



CORBY SPIRIT AND WINE LIMITED

Interim Condensed Consolidated Financial Statements *(Unaudited)*

For the three and nine months ended March 31, 2016 and 2015

Q3

CORBY SPIRIT AND WINE LIMITED

Management's Discussion and Analysis

March 31, 2016

The following Management's Discussion and Analysis ("MD&A") dated May 4, 2016, should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes as at and for the three and nine month periods ended March 31, 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"). These interim condensed financial statements were not audited or reviewed by the Company's external auditors in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited interim condensed financial statements by an entity's auditor. These unaudited interim condensed financial statements do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should also be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended June 30, 2015.

This MD&A contains forward-looking statements, including statements concerning possible or assumed future results of operations of Corby Spirit and Wine Limited ("Corby" or the "Company"), including the statements made under the headings "Strategies and Outlook", "Liquidity and Capital Resources", "Recent Accounting Pronouncements" and "Risks and Risk Management." Forward-looking statements typically are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks and uncertainties, including, but not limited to: the impact of competition; business interruption; trademark infringement; consumer confidence and spending preferences; regulatory changes; general economic conditions; and the Company's ability to attract and retain qualified employees. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not intended to represent a complete list of the factors that could affect the Company and other factors could also affect Corby's results. For more information, please see the "Risk and Risk Management" section of this MD&A.

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of May 4, 2016. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Corby will provide updates to material forward-looking statements, including in subsequent news releases and its interim management's discussion and analyses filed with regulatory authorities as required under applicable law. Additional information regarding Corby, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Unless otherwise indicated, all comparisons of results for the third quarter of fiscal 2016 (three months ended March 31, 2016) are against results for the third quarter of fiscal 2015 (three months ended March 31, 2015). All dollar amounts are in Canadian dollars unless otherwise stated.

Business Overview

Corby is a leading Canadian marketer of spirits and importer of wines. Corby's national leadership is sustained by a diverse brand portfolio that allows the Company to drive profitable organic growth with strong, consistent cash flows. Corby is a publicly traded company, with its shares listed on the Toronto Stock Exchange under the symbols "CSW.A" (Voting Class A Common Shares) and "CSW.B" (Non-Voting Class B Common Shares). Corby's Voting Class A Common Shares are majority-owned by Hiram Walker & Sons Limited ("HWSL") (a private company) located in Windsor, Ontario. HWSL is a wholly-owned subsidiary of international spirits and wine company Pernod Ricard S.A. ("PR") (a French public limited company), which is headquartered in Paris, France. Therefore, throughout the remainder of this MD&A, Corby refers to HWSL as its parent, and to PR as its ultimate parent. Affiliated companies are those that are also subsidiaries of PR.

The Company derives its revenues from the sale of its owned-brands ("Case Goods"), as well as earning commission income from the representation of selected non-owned brands in Canada ("Commissions"). The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core

business, such as logistics fees. Revenue from Corby's owned-brands predominantly consists of sales made to each of the provincial liquor boards ("LBs") in Canada, and also includes sales to international markets.

Corby's portfolio of owned-brands includes some of the most renowned brands in Canada, including J.P. Wiser's® Canadian whisky, Lamb's® rum, Polar Ice® vodka and McGuinness® liqueurs. Through its affiliation with PR, Corby also represents leading international brands such as ABSOLUT® vodka, Chivas Regal®, The Glenlivet® and Ballantine's® Scotch whiskies, Jameson® Irish whiskey, Beefeater® gin, Malibu® rum, Kahlúa® liqueur, Mumm® champagne, and Jacob's Creek®, Wyndham Estate®, Stoneleigh®, Campo Viejo®, Graffigna® and Kenwood® wines. In addition to representing PR's brands in Canada, Corby also provides representation for certain selected, unrelated third-party brands ("Agency brands") when they fit within the Company's strategic direction and, thus, complement Corby's existing brand portfolio.

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

Pursuant to production agreements that expire in September 29, 2016, PR produces Corby's owned-brands at HWSL's production facility in Windsor, Ontario. Under an administrative services agreement, Corby manages PR's business interests in Canada, including HWSL's production facility, also until September 29, 2016. On November 11, 2015, the parties entered into new production agreements (a distillate supply agreement and co-pack agreement) and an administrative services agreement, each for a ten year term commencing as of September 30, 2016, thus extending these arrangements to September 30, 2026.

Corby sources more than 90% of its spirits production requirements from HWSL at its production facility in Windsor, Ontario. The Company's remaining production requirements have been outsourced to various third party vendors including a third-party manufacturer in the United Kingdom ("UK"). The UK site blends and bottles Lamb's rum products destined for sale in countries located outside the Americas.

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

Corby's shipment patterns to the LBs will not always exactly match short-term consumer purchase patterns. However, given the importance of monitoring consumer consumption trends over the long term, the Company stays abreast of consumer purchase patterns in Canada through its member affiliation with the Association of Canadian Distillers ("ACD"), which tabulates and disseminates consumer purchase information it receives from the LBs to its industry members. Corby refers to this data throughout this MD&A as "retail sales", which are measured both in volume (measured in nine-litre case equivalents) and in retail value (measured in Canadian dollars). Any retail value trends quoted exclude British Columbia due to the province changing its value data from retail dollars to wholesale dollars from the beginning of Fiscal 2016. This change in methodology distorts comparability against prior periods.

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

For the UK market, Corby utilizes a third party contract bottler and distribution company for the production and distribution of Lamb's rum. The current production and distribution agreement will terminate on June 30, 2016. Corby has signed an agreement with a new distributor and is discussing agreements with a newly identified

production service provider. Distributors sell to various local wholesalers and retailers who in turn sell directly to the consumer.

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

Strategies and Outlook

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

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

Brand prioritization requires an evaluation of each brand's potential to deliver upon this strategy, and facilitates Corby's marketing and sales teams' focus and resource allocation. Over the long-term, management believes that effective execution of its strategy will result in value creation for shareholders. Past disposal transactions reflect this strategy by streamlining Corby's portfolio and eliminating brands with below average performance trends, thus focusing resources on key brands.

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

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

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

Finally, the Company is a strong advocate of social responsibility, especially with respect to its sales and promotional activities. Corby will continue to promote the responsible consumption of its products in its activities. During the year, Corby continued a successful partnership with the Toronto Transit Commission to provide free transit on New Year's Eve for a three year period which began in 2013 and was recently extended to 2019. The Company stresses its core values throughout its organization, including those of conviviality, straightforwardness, commitment, integrity and entrepreneurship.

Significant Events

Corby Increases Commission Rate under Pernod Ricard Canadian Representation Agreements

On September 29, 2006, Corby completed a transaction with PR which, amongst other things, provided the Company the exclusive right to represent PR's brands in the Canadian market for 15 years and added the Absolut vodka brand in 2008. Commission revenue earned from the representation of PR's brands in Canada is presented in the consolidated statement of earnings as part of "Revenue". On August 26, 2015, Corby entered

into an agreement with PR and certain affiliates amending the September 29, 2006 Canadian representation agreements, to provide that Corby will provide more specialized marketing, advertising and promotion services for the brands of PR and its affiliates under the applicable existing agreements in consideration of an increase to the rate of commission payable by such entities.

