Canada's Leading Manufacturer and Marketer CORBY of Spirits and Importer of Wines Since 1859

2004 ANNUAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2004

CORBY DISTILLERIES LIMITED

145th Year www.corby.ca

PIV Exceeds 200,000 Cases

On Track to Become Canada's Number 3 Vodka

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Profile: George McCarthy

Chairman and Key Contributor to Corby's Success

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Mexico's Sauza Tequila

Defined by a Single Place Embraced by the Entire Planet

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A GOOD YEAR FOR CORBY

Corby brings new extensions to fruition in an exceptionally short period of time to be first to market with new flavours

Malibu's Remarkable Growth Fueled by Introduction of New Flavours

Impressive growth in every one of the major spirits categories, combined with a dynamic management style that brought several new initiatives to market in record time, made 2004 a great year for Corby.

Corby's Portfolio of Excellence continues to grow in strength and its wide offering of significant brands is expected to maintain strong performance well into the future.

In 2004, Corby doubled average performance in the liqueur category, growing at four percent. Kahlúa remains Canada's number one non-cream liqueur, and Malibu – Canada's top-selling coconut liqueur – added Malibu Pineapple and Malibu Mango in May and took the market and the competition by storm. In fact, Malibu Mango received a Double Gold Medal Award in the prestigious San Francisco World Spirits Competition – the only Double Gold received in the Flavored Rum category of 22 entrants.

The entire Malibu Family was up almost 19 percent. The most recent quarter recorded growth of 33 percent. "That's terrific performance and a major part of our overall success this year," says Andy Alexander, Vice President of Sales at Corby.

Corby's vodka brands more than tripled overall growth in that spirits category, increasing sales by 10 percent. Its soaring reputation has made Polar Ice vodka a 210,000 case success story and the number four vodka in Canada.

> ...a rate of efficiency rarely seen in the industry.

Beefeater continued to be Canada's most popular gin this year and won gold medals at two prestigious international competitions. With this iconic brand leading the way, Corby outpaced the competition, growing at twice the rate of its sales category.

But the list of high performance brands in Corby's Portfolio of Excellence doesn't end there. Courvoisier is the best-selling cognac in the country, and Sauza is a co-leader in the tequila category.

Canadian whisky was another good news story in 2004. While the whisky category grew minimally, Corby's whisky portfolio advanced significantly. In the last six months, both the Wiser's Family and the Canadian Club Family grew a remarkable five percent for the year. The final quarter was particularly strong, with Canadian Club up eight percent.

"That's very healthy growth considering that the whisky category in Canada is showing such limited expansion," Alexander says. "In fact, we've exceeded growth rates in virtually every one of the big spirits categories. That's a strong statement about the quality of these products and our ability to promote them."

Simon Burch, Vice President of Marketing at Corby, says the company benefits from a management style that emphasizes collaboration. "We work as a team and we can make decisions and respond to our customers and consumers very quickly."

Corby recognized that a trend toward flavoured spirits combined with the success of the original Malibu created a great opportunity for the brand. The Corby team moved two new Malibu brand extensions to market in just three months, a rate of efficiency rarely seen in the industry. The innovative Malibu Mango and Malibu Pineapple liqueurs were available in time for summer and were an instant hit.

How was this accomplished so quickly? "Everybody within the Corby organization worked as a unified and passionate team. And, as always, we collaborated very closely with our customers all across Canada," says Alexander.

Sauza tequila is another example of Corby's ability to operate with great speed, using targeted marketing and promotions, and benefiting from industry-leading sales support. Not only was Corby able to re-establish Sauza after a lengthy, industry-wide shortage of Blue Agave, the main ingredient of tequila, the company also met an emerging consumer demand.

"We've launched 375 mL and 200 mL formats of Sauza Gold in record time," says Burch. Like the new Malibu Mango and Malibu Pineapple, the new formats were launched in time for the higher summer demand. Sauza sales were up 10 percent for the year and grew an amazing 24 percent for the last quarter.

Corby's strong relationship with Allied Domecq is another key to success. Alexander says Allied Domecq has a global reach that allows Corby to bring an incredible array of successful brands to the Canadian marketplace.

