048**	$ 28,870
Denominator:		
Weighted average shares outstanding	**28,468,856**	28,468,856

25. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	2012	2011
Accounts receivable	**$ 2,394**	$ (2,665)
Inventories	**5,677**	555
Prepaid expenses	**1,176**	(180)
Income tax and other taxes recoverable/payable	**(627)**	455
Accounts payable and accrued liabilities	**4,993**	878
	$ 13,613	$ (957)

26. DIVIDENDS

On August 29, 2012 subsequent to the year ended June 30, 2012, the Board of Directors declared its regular quarterly dividend of $0.15 per common share, to be paid on September 15, 2012, to shareholders of record as at the close of business on September 30, 2012. This dividend is in accordance with the Company's dividend policy.

27. RELATED PARTY TRANSACTIONS

TRANSACTIONS WITH PARENT, ULTIMATE PARENT AND AFFILIATES

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

The companies operate under the terms of agreements that became effective on September 29, 2006. These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for 15 years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for 10 years. Corby also manages PR's business interests in Canada, including the Windsor production facility. Certain officers of Corby have been appointed as directors and officers of PR's Canadian entities, as approved by Corby's Board of Directors.

In addition to the aforementioned agreements, Corby signed an agreement on September 26, 2008, with its ultimate parent to be the exclusive Canadian representative for the ABSOLUT vodka and Plymouth gin brands, for a five-year term expiring October 1, 2013. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006.

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

Related party transactions are recorded at the exchange amount. Transactions between Corby and its parent, ultimate parent and affiliates during the period are as follows:

	2012	2011
Sales to related parties		
Commissions – parent, ultimate parent and affiliated companies	**$ 17,680**	$ 16,650
Blending and bottling services – parent	**217**	227
Products for resale at an export level – affiliated companies	**450**	393
Bulk spirits – parent	**174**	–
	$ 18,521	$ 17,270
Cost of goods sold, purchased from related parties		
Distilling, blending and production services – parent	**$ 18,562**	$ 20,371
Bulk spirits – parent	**700**	1,807
	$ 19,262	$ 22,178
Administrative services purchased from related parties		
Marketing, selling and administration services – parent	**$ 2,044**	$ 2,118

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

Corby has a number of defined benefit pension plans; for the year ending June 30, 2012, contributions to these plans totalled $1,637 (2011 – $2,920).

During the year ending June 30, 2012, Corby sold casks to its parent company for net proceeds of $277 (2011 – $nil).

DEPOSITS IN CASH MANAGEMENT POOLS

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

As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 28, 2012, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Services Agreement by paying interest to Corby based upon the 30-day LIBOR rate plus 0.40%. During the year ending June 30, 2012, Corby earned interest income of $1,759 from PR (2011 – $1,250). Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

KEY MANAGEMENT PERSONNEL

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

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

Key management personnel compensation is comprised of:

	2012	2011
Wages, salaries and short-term employee benefits	**$ 4,054**	$ 3,470
Other long-term benefits	**344**	329
Share-based payment transactions	**363**	403
	$ 4,761	$ 4,202

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

28. SEGMENT INFORMATION

Corby has two reportable segments: Case Goods and Commissions. Corby's Case Goods segment derives its revenue from the production and distribution of its owned beverage alcohol brands. Corby's portfolio of owned-brands includes some of the most renowned and respected brands in Canada, such as Wiser's Canadian whisky, Lamb's rum, Polar Ice vodka and McGuinness liqueurs.

Corby's Commissions segment earns commission income from the representation of non-owned beverage alcohol brands in Canada. Corby represents leading international brands such as ABSOLUT vodka, Chivas Regal, The Glenlivet and Ballantine's scotches, Jameson Irish whiskey, Beefeater gin, Malibu rum, Kahlúa liqueur, Mumm champagne, and Jacob's Creek and Wyndham Estate wines.

The Commissions segment's financial results are fully reported as "Commissions" in Note 18 of these consolidated statements. Therefore, a chart detailing operational results by segment has not been provided as no additional meaningful information would result.

Geographic information regarding the Company is as follows:

2012

	Canada	United States of America	United Kingdom	Rest of World	Total
Revenue	$ 137,438	$ 4,555	$ 4,291	$ 462	$ 146,746
Property, equipment and goodwill	9,392	–	1,410	–	10,802

2011

	Canada	United States of America	United Kingdom	Rest of World	Total
Revenue	$ 149,549	$ 5,862	$ 3,712	$ 443	$ 159,566
Property, equipment and goodwill	20,122	–	1,410	–	21,532

In 2012, revenue to three major customers accounted for 32%, 17% and 14%, respectively (2011 – 29%, 15% and 14%).

29. COMMITMENTS

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

2013	$ 1,804
2014	1,588
2015	1,300
2016	899
2017	705
Thereafter	775
	$ 7,071

Total lease payments of $2,312 (2011 – $2,056) have been recognized as an expense in cost of sales and marketing, sales and administration.