Corby Extends Production and Administrative Services Agreements with Pernod Ricard

On November 11, 2015, Corby and PR entered into a distillate supply agreement and a co-pack agreement for the continued production and bottling of Corby’s owned-brands by Pernod Ricard at the HWSL production facility in Windsor, Ontario, for a 10 year term commencing September 30, 2016. On the same date, Corby and PR entered into an administrative services agreement, under which Corby will continue to manage PR’s business interests in Canada, including the HWSL production facility, with a similar term and commencement date.

Corby declares special dividend

On November 11, 2015, the Corby Board of Directors declared a special dividend of \$0.62 per share payable on January 8, 2016 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 11, 2015. The special dividend payment resulted in a cash distribution of approximately \$17.7 million to shareholders and was sourced from Corby’s surplus cash position.

Brand Performance Review

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

Shipment Volume and Shipment Value Performance

The following table summarizes the performance of Corby’s owned-brands (i.e., Case Goods) in terms of both shipment volume (as measured by shipments to customers in equivalent nine-litre cases) and shipment value (as measured by the change in net sales revenue). The table includes results for sales in both Canada and international markets. Specifically, the J.P. Wiser’s, Lamb’s and Polar Ice brands are also sold to international markets, particularly in the US and UK.

	<i>Three Months Ended</i>				<i>Nine Months Ended</i>			
			<i>Shipment Change</i>				<i>Shipment Change</i>	
	<i>Mar. 31,</i>	<i>Mar. 31,</i>	<i>Volume</i>	<i>Value</i>	<i>Mar. 31,</i>	<i>Mar. 31,</i>	<i>Volume</i>	<i>Value</i>
<i>(Volumes in 000's of 9L cases)</i>	2016	2015	%	%	2016	2015	%	%
Brand								
J.P. Wiser's Canadian whisky	160	163	(2%)	8%	603	612	(2%)	0%
Lamb's rum	84	100	(17%)	(18%)	356	394	(10%)	(8%)
Polar Ice vodka	80	83	(3%)	(6%)	274	286	(4%)	(1%)
Mixable liqueurs	29	32	(8%)	(6%)	125	132	(5%)	(5%)
Total Key Brands	353	378	(7%)	(2%)	1,358	1,424	(5%)	(3%)
Other Corby-owned brands	49	43	12%	14%	162	167	(3%)	1%
Total Corby brands	402	421	(5%)	0%	1,520	1,591	(4%)	(2%)

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

	<i>Three Months Ended</i>				<i>Nine Months Ended</i>			
	<i>Mar. 31,</i>		<i>Shipment Change</i>		<i>Mar. 31,</i>		<i>Shipment Change</i>	
	<i>2016</i>	<i>2015</i>	<i>Volume</i>	<i>Value</i>	<i>2016</i>	<i>2015</i>	<i>Volume</i>	<i>Value</i>
<i>(Volumes in 000's of 9L cases)</i>			<i>%</i>	<i>%</i>			<i>%</i>	<i>%</i>
Domestic	351	355	(1%)	1%	1,368	1,408	(3%)	(1%)
International	51	66	(23%)	(11%)	152	183	(17%)	(11%)
Total Corby brands	402	421	(5%)	0%	1,520	1,591	(4%)	(2%)

For the three months ended March 31, 2016, Corby's domestic shipment value was 1% higher on a year over year comparative basis. For the nine months ended March 31, 2016, Corby's domestic shipment value was 1% lower on a year over year comparative basis. Lower shipments reflect a disappointing holiday period for the Corby portfolio. Declines were due to a significant increase of competitive retail activity in the economy segments of rum, vodka and Canadian whisky, which were only partially offset by newly introduced innovation, such as J.P. Wiser's Double Still Rye and Gooderham & Worts Canadian whiskies.

In international markets, lower shipments for the three and nine month periods ended March 31, 2016 were largely attributable to performance of J.P. Wiser's in the US market. Our entry into the US market achieved significant distribution points on launch. We have since adjusted our strategy and concentrated our investment on a smaller number of markets where the portfolio has performed well and the greatest opportunities exist. Our focus shifted from distribution gains to retail velocity driving activities. As a result, we have not refilled the initial inventory pipeline to non-priority markets. Increased sales focus on our Canadian whisky craft range (Pike Creek and Lot No. 40), which is starting to show encouraging results from a low base. In the UK market, the patterns of Lamb's rum shipments have been impacted by the announced transition to a new distributor as at July 1, 2016.

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 table and is discussed throughout this MD&A.

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

RETAIL SALES FOR THE CANADIAN MARKET ONLY¹

(Volumes in 000's of 9L cases)	Three Months Ended				Nine Months Ended			
	Mar. 31,	Mar. 31,	% Retail	% Retail	Mar. 31,	Mar. 31,	% Retail	% Retail
	2016	2015	Volume Growth	Value Growth ⁽²⁾	2016	2015	Volume Growth	Value Growth ⁽²⁾
Brand								
J.P. Wiser's Canadian whisky	153	154	(1%)	1%	565	565	0%	1%
Lamb's rum	73	81	(9%)	(8%)	289	307	(6%)	(5%)
Polar Ice vodka	76	75	2%	5%	268	275	(3%)	0%
Mixable liqueurs	29	31	(5%)	(4%)	128	134	(5%)	(4%)
Total Key Brands	331	341	(3%)	(1%)	1,250	1,281	(2%)	(1%)
Other Corby-owned brands	45	40	12%	13%	150	153	(2%)	0%
Total	376	381	(1%)	1%	1,400	1,434	(2%)	(1%)

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

⁽²⁾ Retail Value trends exclude British Columbia due to the province changing Value data from Retail dollars to Wholesale dollars in July 2015. This change in methodology distorts comparability vs prior periods.

The Canadian spirits industry posted positive retail sales volume growth of 4% for the three months ended March 31, 2016 and retail sales volume growth of 3% for the nine months ended March 31, 2016. These trends are supported by double digit retail sales volume growth in the Irish whiskey category and high single digit sales volume growth in single malt Scotch whisky, bourbon, tequila, and gin categories where Corby does not have owned-brands.

As illustrated above, Corby's portfolio of owned brands underperformed the spirits industry for the three and nine months ended March 31, 2016. The following brand discussion provides a more detailed analysis of the performance of each of Corby's key brands relative to its respective industry category.

Summary of Corby's Key Brands

J.P. Wiser's Canadian Whisky

J.P. Wiser's Canadian whisky, one of the top selling whisky families in Canada, is Corby's flagship brand. For the three month period ended December 31, 2015, J.P. Wiser's Canadian whisky retail volume declined 1% when compared to the same three month period last year. Year to date, J.P. Wiser's Canadian whisky retail volume was essentially flat on a year-over-year comparison basis. The Canadian whisky category grew 4% in retail volume, when compared to the same nine month period last year supported by successful innovation at premium price points and aggressive competitive retail activity in the economy segment.