"We have a wide and varied selection of premium brands to offer our customers," says Alexander, "and that's exactly what they're looking for."

EXTENDING A GREAT BRAND

Up by almost 19 percent in 2004 and grew by a remarkable 33 percent in the last quarter.

Malibu flavoured rums invite consumers to kick back, relax, and take life a little less seriously whenever they have a chance to enjoy the brand. But the reality of marketing Malibu is far removed from that easy-going image.

When Corby added Malibu coconut liqueur to its portfolio in 2002, the goal was to help an already popular brand reach its full potential. Extensive market research, and carefully targeted, well-executed on-premise sampling programs helped the brand grow by 10 percent in 2003 and over 18 percent in 2004.

Malibu's consistent success has flowed from Corby's ability to identify the brand's core consumers, and to reach them directly, offering a taste of the "seriously easy-going" Malibu experience.

The company's research also suggested that Canadians want a wider selection of flavoured rums, vodkas, and liqueurs. So Corby moved aggressively in 2004 to add Malibu Mango and Malibu Pineapple to the shelves in time for the key summer season.

Simon Burch, Vice President of Marketing at Corby, says mango and pineapple are natural extensions for the Malibu brand. "For some people, coconut would not be a first choice, so we introduced mango and pineapple flavours which fit perfectly with the Caribbean feel of the brand," he explains. "The brand already had a strong reputation for quality, so we built on that asset."

The line extensions enhance the "mixability" of Malibu by creating new drink possibilities that appeal to a wider range of consumers. The original coconut Malibu is often enjoyed with fruit juice, but Malibu Mango and Malibu Pineapple combine equally well with lemon-lime sodas. It's a promising new avenue for marketing because soda has become a fashionable mixer.

Another reason for launching the extensions, according to Andy Alexander, Vice President of Sales at Corby, was the novelty of mango and pineapple flavoured rum in the Canadian market.

"The expanded Malibu family has been immensely popular and has added important growth to the brand," says Alexander. Malibu finished up by almost 19 percent in 2004 and grew by a remarkable 33 percent in the last quarter.

Corby was confident about its Malibu extension strategy because the coconut original has been consistently successful since its introduction. The

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COURVOISIER

The Brandy of Napoleon

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OLIVER BONACINI

Toronto's Premier Restauranteurs Profiled

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AND THE ELSIE GOES TO...

CORBY WAS CALLED TO THE PODIUM AN IMPRESSIVE FOUR TIMES AT THIS YEAR'S ELSIE AWARDS

The Elsies are awarded by the Liquor Control Board of Ontario (LCBO) in recognition of suppliers and agents who have excelled in marketing their products through their outlets.

Krystyna Hoeg, President and CEO of Corby, couldn't have been more pleased.

"The LCBO is not only our biggest customer, it's the largest buyer of alcoholic beverages in the world," says Hoeg. "These awards are the result of our commitment to being the supplier

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A Banner Day for Kahlúa at Corby

When most companies decide to promote a product, they dig into their advertising budgets and launch what usually becomes an expensive marketing effort at their customers. But in 2004, Corby showed that sometimes the most cost effective way to get a message across is to focus your effort inside the company.

> ...a top-of-mind brand for everyone...

As part of a global initiative to revitalize the Kahlúa brand, the marketing team at Corby created a unique, public relations-style campaign aimed at Corby employees, and it scored big.

"The goal was to make Kahlúa a top-of-mind brand for everyone at Corby," says Simon Burch, Vice President of Marketing at Corby. "By getting our employees excited across Canada, we created a ripple effect so that everyone they talked to, including our customers, were reminded what a great product Kahlúa is."

The marketing team created "Kahlúa Day" at Corby. In the morning, staff arrived to find a gift bag of Kahlúa-branded items on each desk. While Kahlúa muffins were a hit at mid-morning coffee break, it was after lunch that things really started to get wild.

Makeup artists transformed Corby employees into walking billboards for Kahlúa. With half-human, half-tiger faces modelled after the "Tiger Lady" featured in Kahlúa television and print ads, the entire Corby team took the campaign to the streets at the end of day.