30. GUARANTEES

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

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

31. CONTINGENCIES

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

32. EXPLANATION OF TRANSITION TO IFRS

As stated in Note 2, these are the Company's first consolidated financial statements prepared in accordance with IFRS. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP" or "previous GAAP").

The accounting policies set out in Note 3 to these consolidated financial statements have been applied in preparing the financial statements for the year ended June 30, 2012, the comparative information presented in these financial statements for the financial year ended June 30, 2011 and in the preparation of an opening IFRS balance sheet at July 1, 2010 (the Company's date of transition).

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

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

Reconciliation of Consolidated Statement of Earnings for the year ended June 30, 2011

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

	Note	Previous GAAP	Presentation Adjustments from Previous GAAP to IFRS	Employee Benefits	IFRS
Revenue	c)	$ 158,790	$ 776	$ –	**$ 159,566**
Cost of sales	c)	(71,336)	795	–	**(70,541)**
Marketing, sales and administration	b) i); c)	(45,764)	(3,264)	2,393	**(46,635)**
Amortization and depreciation	c)	(1,693)	1,693	–	**–**
Disposal transactions	c)	–	(2,233)	–	**(2,233)**
Other income and expenses	b) i); c)	–	(167)	466	**299**
Earnings from operations		39,997	(2,400)	2,859	**40,456**
Financial income	c)	–	1,308	–	**1,308**
Financial expenses	b) i); c)	–	(20)	(905)	**(925)**
Loss on sale of Seagram Coolers	c)	(2,233)	2,233	–	**–**
Interest income	c)	1,288	(1,288)	–	**–**
Foreign exchange loss	c)	(115)	115	–	**–**
Loss on disposal of property, plant and equipment	c)	(52)	52	–	**–**
Net financial income		(1,112)	2,400	(905)	**383**
Earnings before income taxes		38,885	–	1,954	**40,839**
Current income taxes		(12,266)	–	–	**(12,266)**
Deferred income taxes		804	–	(507)	**297**
Income taxes		(11,462)	–	(507)	**(11,969)**
Net earnings		$ 27,423	$ –	$ 1,447	**$ 28,870**
Basic earnings per share		$ 0.96			**$ 1.01**
Diluted earnings per share		$ 0.96			**$ 1.01**

Reconciliation of Consolidated Comprehensive Income for the period ended June 30, 2011

(in thousands of Canadian dollars)

	Previous GAAP	Effect of Transition to IFRS	IFRS
Net earnings	$ 27,423	$ 1,447	**$ 28,870**
Other comprehensive income	–	–	**–**
Comprehensive income	$ 27,423	$ 1,447	**$ 28,870**

Reconciliation of Consolidated Balance Sheet as at June 30, 2011

(in thousands of Canadian dollars)

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

Reconciliation of Consolidated Shareholders' Equity as at June 30, 2011

(in thousands of Canadian dollars)

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

Reconciliation of Consolidated Balance Sheet as at July 1, 2010

(in thousands of Canadian dollars)

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

Reconciliation of Consolidated Shareholders' Equity as at July 1, 2010

(in thousands of Canadian dollars)

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

NOTES TO RECONCILIATIONS

(a) Elections Under IFRS 1

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

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

(i) Business Combinations

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

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

(ii) Employee Benefits

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

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

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

(iii) Deemed Cost

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

(b) Financial Impacts of Adopting IFRS

(i) Employee Benefits

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

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

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

Net earnings impact		Year Ended June 30, 2011
Marketing, sales and administration	$	(2,393)
Other income		(466)
Earnings from operations		2,859
Financial expense		(905)
Earnings before income taxes		1,954
Income tax expense		507
Increase in net earnings	$	1,447