Within the J.P. Wiser's range, positive growth posted by J.P. Wiser's Deluxe and the flavoured range was undercut by J.P. Wiser's Special Blend which was impacted by a significant increase of competitive retail activity in the economy segment of Canadian whisky.

In July 2015, Corby began shipping two innovative new variants of the J.P. Wiser's family across Canada, J.P. Wiser's Hopped and J.P. Wiser's Double Still Rye. During the first quarter of fiscal 2016, Corby launched new, premium point of sale material featuring quality cues and the "J.P. Wiser's, Tastes Like Whisky, Since 1857" campaign. In April 2016, the campaign platform was brought to life with television advertising tied closely to sports broadcasts.

Lamb's Rum

Lamb's rum, one of the top-selling rum families in Canada, was significantly impacted by consumer trends, particularly in respect of the overall rum and white rum segments. Retail volumes for overall rum declined 2% for the three months ended March 31, 2016 and was flat for the nine months ended March 31, 2016 when compared to the same three and nine month periods last year. White rum retail volumes declined 2% and 3%, respectively when compared to the same three month and nine month periods last year.

For the three month and nine month periods ended March 31, 2016, Lamb's declined 9% and 6% respectively in retail volume when compared to the same periods last year. Corby's Lamb's rum product line is heavily weighted in the dark and white segments. It has experienced poor results in the key province of Ontario and faced difficult economic conditions in regional strongholds. Our strategy is to defend these regional strongholds and to strongly promote the entire range. In furtherance of this, a package redesign has been implemented and began to appear at retail in March 2016.

Polar Ice Vodka

Polar Ice vodka is among the top selling vodka brands in Canada. Retail volume increased 2% for the three months ended March 31, 2016 when compared to the same three month period last year. For the nine month period ended March 31, 2016, retail volume declined 3% year over year due to increased competitive retail activity through the critical holiday period.

Performance of the overall vodka category in Canada which grew retail volumes 3% and 2% respectively when compared to the same three and nine month periods last year was driven by the premium segment of the category.

The focus of advertising and promotion investment was on driving awareness and trial of Polar Ice 90 North via strong off-trade programming (tastings, value-add promotions and loyalty rewards programs). As well, continued digital media to support the launch of Polar Ice 90 North, driving consumers to online (polarice.ca) and social media channels.

Mixable Liqueurs

Corby's portfolio of mixable liqueur brands consists of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family) and Meaghers liqueurs. Retail volume for Corby's mixable liqueurs portfolio lagged category trends with retail volume declining 5% for both the three and nine month periods ended March 31, 2016 when compared to the same periods last year.

When compared to the same periods last year, the liqueurs category retail volume in Canada grew 3% and 2% respectively for the three and nine months ended March 31, 2016. It is being driven by new innovations and cream based offerings with which McGuinness does not directly compete.

Our current strategy is to explore innovation and focus on strong programming in the retail environment, ensuring that our flavour offering is aligned to consumer trends.

Other Corby-Owned Brands

Innovation remains an important pillar for delivering new profit and growth opportunities to the Corby domestic business. Recent premium offerings in Canadian whisky such as Pike Creek®, Lot No. 40® and Gooderham & Worts® collectively grew retail volume 152% and 90% for the respective three and nine month periods ending March 31, 2016, outperforming the Canadian whisky category in Canada, which grew 7% and 4% respectively over the same periods.

At the recent sixth annual Canadian Whisky Awards, Lot No. 40 was awarded *Canadian Whisky of the Year*. It is the second time Lot No. 40 has received the honour in the last three years. Lot No. 40 was also named *Best Canadian Rye Whisky* at the 2016 San Francisco World Spirits Competition.

After disappointing holiday results for Royal Reserve®, retail volume increased 9% for the three months ended March 31, 2016 when compared to the same period last year. With this positive result, Royal Reserve retail volume declined only 3% for the nine month period ended March 31, 2016 when compared to the same period last year. This result is in line with the year to date trend for the overall economy segment of Canadian whisky.

Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the three and nine month periods ended March 31, 2016 and 2015.

<i>(in millions of Canadian dollars, except per share amounts)</i>	<i>Three Months Ended</i>				<i>Nine Months Ended</i>			
	<i>Mar. 31,</i> 2016	<i>Mar. 31,</i> 2015	<i>\$ Change</i>	<i>% Change</i>	<i>Mar. 31,</i> 2016	<i>Mar. 31,</i> 2015	<i>\$ Change</i>	<i>% Change</i>
Revenue	\$ 28.0	\$ 26.8	\$ 1.2	4%	\$ 102.8	\$ 99.6	\$ 3.2	3%
Cost of sales	(10.0)	(10.4)	0.4	(4%)	(37.2)	(37.4)	0.2	(1%)
Marketing, sales and administration	(12.8)	(13.3)	0.5	(4%)	(43.5)	(44.9)	1.4	(3%)
Other income (expense)	(0.2)	-	(0.2)	N/A	(0.2)	0.1	(0.3)	(300%)
Earnings from operations	5.0	3.1	1.9	62%	21.9	17.4	4.5	26%
Financial income	0.3	0.4	(0.1)	(25%)	0.8	1.3	(0.5)	(38%)
Financial expenses	(0.2)	(0.2)	-	0%	(0.7)	(0.8)	0.1	(13%)
Net financial income	0.1	0.2	(0.1)	(50%)	0.1	0.5	(0.4)	(80%)
Earnings before income taxes	5.1	3.3	1.8	55%	22.0	17.9	4.1	23%
Income taxes	(1.4)	(0.9)	(0.5)	54%	(5.9)	(4.8)	(1.1)	23%
Net earnings	\$ 3.7	\$ 2.4	\$ 1.3	55%	\$ 16.1	\$ 13.1	\$ 3.0	23%
Per common share								
- Basic net earnings	\$ 0.13	\$ 0.08	\$ 0.05	63%	\$ 0.57	\$ 0.46	\$ 0.11	24%
- Diluted net earnings	\$ 0.13	\$ 0.08	\$ 0.05	63%	\$ 0.57	\$ 0.46	\$ 0.11	24%

Overall Financial Results

Net earnings increased \$1.3 million or 55% and \$3.0 million or 23% respectively for the three and nine month periods ended March 31, 2016, when compared to the same periods last year. The primary driver of growth was an increase in commissions, due to the commission rate increase on PR brands, following the amendment of the September 29, 2006 Canadian representation agreements with PR referred to under Significant Events. The impact on net earnings of lower case good shipments is more than offset by lower advertising and promotional investment in the US market.