Once outside the office, everyone was surprised and entertained by an actress hired to interrupt a Corby executive's speech and to address the gathering while portraying a typical Kahlúa consumer. "We scripted a 'Kahlúa monologue' for the character that gave us all a vivid portrait of our target consumer," says Kirsten Baker, Marketing Coordinator at Corby. "It was quite a scene. I don't think any of us will forget what we learned about Kahlúa and its fans that day."

> It was quite a scene. I don't think any of us will forget what we learned about Kahlúa and its fans that day.

Corby saw an opportunity to extend the impact of Kahlúa Day to its close partner, the Hiram Walker plant in Walkerville, Ontario. The initiative created an even bigger stir there than in Toronto.

"By re-creating Kahlúa Day at Hiram Walker, we got an even bigger return on our efforts," explains Ismat Mirza, Vice President of Human Resources at Corby. "We more than tripled the audience for this campaign. It's our focus on employees and our 'no boundaries' attitude that give us a creative and competitive edge."

Kahlúa Day at Corby proves that innovative approaches to promoting a brand can bring out the best in a company – and the brand.

INSIDE

This Annual Report is published by the Executive Office of Corby Distilleries Limited, 193 Yonge Street, Toronto, Ontario M5B 1M8
CORBY

Corporate Social Responsibility Equals Good Business for the Long Term

Howard Kirke is Vice President of External Affairs at Corby

Q: There's a growing focus on a concept called "corporate social responsibility" (CSR) in the business world. How is that affecting Corby?

Kirke: Because of the nature of our product, Corby has worked hard for many years to ensure that its brands are responsibly consumed. Our brands are compatible with a balanced and healthy lifestyle when they are used by adult consumers in moderation. Corporate social responsibility has come to have a much wider meaning than that, but our long-standing concern with community standards and consumer safety in terms of alcohol consumption has given us a good foundation to address the whole range of issues that CSR has come to represent.

Q: How do you ensure that Corby brands are used responsibly?

Kirke: This is a shared task with our customers, particularly the liquor control boards. We all recognize that excessive or irresponsible consumption of alcohol may have personal, social and health consequences, and we have been proactive in our advocacy on this issue. As part of Allied Domecq, we're guided by a Global Marketing Code for spirits and wine. It sets out guidelines for the responsible advertising, marketing and promotion of our brands. In Canada, we work with our customers and other stakeholders to put these guidelines into practice in ways that are sensitive to local community standards. The bottom line for Corby and Allied Domecq is clear around the world – we will ensure that no communication for our brands shows excessive consumption.

Q: Does this limit your ability to market Corby brands effectively?

Kirke: Actually, no. That might seem counterintuitive to some, but if you think about it, our value as a company is tied directly to the image of our brands. We've been able to bring the process of regulating our advertising inside the company while keeping it fully consistent with community and Canadian advertising standards. We'll always err on the side of caution in promoting our products because we will not compromise our brands with our consumers.

Q: How do the liquor boards address responsible use?

Kirke: The liquor control boards are critically important players in getting the "responsible use" message out to the licensee trade and to consumers alike. We think their efforts to provide on-premise service training in the responsible sale of alcohol as well as their role as regulator, which includes their "challenge and refusal" programs at the retail level, are an integral part of the social responsibility mandate.

Q: What else does corporate social responsibility mean at Corby?

Kirke: It covers a wide range of actions including everything from our involvement in local community events to our commitment to reduce the environmental impact of our company's operations. Increasingly, we look for opportunities to partner with community-based initiatives and causes that share our commitment to healthy, balanced lifestyles. As well, we are part of a global effort through Allied Domecq to make community interests and corporate interests synonymous. Allied Domecq published its first Social Report in 2004. I like how the Report says it: "We know from experience that being responsible in our approach to society and the environment makes sound business sense in the long term." The only thing I would add is that, at Corby, we've found that it makes sense in the short and medium term as well.

EXTENDING A GREAT BRAND

(continued from A1)
challenge was to take advantage of the strong interest in the brand by bringing the extensions to market as quickly as possible.

Normally, it takes about six months for a new spirits product to reach the shelves in Canada – and that's if everything proceeds without a hitch. The Malibu extensions were on sale just three months after the project was launched.

"To move that quickly from the inception of an idea to actually making the product available for sale is a remarkable achievement," says Alexander. "It was a real test for the Corby team because all our departments had to work together quickly and seamlessly."