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

(ii) Impairment

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

(c) Presentation Impacts of Adopting IFRS

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

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

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

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

TEN-YEAR REVIEW

	Year Ended June 30							Year Ended August 31		
	2012	2011[1]	2010[2]	2009[2]	2008[2]	2007[2]	2006[2][3]	2005[2]	2004[2]	2003[2]
Revenue	**146.7**	159.6	162.2	169.3	163.3	153.6	110.8	129.4	118.7	108.9
Earnings from operations	**58.9**	40.5	43.0	43.4	44.6	39.2	28.5	40.0	36.9	35.5
Net earnings excluding unusual items[4]	**28.4**	30.6	30.1	30.4	31.9	100.4	29.2	39.9	32.5	29.8
Net earnings	**46.0**	28.9	20.7	30.4	31.9	100.4	28.0	39.9	32.5	28.4
Cash provided from operations	**46.3**	35.4	28.6	23.9	31.0	33.4	21.5	28.4	36.2	39.0
Working capital	**161.6**	170.0	148.0	128.5	113.1	91.2	144.0	103.2	84.2	68.1
Total assets	**253.4**	271.5	271.2	270.2	253.5	238.0	180.3	313.2	295.3	277.0
Long-term debt	**–**	–	–	–	–	–	–	–	–	–
Shareholders' equity	**215.8**	239.2	241.0	236.2	221.8	203.5	158.3	142.7	119.9	99.8
Per common share[5]:										
– Earnings from operations	**2.07**	1.42	1.51	1.52	1.57	1.38	1.00	1.41	1.30	1.25
– Net earnings excluding unusual items[4]	**1.00**	1.07	1.06	1.07	1.12	3.53	1.03	1.41	1.15	1.05
– Net earnings	**1.62**	1.01	0.73	1.07	1.12	3.53	0.99	1.41	1.15	1.01
– Cash provided from operations	**1.63**	1.24	1.00	0.84	1.09	1.18	0.76	1.00	1.28	1.38
– Shareholders' equity	**7.58**	8.40	8.46	8.30	7.79	7.15	5.57	5.03	4.23	3.53
– Special dividend paid	**1.85**	–	–	–	–	1.50	–	–	–	–
– Dividends paid	**0.59**	0.56	0.56	0.56	0.56	0.56	0.41	0.55	0.50	0.50
Market value per voting common share										
– High	**18.44**	18.50	16.11	20.60	27.00	28.40	28.00	20.46	17.50	16.13
– Low	**14.90**	15.00	14.55	13.16	16.10	22.00	17.75	15.81	14.44	12.73
– Close at end of year	**16.65**	16.20	15.75	15.65	17.80	24.50	22.90	18.13	16.50	14.69
Working capital ratio	**7.2**	9.7	9.1	7.3	6.6	4.6	9.1	1.6	5.6	4.5
Pre-tax return on average capital employed	**26.4**	16.8	12.9	18.9	21.4	63.1	40.7	38.8	38.6	37.9
Return on average shareholders' equity	**20.2**	12.1	8.7	13.3	15.0	55.0	31.0	30.2	29.5	30.5
Number of shareholders	**557**	555	575	593	616	630	666	684	716	762
Number of shares outstanding (000s)	**28,469**	28,469	28,469	28,469	28,469	28,469	28,451	28,414	28,332	28,324

(1) *2011 figures have been restated for IFRS.*
(2) *Results reported under the previous Canadian GAAP.*
(3) *Reflects a 10-month period ended as the Company changed its fiscal year end from August 31 to June 30, effective as of June 30, 2006.*
(4) *Net earnings has been adjusted for the net after-tax impact of gains and losses on disposal transactions, impairment charges and restructuring costs.*
(5) *References to per share figures have been restated to reflect the impact of the March 15, 2006 stock split.*

BOARD OF DIRECTORS

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Director, Corby

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Director & Chairman of the Board, Corby

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Director, Corby

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Vice-President & Chief Financial Officer, Corby

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President & Chief Executive Officer, Canadian Automobile Association, Niagara

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President & Chief Executive Officer, Corby

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Director, Corby

THIERRY R. POURCHET
Vice-President & Chief Financial Officer, Pernod Ricard Americas

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INTERNATIONAL ENQUIRIES

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

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Purchase, New York 10577
(914) 848-4800
www.pernod-ricard-usa.com

IN THE UK, EUROPE, ASIA AND AFRICA:

Halewood International Ltd.
Wilson Road
Huyton Business Park
Liverpool, England L36 6AD
0151-480-8800
www.halewood-int.com

AUDITORS

Deloitte & Touche LLP
www.deloitte.ca

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

INVESTOR RELATIONS ENQUIRIES

E-mail: investors@corby.ca
www.corby.ca

ANNUAL MEETING

On Wednesday, November 7, 2012, at 11:00 a.m. (Toronto time), at the TIFF Bell Lightbox, Reitman Square, 350 King Street West, Toronto, Ontario, in Cinema 4.

CORE VALUES

CONVIVIALITY

WE TAKE TIME TO CELEBRATE SUCCESS AND WE COMBINE FUNCTIONAL EXCELLENCE AND CROSS-FUNCTIONAL TEAMWORK TO PRODUCE EXCEPTIONAL IDEAS AND RESULTS.

STRAIGHTFORWARDNESS

WE SPEAK OPENLY AND DIRECTLY, WITH CARE AND COMPASSION, RESPECTING EACH OTHER'S VIEWPOINTS TO RESOLVE ISSUES.

COMMITMENT: HARD WORK OVER SHORTCUTS

WE KNOW WHAT IS EXPECTED OF US AND WE ARE UNRELENTING AND UNCOMPROMISING IN DELIVERING THESE ACCOUNTABILITIES IN THE FACE OF RESISTANCE OR SETBACK.

INTEGRITY: SUBSTANCE OVER STYLE

WE SAY WHAT WE MEAN, WE DO WHAT WE SAY AND WE REPRESENT EACH OTHER WITH HONOUR.

ENTREPRENEURSHIP

OUR DECENTRALIZED STRUCTURE EMPOWERS US TO TAKE INITIATIVE AND SATISFY CUSTOMERS, IMPROVE EFFICIENCY, ADDRESS PROBLEMS AND FIND NEW OPPORTUNITIES.

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