Revenue

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

<i>(in millions of Canadian dollars)</i>	<i>Three Months Ended</i>				<i>Nine Months Ended</i>			
	<i>Mar. 31,</i> 2016	<i>Mar. 31,</i> 2015	<i>\$ Change</i>	<i>% Change</i>	<i>Mar. 31,</i> 2016	<i>Mar. 31,</i> 2015	<i>\$ Change</i>	<i>% Change</i>
Revenue streams:								
Case goods	\$ 22.6	\$ 22.7	\$ (0.1)	0%	\$ 82.5	\$ 84.5	\$ (2.0)	(2%)
Commissions	4.6	3.4	1.2	35%	17.1	12.1	5.0	41%
Other services	0.8	0.8	-	0%	3.2	3.0	0.2	8%
Revenue	\$ 28.0	\$ 26.8	\$ 1.2	4%	\$ 102.8	\$ 99.6	\$ 3.2	3%

Case goods revenue declined \$0.1 million and \$2.0 million respectively for the three and nine month periods ended March 31, 2016 when compared to the same periods last year. The year to date decline reflected a difficult holiday period in both the Canadian and US markets. In Canada, in particular, a significant increase of competitive retail activity in the economy segments of rum and Canadian whisky was only partially offset by newly introduced innovation, such as J.P. Wiser's Double Still Rye and Gooderham & Worts Canadian whiskies.

Commissions increased \$1.2 million or 35% and \$5.0 million or 41% respectively for the three and nine month periods ended March 31, 2016 when compared to the same periods last year. The primary driver of the growth was the above mentioned commission rate increase on PR brands supplemented by strong shipments for the PR portfolio.

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

Cost of sales

Cost of sales was \$10.0 million for the three month period ended March 31, 2016, which is 4% lower than the same period last year. Gross margin on case goods for the quarter was 57% compared to 56% for the prior year quarter.

Cost of sales was \$37.2 million for the nine months ended March 31, 2016 which is 1% lower when compared to the same period last year. Gross margin on case goods was 57%, consistent with the prior year period. The difference is attributable to an amount recognized as payable to a third party distributor and bottler of Lamb's rum in the UK as part of the planned transition and termination of the current arrangements beginning July 1, 2016.

Marketing, sales and administration

Marketing, sales and administration expenses decreased 4% and 3% respectively for the three and nine month periods ended March 31, 2016 when compared to the same periods last year. The decrease includes lower investment in the US to reflect the transition to our adjusted strategy of concentrating investment on a smaller number of markets where the portfolio has performed well and the greatest opportunities exist.

Other income and expenses

Other income and expenses include such items as realized foreign exchange gains and losses, and gains on sale of property and equipment.

Net financial income

Net financial income is comprised of interest earned on deposits in cash management pools, offset by interest costs associated with the Company's pension and post-retirement benefit plans. This balance is relatively consistent with the prior year period.

Income taxes

A reconciliation of the effective tax rate to the statutory rates for each period is presented below.

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>Mar. 31</i>	<i>Mar. 31</i>	<i>Mar. 31</i>	<i>Mar. 31</i>
	2016	2015	2016	2015
Combined basic Federal and Provincial tax rates	27%	27%	27%	27%
Other	0%	0%	0%	0%
Effective tax rate	27%	27%	27%	27%

Liquidity and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of \$75.6 million as at March 31, 2016, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities, which totalled \$23.1 million as at March 31, 2016, and are all due to be paid within one year. The Company does not have any liabilities under short- or long-term debt facilities.

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

Cash Flows

<i>(in millions of Canadian dollars)</i>	<i>Three Months Ended</i>			<i>Nine Months Ended</i>		
	<i>Mar. 31,</i>	<i>Mar. 31,</i>		<i>Mar. 31,</i>	<i>Mar. 31,</i>	
	2016	2015	<i>\$ Change</i>	2016	2015	<i>\$ Change</i>
Operating activities						
Net earnings, adjusted for non-cash items	\$ 6.4	\$ 4.7	\$ 1.7	\$ 26.5	\$ 22.6	\$ 3.9
Net change in non-cash working capital	(5.1)	(5.5)	0.4	(6.0)	(3.6)	(2.4)
Net payments for interest and income taxes	-	(0.6)	0.6	(3.0)	(4.4)	1.4
	1.3	(1.4)	2.7	17.5	14.6	2.9
Investing activities						
Additions to property and equipment	(1.0)	(0.4)	(0.6)	(2.1)	(1.7)	(0.4)
Proceeds from disposition of property and equipment	-	-	-	-	0.2	(0.2)
Deposits in cash management pools	22.8	24.3	(1.5)	18.5	19.9	(1.4)
	21.8	23.9	(2.1)	16.4	18.4	(2.0)
Financing activities						
Proceeds from note receivable	-	0.6	(0.6)	-	0.6	(0.6)
Dividends paid	(23.1)	(23.1)	0.0	(33.9)	(33.6)	(0.3)
	(23.1)	(22.5)	(0.6)	(33.9)	(33.0)	(0.9)
Net change in cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Operating activities

Net cash from operating activities was \$1.3 million during the quarter ended March 31, 2016 compared to net cash used of \$1.4 million in the same quarter of the prior year, representing an increase of \$2.7 million. The quarter over quarter change is attributable to higher earnings and lower tax payments.

For the year to date period, net cash from operating activities was \$17.5 million, an increase of \$2.9 million compared to the same nine month period last year. Increases in net earnings and lower tax payments are partially offset by an increase in inventory levels.

Investing activities

Net cash from investing activities was \$21.8 million and \$16.4 million for the three and nine month periods ending March 31, 2016 compared to the \$23.9 million and \$18.4 million for the same respective three and nine month periods last year.

Investment in property and equipment is offset by deposits in cash management pools. Cash management pools represent cash on deposit with Citibank NA via Corby's Mirror Netting Service Agreement with PR. Corby has daily access to these funds and earns a market rate of interest from PR on its deposits. Changes in cash management pools reflect amounts either deposited in or withdrawn from these bank accounts and are simply a function of Corby's cash requirements during the period of time being reported on. For more information related to these deposits, please refer to the "Related Party Transactions" section of this MD&A.

Financing activities

Cash used for financing activities was \$23.1 million this quarter, an increase of \$0.6 million compared to the same period last year due to the non-repeat of a note receivable, which has been completely repaid. Financing activity reflects dividend payments paid to shareholders including a special dividend of \$17.7 million. The special dividend payment is consistent with the prior year. Similarly, year to date cash used for financing activities was \$33.9 million, an increase of \$0.9 million reflecting the non-repeat of the note receivable referred to above and an increase in regular quarterly dividends paid to shareholders.

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

<u>for</u>	<u>Declaration date</u>	<u>Record Date</u>	<u>Payment date</u>	<u>\$ / Share</u>
2016 - Q3	May 4, 2016	May 27, 2016	June 15, 2016	\$ 0.19
2016 - Q2	February 3, 2016	February 26, 2016	March 11, 2016	0.19
2016 - special	November 11, 2015 (special dividend)	December 11, 2015	January 8, 2016	0.62
2016 - Q1	November 11, 2015	November 27, 2015	December 11, 2015	0.19
2015 - Q4	August 26, 2015	September 16, 2015	September 30, 2015	0.19
2015 - Q3	May 6, 2015	May 29, 2015	June 12, 2015	0.19
2015 - Q2	February 4, 2015	February 27, 2015	March 13, 2015	0.19
2015 - special	November 05, 2014 (<i>special dividend</i>)	December 12, 2014	January 9, 2015	0.62
2015 - Q1	November 05, 2014	November 28, 2014	December 14, 2014	0.19
2014 - Q4	August 27, 2014	September 15, 2014	September 30, 2014	0.18

Outstanding Share Data

As at May 4, 2016, Corby had 24,274,320 Voting Class A Common Shares and 4,194,536 Non-Voting Class B Common Shares outstanding. The Company does not have a stock option plan, and therefore, there are no options outstanding.