He says there was a shared sense of urgency. "We all understood that for initiatives like these, if you're not first to market there's a good chance that you won't be in the market."

For Burch, the Malibu story is a great example of Corby's strength as a company: "We have a management structure that allows us to debate, discuss, and decide very, very rapidly. We are able to bring products to market quickly, and that's a huge advantage for Corby and for our customers."

At Corby, bringing that "seriously easy-going" island experience to Canadian consumers may not be as carefree as a Caribbean holiday, but the hard work is well worth the effort.

DOING THE RIGHT THING:

CORPORATE SOCIAL RESPONSIBILITY AT CORBY

At Corby, corporate social responsibility initiatives are apparent in countless numbers of ways, including charitable efforts, communication practices, employee safety and environmental programs.

Corby has historically supported the local communities within which it operates through its trade partners, the provincial liquor boards and on-premise customers. The company focuses its community efforts on a number of high profile events and cause-related marketing programs. For example, in 2004, Corby sponsored the Brazilian Carnival Ball, which raised funds for the Sunnybrook and Women's College Health Sciences Centre; Polar Ice was the official vodka of events at Pride Week in Toronto; and Canadian Club whisky sponsored the National Hockey League awards for the Canadian Diabetes Association.

Additionally, many Corby employees are involved in fund-raising and volunteering for charities such as the Canadian Cancer Society, the Cystic Fibrosis Foundation and local hospital groups across Canada.

As a leading manufacturer and marketer of spirits and wine, Corby takes its responsibility for communicating very seriously. Corby complies with all of the guidelines established in each province for beverage alcohol advertising in both the on- and off-premise sectors. "Responsible Use Messages" are incorporated into all advertising, retail and licensee materials.

Corby is also a founding member of the Association of Canadian Distillers, an industry organization dedicated to preventing alcohol abuse and promoting responsible drinking. Through the Association, Corby is involved in many consumer-oriented campaigns, such as the 'Passport to Reduce Impaired Driving Everywhere (RIDE)' and the 'Don't Drink & Drive' campaigns. The Association also sponsors Bacchus, a campaign promoting responsible drinking at universities and colleges across Canada.

Corby ensures that employee safety remains a top priority. In addition to responding to current legislative initiatives, Corby conducts annual fire evacuations, major incident and office hygiene audits at all office locations to ensure employee safety standards are met. In the past, Corby also took proactive steps to minimize potential risk to employees in connection with the SARS and anthrax scares.

Corby's environmental programs are evident throughout its operations. The Corby bottling plant in Montreal is ISO 9002 certified for quality of management and observes all applicable local environmental and recycling requirements. The plant's efficiency has also benefited from recent upgrades and a biodegradable product is used for packaging rather than Styrofoam chips.

In the offices, Corby uses energy-efficient light bulbs and timed thermostats to reduce energy consumption in intermittently used building areas. Recycling bins are also placed at each desk.

Even this Annual Report is printed on paper made with recycled fibres and is itself readily recyclable after use.

Corby's many CSR efforts have not gone unnoticed. In 2004, Corby was included in the inaugural Corporate Social Responsibility ranking by *Report on Business Magazine* and was recognized for having women comprise one-third of the Corby Board of Directors, and two of seven senior officer positions. Previously, in 2002, *Corporate Knights Magazine* included Corby in their first league table of Canada's top 50 corporate citizens and awarded Corby a silver award in its sector, recognizing its donations, sponsorship activity and diversity.

Corby remains dedicated to the spirit of corporate social responsibility and continues to 'do the right thing' in a variety of ways.

Polar Ice

A True Canadian Success Story

The fastest growing vodka in Canada

The Pride Parade is one of Canada's biggest outdoor parties with more than a million people of all ages and cultures jamming Toronto's downtown streets to celebrate diversity.

The Polar Ice float rolls by, decked out in elegant black and white with its dancers posing among larger-than-life martini glasses for the onlookers. The float wins rave reviews every year for its style, fun, diversity and youthful energy. The essence of the Polar Ice brand identity is there in one visual statement.