Related Party Transactions

Transactions with parent, ultimate parent, and affiliates

Corby engages in a significant number of transactions with its parent company, its ultimate parent and various affiliates. Specifically, Corby renders services to its parent company, its ultimate parent, and affiliates for the marketing and sale of beverage alcohol products in Canada. Furthermore, Corby outsources the large majority of its distilling, maturing, storing, blending, bottling and related production activities to its parent company. A significant portion of Corby's bookkeeping, recordkeeping services, data processing and other administrative services are also outsourced to its parent company. Transactions with the parent company, ultimate parent and affiliates are subject to Corby's related party transaction policy, which requires such transactions to undergo an extensive review and receive approval from an Independent Committee of the Board of Directors.

The companies operate under the terms of agreements that became effective on September 29, 2006 (the "2006 Agreements"). These agreements provide the Company with the exclusive right to represent PR's brands in the Canadian market for fifteen years, as well as providing for the continuing production of certain Corby brands by PR at its production facility in Windsor, Ontario, for ten years. Corby also manages PR's business interests in Canada, including the Windsor production facility. Certain officers of Corby have been appointed as directors and officers of PR's Canadian entities, as approved by Corby's Board of Directors. On August 26, 2015, Corby entered into an agreement with PR and certain affiliates amending the September 29, 2006 Canadian representation agreements, pursuant to which Corby will provide more specialized marketing, advertising and promotion services for the PR and affiliate brands under the applicable representation agreements in consideration of an increase to the rate of commission payable to Corby by such entities. On November 11, 2015, Corby and PR entered into agreements for the continued production of Corby's owned-brands by Pernod Ricard at the HWSL production facility in Windsor, Ontario, for a 10 year term commencing September 30, 2016. On the same date, Corby and PR also entered into an administrative services agreement, under which Corby will continue to manage PR's business interests in Canada, including the HWSL production facility, with a similar term and commencement date.

In addition to the 2006 Agreements, Corby signed an agreement on September 26, 2008, with its ultimate parent to be the exclusive Canadian representative for the ABSOLUT vodka and Plymouth gin brands, for a five-year term which expired October 1, 2013 and was extended as noted below. These brands were acquired by PR subsequent to the original representation rights agreement dated September 29, 2006. Corby also agreed to continue with the mirror netting arrangement with PR and its affiliates, under which Corby's excess cash will continue to be deposited to cash management pools. The mirror netting arrangement with PR and its affiliates is further described below. On November 9, 2011, Corby entered into an agreement with a PR affiliate for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Corby's Canadian representation of the other PR brands in Corby's portfolio. On September 30, 2013, Corby paid the present value of \$10 million, or \$10.3 million, for the additional eight years of the new term pursuant to an agreement entered into between Corby and The Absolut Company Aktiebolag, an affiliate of PR and owner of the Absolut brand, to satisfy the parties' obligations under the 2011 agreement.

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

On March 21, 2016 the Company entered into an agreement with Pernod Ricard UK Ltd. ("PRUK"), an affiliated company, which provides PRUK the exclusive right to represent Lamb's rum in Great Britain effective July 1, 2016. Previously, Lamb's rum was represented by an unrelated third party in this market. The agreement provides Lamb's with access to PRUK's extensive national distribution network throughout Great Britain. The agreement is effective for a five year period ending June 30, 2021. Since the agreement with PRUK is a related party transaction between Corby and PRUK, the agreement was approved by the Independent Committee of the

Board of Directors of Corby following a thorough review, in accordance with Corby's related party transaction policy.

Deposits in cash management pools

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement, together with PR's other Canadian affiliates, the terms of which are administered by Citibank N.A. effective July 17, 2014. 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 May 4, 2016, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day Canadian Dealer Offered Rate ("CDOR") plus 0.40%. Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

Selected Quarterly Information

Summary of Quarterly Financial Results

<i>(in millions of Canadian dollars, except per share amounts)</i>	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Revenue	\$ 28.0	\$ 38.3	\$ 36.4	\$ 32.5	\$ 26.8	\$ 38.0	\$ 34.8	\$ 33.4
Earnings from operations	5.0	8.2	8.6	9.8	3.1	7.7	6.6	9.2
Net earnings	3.7	6.1	6.3	7.3	2.4	5.8	4.9	6.9
Basic EPS	0.13	0.22	0.22	0.26	0.08	0.20	0.17	0.24
Diluted EPS	0.13	0.22	0.22	0.26	0.08	0.20	0.17	0.24

The above table demonstrates the seasonality of Corby's business, as sales are typically strong in the first and second quarters, while third-quarter sales (January, February and March) usually decline after the end of the retail holiday season. Fourth quarter sales typically increase again with the onset of warmer weather, as consumers tend to increase their purchasing levels during the summer season. The overall decline experienced in 2015 compared to 2014 is largely attributable to lapping the J.P. Wiser's Rye and J.P. Wiser's Spiced whisky launch in the US in 2014. In addition to the non-repeat of inventory pipe-line build-up for the US launch, advertising and promotional investment for these brands ramped up in 2015 to drive awareness and trial. Increases in 2016 are attributable to an increase in commissions, due to the commission rate increase on PR brands, following the amendment of the September 29, 2006 Canadian representation agreements with PR referred to under Significant Events.

Recent Accounting Pronouncements

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, 2016, and accordingly, have not been applied in preparing these interim condensed consolidated financial statements:

(i) *Revenue*

In May 2014, the IASB released IFRS 15, “Revenue from contracts with customers” (“IFRS 15”), which supersedes IAS 11, “Construction Contracts”, IAS 18, “Revenues”, IFRIC 13, “Customer Loyalty Programmes”, IFRIC 15, “Agreement for the Construction of Real Estate”, IFRIC 18, “Transfers of Assets from Customers” and SIC-31, “Revenue – Barter Transactions Involving Advertising Services”. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for Corby’s fiscal year beginning on July 1, 2018, with earlier application permitted. The Company has not yet assessed the impact of the adoption of this standard on its financial statements and disclosures.

(ii) *Financial Instruments*

The IASB has issued a new standard, IFRS 9, “Financial Instruments” (“IFRS 9”), which will ultimately replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity’s credit risk are presented in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively. For Corby, this standard will become effective July 1, 2018. The Company is currently assessing the impact of the new standard on its financial statements and disclosures.

(iii) *Disclosure initiative*

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

Internal Controls Over Financial Reporting

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

In addition, the CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

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

Risks & Risk Management

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

Industry and Regulatory

The beverage alcohol industry in Canada is subject to government policy, extensive regulatory requirements and significant rates of taxation at both the federal and provincial levels. As a result, changes in the government policy, regulatory and/or taxation environments within the beverage alcohol industry may affect Corby's business operations, causing changes in market dynamics or changes in consumer consumption patterns. In addition, the Company's provincial LB customers have the ability to mandate changes that can lead to increased costs, as well as other factors that may impact financial results. As the Company becomes more reliant on international product sales in the US, UK and other countries-exposure to changes in the laws and regulations in those countries could also adversely affect the operations, financial performance or reputation of the Company.

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

Consumer Consumption Patterns

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

Distribution/Supply Chain Interruption

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

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

Environmental Compliance

Environmental liabilities may potentially arise when companies are in the business of manufacturing products and, thus, required to handle potentially hazardous materials. As Corby outsources its production, including all of its storage and handling of maturing alcohol, the risk of environmental liabilities is considered minimal. Corby currently has no significant recorded or unrecorded environmental liabilities.

Industry Consolidation

In recent years, the global beverage alcohol industry has continued to experience consolidation. Industry consolidation can have varying degrees of impact and, in some cases, may even create exceptional opportunities. Either way, management believes that the Company is well positioned to deal with this or other changes to the competitive landscape in Canada and other markets in which it carries on business.

Competition

The Canadian and international beverage alcohol industry is extremely competitive. Competitors may take actions to establish and sustain a competitive advantage through advertising and promotion and pricing strategies in an effort to maintain market share. Corby constantly monitors the market and adjusts its own strategies as appropriate. Competitors may also affect Corby's ability to attract and retain high-quality employees. The Company's long heritage attests to Corby's strong foundation and successful execution of its strategies. Its role as a leading Canadian beverage alcohol company helps facilitate recruitment efforts.

Credit Risk

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

Exposure to Interest Rate Fluctuations

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

Exposure to Commodity Price Fluctuations

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

Foreign Currency Exchange Risk

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

USD Exposure

The Company's demand for USD has traditionally outpaced its supply, due to USD sourcing of production inputs and Advertising & Promotion expenses 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 exposure to fluctuations in the value of the GBP relative to the CAD was reduced as both sales and cost of production are denominated in GBP. While Corby's exposure has been minimized, increases in the value of the CAD relative to the GBP will have an unfavourable impact on the Company's earnings.

Third-Party Service Providers

HWSL, which Corby manages on behalf of PR, provides more than 90% of the Company's production requirements, among other services including administration and information technology. However, the Company is reliant upon certain third-party service providers in respect of certain of its operations. It is possible that negative events affecting these third-party service providers could, in turn, negatively impact the Company. While the Company has no direct control over how such third parties are managed, it has entered into contractual arrangements to formalize these relationships. In order to minimize operating risks, the Company actively monitors and manages its relationships with its third-party service providers.

Brand Reputation and Trademark Protection

The Company promotes nationally branded, non-proprietary products as well as proprietary products. Damage to the reputation of any of these brands, or to the reputation of any supplier or manufacturer of these brands, could negatively impact consumer opinion of the Company or the related products, which could have an adverse impact on the financial performance of the Company. The Company strives to mitigate such risks by selecting only those products from suppliers that strategically complement Corby's existing brand portfolio and by actively monitoring brand advertising and promotion activities. The Company registers trademarks, as applicable, while constantly watching for and responding to competitive threats, as necessary.

Information Technology

The Company uses technology supplied by third parties, both related and non-related, to support operations and invests in information technology to improve route to market, reporting, analysis, and marketing initiatives. Issues with availability, reliability and security of systems and technology could adversely impact the Company's ability to compete resulting in corruption or loss of data, regulatory related issues, litigation or brand reputation damage. With the fast paced changing nature of the technology environment including digital marketing the Company works with our third parties to maintain policies, processes and procedures to help secure and protect these information systems as well as consumer, corporate and employee data.

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

Associated Brand	Associated Market	Carrying Values as at March 31, 2016		
		Goodwill	Intangibles	Total
Various PR brands	Canada	\$ -	\$ 32.1	\$ 32.1
Lamb's rum	United Kingdom ⁽¹⁾	1.4	11.8	13.2
Corby domestic brands	Canada	1.9	-	1.9
		\$ 3.3	\$ 43.9	\$ 47.2

⁽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 9 of the consolidated financial statements for the year ended June 30, 2015.

CORBY SPIRIT AND WINE LIMITED
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

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

	Notes	Mar. 31, 2016	Mar. 31, 2015	June 30, 2015
ASSETS				
Deposits in cash management pools		\$ 75,598	\$ 88,145	\$ 94,100
Accounts receivable	5	26,214	25,658	24,763
Income taxes recoverable		-	1,354	1,257
Inventories	6	52,907	52,987	50,858
Prepaid expenses		336	314	226
Total current assets		155,055	168,458	171,204
Deferred income taxes		683	592	1,165
Property and equipment		10,647	9,090	9,784
Goodwill		3,278	3,278	3,278
Intangible assets		43,868	49,751	48,281
Total assets		\$ 213,531	\$ 231,169	\$ 233,712
LIABILITIES				
Accounts payable and accrued liabilities	7	\$ 23,111	\$ 25,483	\$ 25,540
Income and other taxes payable		489	-	-
Total current liabilities		23,600	25,483	25,540
Provision for employee benefits		19,029	17,093	20,048
Total liabilities		42,629	42,576	45,588
Shareholders' equity				
Share capital		14,304	14,304	14,304
Accumulated other comprehensive loss		(6,184)	(4,331)	(6,733)
Retained earnings		162,782	178,620	180,553
Total shareholders' equity		170,902	188,593	188,124
Total liabilities and shareholders' equity		\$ 213,531	\$ 231,169	\$ 233,712

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

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

	Notes	For the Three Months Ended		For the Nine Months Ended	
		Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Revenue	8	\$ 28,042	\$ 26,838	\$ 102,800	\$ 99,593
Cost of sales		(10,004)	(10,372)	(37,197)	(37,357)
Marketing, sales and administration		(12,808)	(13,363)	(43,528)	(44,859)
Other (expense) income	9	(198)	15	(215)	48
Earnings from operations		5,032	3,118	21,860	17,425
Financial income	10	269	395	860	1,303
Financial expenses	10	(250)	(266)	(729)	(848)
		19	129	131	455
Earnings before income taxes		5,051	3,247	21,991	17,880
Current income taxes		(1,159)	(874)	(5,603)	(4,727)
Deferred income taxes		(229)	(6)	(281)	(80)
Income taxes		(1,388)	(880)	(5,884)	(4,807)
Net earnings		\$ 3,663	\$ 2,367	\$ 16,107	\$ 13,073
Basic earnings per share		\$ 0.13	\$ 0.08	\$ 0.57	\$ 0.46
Diluted earnings per share		\$ 0.13	\$ 0.08	\$ 0.57	\$ 0.46
Weighted average common shares outstanding					
Basic		28,468,856	28,468,856	28,468,856	28,468,856
Diluted		28,468,856	28,468,856	28,468,856	28,468,856