Corby's Polar Ice vodka is one of the true success stories in the Canadian spirits industry. Over the past five years, annual consumer sales of the brand have grown from 85,000 cases to 210,000 cases in 2004. During that period, it's been the fastest growing vodka in Canada and is now the fourth-largest vodka in the country.

This tremendous record of growth continued through 2004 with Polar Ice up nine percent and the Corby vodka portfolio growing by 10 percent. By comparison, the category as a whole grew by only three percent. This is one of the reasons why Corby believes Polar Ice will soon become Canada's third-largest vodka.

Growth is also strong in the United States where the brand reached a record 45,000 cases this year. "If the US market were to be ranked among our Canadian provincial markets, it would come in at number two," says Howard Kirke, Vice President of External Affairs at Corby. "In many states, we're in the top five among imported vodkas."

Andy Alexander, Vice President of Sales at Corby, says the performance of Polar Ice is impressive by any standard. "Once you start reaching a couple hundred thousand cases, it's extremely difficult to get nine and ten percent growth rates. But we did it and it's very encouraging."

Alexander says the performance is a testament to the way Corby developed a unique strategy for Polar Ice and worked hard to execute the plan effectively. "Although we're a big player in Canada, our number one vodka competitor outspends us by four or five to one in terms of marketing and promotions. So we have to be smarter and work harder."

Corby decided to build the brand through the on-premise channel, talking directly with consumers and giving them an opportunity to sample the product.

"We make sure they know how good Polar Ice is, and, at the retail level, neck tags on the bottles mention the medals that we've won," explains Alexander. "You have to keep stressing the quality and provide people with a positive experience. Building a brand that way is a challenge, but it was the right approach for Polar Ice."

Polar Ice has won several awards for packaging and quality. It's admired for its distinctive, classic bottle and for the pure taste that comes from distilling the vodka four times. Research shows that Polar Ice has the premium qualities that please neat martini drinkers as well as those who enjoy vodka in a mixed drink. That's something very few vodkas can boast.

Simon Burch, Vice President of Marketing at Corby, says the success of Polar Ice has a lot to do with the close collaboration of the Sales and Marketing departments. A perfect example is Corby's sponsorship of Pride Week, the annual festival that brings a million visitors to Toronto, many of whom are Polar Ice target consumers. Corby works with licensee partners as well as with festival organizers to connect with a demographic that has helped push Polar Ice to its number four ranking among Canadian consumers.

"This is an important event for Corby," says Burch. "Our support of Pride Week not only helps build the brand, it also builds case sales at the various licensees that support the festival."

"The point is, we don't spend marketing dollars in one direction while the Sales department spends in another direction," says Burch. "We leverage the dollars, make them work really hard so they drive today's cases as well as tomorrow's brand-building initiatives."

Understanding the consumer is another key to success. Polar Ice drinkers are independent-minded and don't respond to mass-marketing or garish packaging. They're looking for something different, and they want to make up their own minds about what brand to drink.

"We firmly believe that the growth of Polar Ice is sustainable," Burch says. "We've carried out extensive consumer research to understand what's behind the brand's phenomenal performance and what continues to differentiate the brand from the rest of the category."

And part of what differentiates Polar Ice (and Corby's approach to marketing it) is a deep commitment to supporting the communities that have contributed to the brand's growth and development. So watch for more Polar Ice in proud, festive communities across Canada.

AND THE ELSIE GOES TO...

(continued from A1)
of choice for all our customers. It's a credit to our great team that we were honoured in four categories."

For 2003, Corby came out on top for Best Food & Drink Ad; Best On-Premise Program; Best Image Award as well as receiving the Partnership Award – Spirits.

BEST FOOD & DRINK AD – KAHLÚA CHRISTMAS CAMPAIGN

This campaign highlighted innovative reasons why Kahlúa makes a great holiday gift. Featuring creative recipes, the ads demonstrated the many uses for Kahlúa in the kitchen. With a focus on discovery and celebration, these ads also underscored that Corby and the LCBO are committed to responsible use of their products.

BEST ON-PREMISE PROGRAM – POLAR ICE VODKA'S "SHAKING UP THE SUMMER" PROMOTION

This promotion was so versatile that it was used in several community events in the Toronto area, including Pride Week and Taste of Little Italy. The media campaign and sales force effort behind it helped Polar Ice shake things up all summer long.