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Not audited or reviewed by the Company's external auditor)

(in thousands of Canadian dollars)

	For the Three Months Ended		For the Nine Months Ended	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Net earnings	\$ 3,663	\$ 2,367	\$ 16,107	\$ 13,073
Amounts that will not be subsequently reclassified to earnings:				
Net actuarial gains	250	234	750	(42)
Income taxes	(67)	(62)	(201)	14
	183	172	549	(28)
Total comprehensive income	\$ 3,846	\$ 2,539	\$ 16,656	\$ 13,045

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Not audited or reviewed by the Company's external auditor)

(in thousands of Canadian dollars)

	Share Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance as at June 30, 2015	\$ 14,304	\$ (6,733)	\$ 180,553	\$ 188,124
Total comprehensive income	-	549	16,107	16,656
Dividends	-	-	(33,878)	(33,878)
Balance as at March 31, 2016	\$ 14,304	\$ (6,184)	\$ 162,782	\$ 170,902
Balance as at June 30, 2014	\$ 14,304	\$ (4,303)	\$ 199,140	\$ 209,141
Total comprehensive income	-	(28)	13,073	13,045
Dividends	-	-	(33,593)	(33,593)
Balance as at March 31, 2015	\$ 14,304	\$ (4,331)	\$ 178,620	\$ 188,593

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

CORBY SPIRIT AND WINE LIMITED

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Not audited or reviewed by the Company's external auditor)

(in thousands of Canadian dollars)

	Notes	For the Three Months Ended		For the Nine Months Ended	
		Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Operating activities					
Net earnings		\$ 3,663	\$ 2,367	\$ 16,107	\$ 13,073
Adjustments for:					
Amortization and depreciation	11	1,911	1,855	5,695	5,584
Net financial income	10	(19)	(129)	(131)	(455)
Gain on disposal of property and equipment		-	(17)	(7)	(100)
Income tax expense		1,388	880	5,884	4,807
Provision for employee benefits		(487)	(256)	(988)	(281)
		6,456	4,700	26,560	22,628
Net change in non-cash working capital balances	12	(5,149)	(5,456)	(6,039)	(3,550)
Interest received		259	411	851	1,296
Income taxes paid		(280)	(1,064)	(3,857)	(5,735)
Net cash from operating activities		1,286	(1,409)	17,515	14,639
Investing activities					
Additions to property and equipment		(1,006)	(456)	(2,152)	(1,701)
Proceeds from disposition of property and equipment		1	32	12	171
Deposits in cash management pools		22,778	24,294	18,502	19,884
Net cash used in investing activities		21,773	23,870	16,362	18,354
Financing activity					
Dividends paid		-	600	-	600
		(23,059)	(23,061)	(33,877)	(33,593)
Net cash used in financing activity		(23,059)	(22,461)	(33,877)	(32,993)
Net increase in cash		-	-	-	-
Cash, beginning of period		-	-	-	-
Cash, end of period		\$ -	\$ -	\$ -	\$ -

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

CORBY SPIRIT AND WINE LIMITED

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Corby Spirit and Wine Limited ("Corby" or the "Company") is a leading Canadian marketer of spirits and importer of wines. The Company derives its revenues from the sale of its owned-brands in Canada and other international markets, as well as 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. The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees.

Corby is controlled by Hiram Walker & Sons Limited ("HWSL"), which is a wholly owned subsidiary of Pernod Ricard, S.A. ("PR"), a French public limited company that controls 51.6% of the outstanding Voting Class A Common Shares of Corby as at March 31, 2016.

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

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

2. BASIS OF PREPARATION

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements follow the same accounting policies as the most recent annual consolidated financial statements, except for changes in accounting policies and methods described in Note 3 to these interim condensed consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Company's 2015 annual financial statements.

These interim condensed consolidated financial statements were approved by the Company's Board of Directors on May 4, 2016.

Functional and presentation currency

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

Foreign currency translation

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

2. BASIS OF PREPARATION (continued)

Basis of Measurement

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

Use of Estimates and Judgements

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

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

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

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

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

Seasonality

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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, 2016, and accordingly, have not been applied in preparing these interim condensed consolidated financial statements:

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

(i) *Revenue*

In May 2014, the IASB released IFRS 15, "Revenue from contracts with customers" ("IFRS 15"), which supersedes IAS 11, "Construction Contracts", IAS 18, "Revenues", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreement for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for Corby's fiscal year beginning on July 1, 2018, with earlier application permitted. The Company is currently assessing the impact of the new standard on its financial statements and disclosures.

(ii) *Financial Instruments*

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income.

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

(iii) *Disclosure initiative*

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

(iv) *Leases*

In January 2016, the IASB issued a new standard IFRS 16, "Leases" ("IFRS 16"), which will ultimately replace IAS 17, "Leases" ("IAS 17"). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessees accounting model, requiring lessees to recognize assets and liability for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019 and must be applied retrospectively. For Corby, this standard will become effective July 1, 2019. The Company is currently assessing the impact of the new standard on its financial statements and disclosures.

4. FAIR VALUE

The Company uses a fair value hierarchy in order to classify the fair value measurements and disclosures related to the Company's financial assets and financial liabilities. The fair value hierarchy has the following levels:

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

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

The Company has no financial instruments carried at fair value on its balance sheet. For financial assets and liabilities that are valued at other than fair value on its balance sheets (i.e., deposits in cash management pools, accounts receivable, accounts payable and accrued liabilities), fair value approximates their carrying value at each balance sheet date due to their short-term maturities. Fair value is determined using Level 2 inputs.

5. ACCOUNTS RECEIVABLE

	Mar. 31, 2016	Mar. 31, 2015	June 30, 2015
Trade receivables	\$ 14,779	\$ 15,410	\$ 14,401
Due from related parties	9,677	8,835	8,721
Other	1,758	1,413	1,641
	\$ 26,214	\$ 25,658	\$ 24,763

6. INVENTORIES

	Mar. 31, 2016	Mar. 31, 2015	June 30, 2015
Raw materials	\$ 1,987	\$ 1,893	\$ 2,113
Work-in-progress	43,842	41,775	42,426
Finished goods	7,078	9,319	6,319
	\$ 52,907	\$ 52,987	\$ 50,858

The cost of inventory recognized as an expense and included in cost of goods sold for the three and nine months ended March 31, 2016 was \$7,391 and \$28,750 (2015 – \$7,951 and \$29,860), respectively. During the three and nine month periods ended March 31, 2016 and 2015, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Mar. 31, 2016	Mar. 31, 2015	June 30, 2015
Trade payables and accruals	\$ 15,260	\$ 16,577	\$ 17,951
Due to related parties	6,735	8,038	6,385
Other	1,116	868	1,204
	\$ 23,111	\$ 25,483	\$ 25,540

8. REVENUE

The Company's revenue consists of the following streams:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Case goods sales	\$ 22,584	\$ 22,669	\$ 82,480	\$ 84,489
Commissions (net of amortization of representation rights)	4,603	3,362	17,083	12,133
Other services	855	807	3,237	2,971
	\$ 28,042	\$ 26,838	\$ 102,800	\$ 99,593

Commissions for the three and nine month periods are shown net of amortization of long-term representation rights and non-refundable upfront fees of \$1,471 and \$4,412 (2015 - \$1,471 and \$4,412). Other services include revenues incidental to the manufacture of case goods, such as logistics fees.

9. OTHER (EXPENSE) INCOME

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Foreign exchange loss	\$ (198)	\$ (16)	\$ (222)	\$ (81)
Gain on disposal of property and equipment	-	31	7	114
Other income	-	-	-	15
	\$ (198)	\$ 15	\$ (215)	\$ 48

10. NET FINANCIAL INCOME AND EXPENSE

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Interest income	\$ 269	\$ 395	\$ 860	\$ 1,303
Interest expense	(10)	-	(10)	(7)
Net financial impact of pensions	(240)	(266)	(719)	(841)
	\$ 19	\$ 129	\$ 131	\$ 455

11. EXPENSES BY NATURE

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Depreciation of property and equipment	\$ 440	\$ 384	\$ 1,283	\$ 1,172
Amortization of intangible assets	1,471	1,471	4,412	4,412
Salary and payroll costs	5,551	5,556	16,382	16,771
Expenses related to pensions and benefits	323	244	968	957
	\$ 7,785	\$ 7,655	\$ 23,045	\$ 23,312

12. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Accounts receivable	\$ 4,384	\$ 5,228	\$ (1,451)	\$ (840)
Inventories	(1,524)	(1,572)	(2,049)	(426)
Prepaid expenses	35	132	(110)	(58)
Accounts payable and accrued liabilities	(8,044)	(9,244)	(2,429)	(2,226)
	\$ (5,149)	\$ (5,456)	\$ (6,039)	\$ (3,550)

13. DIVIDENDS

On May 4, 2016 subsequent to the quarter ended March 31, 2016, the Board of Directors declared its regular quarterly dividend of \$0.19 per common share, to be paid on June 15, 2016, to shareholders of record as at the close of business on May 27, 2016. This dividend is in accordance with the Company's dividend policy.

14. RELATED PARTY TRANSACTIONS

Transactions with parent, ultimate parent, and affiliates

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

14. RELATED PARTY TRANSACTIONS (continued)

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. Recently, the production and administrative agreements were each renewed for a further ten year term, commencing October 2016.

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

On November 9, 2011, Corby entered into an agreement with a PR affiliate for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Corby's Canadian representation of the other PR brands in Corby's portfolio. On September 30, 2013, Corby paid the present value of \$10 million, or \$10.3 million, for the additional eight years of the new term pursuant to an agreement entered into between Corby and The Absolut Company Aktiebolag, an affiliate of PR and owner of the Absolut brand, to satisfy the parties' obligations under the 2011 agreement.

Effective as of July 1, 2012, the Company entered into a five year agreement with Pernod Ricard USA, LLC ("PR USA"), an affiliated company, which provides PR USA the exclusive rights to represent J. P. Wiser's Canadian whisky and Polar Ice vodka in the US. Previously, J. P. Wiser's Canadian whisky and Polar Ice vodka were represented by an unrelated third party in this market. The agreement is effective for a five year period ending June 30, 2017.

On March 21, 2016 the Company entered into an agreement with Pernod Ricard UK Ltd. ("PRUK"), an affiliated company, which provides PRUK the exclusive rights to represent Lamb's rum in Great Britain effective July 1, 2016. Previously, Lamb's rum was represented by an unrelated third party in this market. The agreement is effective for a five year period ending June 30, 2021.

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

	<i>Three months ended</i>		<i>Nine months ended</i>	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Sales to related parties				
Commissions - parent, ultimate parent and affiliated companies	\$ 5,459	\$ 4,163	\$ 19,737	\$ 14,402
Products for resale at an export level - affiliated companies	1,186	1,033	3,854	4,173
	\$ 6,645	\$ 5,196	\$ 23,591	\$ 18,575
Cost of goods sold, purchased from related parties				
Distilling, blending, and production services - parent	\$ 5,061	\$ 5,767	\$ 17,305	\$ 16,244
Administrative services purchased from related parties				
Marketing, selling and administration services - parent	\$ 638	\$ 625	\$ 1,912	\$ 1,875
Marketing, selling and administration services - affiliate	360	1,560	5,130	6,594
	\$ 998	\$ 2,185	\$ 7,042	\$ 8,469

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

During the three and nine month periods ending March 31, 2016, Corby sold casks to its parent company for net proceeds of \$1 and \$12 (2015 - \$32 and \$171), respectively.

14. RELATED PARTY TRANSACTIONS (continued)

Deposits in cash management pools

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

As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at May 4, 2016, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Services Agreement by paying interest to Corby based upon the 30-day CDOR rate plus 0.40%. During the three and nine month periods ending March 31, 2016, Corby earned interest income of \$275 and \$871 from PR (2015 – \$390 and \$1,294), respectively. Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

15. SEGMENT INFORMATION

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

Corby's Commissions segment earns commission income from the representation of non-owned beverage alcohol brands in Canada. Corby represents leading international brands such as ABSOLUT vodka, Chivas Regal, The Glenlivet and Ballantine's 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 8 of the interim condensed consolidated financial statements. Therefore, a table detailing operational results by segment has not been provided as no additional meaningful information would result.

OFFICES

Executive Office

225 King Street West
Suite 1100
Toronto, Ontario
M5V 3M2
Tel: 416.479.2400

Registered Office

225 King Street West
Suite 1100
Toronto, Ontario
M5V 3M2
Tel: 416.479.2400

Distillery

2072 Riverside Drive East
Windsor, Ontario
N8Y 4S5
Tel: 519.254.5171

Sales Offices

225 King Street West
Suite 1100
Toronto, Ontario
M5V 3M2
Tel: 416.479.2400

84 Chain Lake Drive
Suite 405,
Halifax, Nova Scotia
B3S 1A2
Tel: 902.445.0705

4858 Levy Street
Ville Saint-Laurent, Quebec
H4R 2P1
Tel: 514.856.4320

2816-11th Street NE
Westview Building, Suite 200
Calgary, Alberta
T2E 7S7
Tel: 403.463.3687

395 Park Street
Unit 14
Regina, Saskatchewan
S4N 5B2
Tel: 306.201.9746

13353 Commerce Parkway
Unit 2168
Richmond, British Columbia
V6V 3A1
Tel: 778.296.4500

FOR MORE INFORMATION

Corby Spirit and Wine Limited

R. Patrick O'Driscoll
President and Chief Executive Officer

Antonio Sanchez
Vice-President and Chief Financial Officer

Tel: 416.479.2400
www.corby.ca

Affiliated with  Pernod Ricard