BEST IMAGE AWARD – POLAR ICE SMACKER PROMOTION

A key ingredient in the success of the "Shaking Up the Summer" Promotion was the launch of a new cocktail, the Polar Ice Smacker.
(See A6 for recipe)

Designed to create excitement and educate consumers on the "mixology" of spirits cocktails, the promotion made Polar Ice vodka a summertime hit.

Team members (left to right): Rick Kaczmarek – **Sponsorship/On Premise Manager,** *Andrew Corcoran* – **Retail Sales Manager, Ontario,** *Jakob Ripshtein* – **Director of Sales, Ontario,** *Louis Calautti* – **Graphic Designer,** *Carol McKenzie* – **Merchandising Manager,** *Nicholas Sinclair* – **Graphic Designer**

PARTNERSHIP AWARD – SPIRITS

This award honoured Jakob Ripshtein, Director of Ontario Sales at Corby, as a valued partner with the LCBO.

Ripshtein works closely with Michael Riley, Business Unit Director, Spirits at LCBO, planning promotions and coordinating supply chain and logistics. He also ensures that the LCBO benefits from Corby and Allied Domecq's global research on consumer trends in the spirits and wine industry.

Andy Alexander, Vice President of Sales at Corby, notes that this is a very significant achievement for Ripshtein.

are the result of our commitment

"This is a huge vote of confidence for Jakob and his team, and one that they deserve one hundred percent," says Alexander. "With this award the LCBO shows how pleased it is with Corby's initiative, attention to detail, reliability, and Corby's ability to make fast, informed decisions. We're proud of the professionalism that the LCBO has recognized."

To the Corby team who all share in this recognition, Bravo!

Letter to Shareholders

"2004 was a very good year for Corby – in many respects, our best year ever."

Krystyna T. Hoeg
PRESIDENT & CHIEF EXECUTIVE OFFICER

Our revenues were higher than they have been in the past decade, and our market share continues to grow in all key product categories.

Canada's spirits market continues to grow by about 2% per year. However, Corby's corporate mandate is to boost our revenues and profit by more than that. Doing so in such a market requires one to capture share from our rivals, which we did very successfully in 2004. Indeed, we boosted our market share against three of our leading competitors and are running even with the market leader.

This year, our brand milestones include shipping well over 200,000 cases of Polar Ice vodka. In addition, we surpassed half a million cases of the Wiser's family of whiskies, making it one of the biggest brands in Canada. We also shipped over half a million cases of the Canadian Club family of whiskies. Together, we shipped over one million cases of two of Canada's top-selling whiskies.

We promote integrity among our employees. We encourage diversity. We foster learning. We insist on unity, and inject passion and celebration into our work.

This kind of performance is remarkable, especially in a beverage market that is still recovering from the many economic afflictions of 2003. It's also a tribute to the success of our "Move to Market" strategy, getting closer to our customers and our consumers, as well as to the extraordinary work of our employees in executing this strategy.

Corby is a powerful and proven sales and marketing organization, but this year's outstanding performance can only be sustained if we invest wisely in our employees as well.

They are the ones who made our brands – including the Wiser's Family, the Sauza Family, Kahlúa, Canadian Club, Courvoisier, Beefeater and Ballantine's – among the market leaders in their categories.

They are the ones who have focused so effectively on increasing sales from our liquor board partners and from our large national accounts, companies such as Cara and The Keg, which have made Corby their first choice supplier of spirits and wine.

They are the men and women who saw Corby called to the podium four times at this year's Elsie awards in recognition of marketing excellence by the LCBO.

Their efforts have enabled us to be far more effective in local markets than the competition. As a result, in Newfoundland, for example, Lamb's Palm Breeze Rum leads the entire market. For rums? No. For all spirits.

Another example of the remarkable performance of the Corby team is the instant success of our line extensions of Malibu, the world's best-selling coconut rum. This year, we introduced Malibu Mango and Malibu Pineapple into virtually every province in the country. In just three months, they became one of the fastest, most successful brand launches in the industry. This kind of successful brand launch could only happen with our "Move to Market" strategy and our "Real Players Values" focus firmly in place.

By matching talent-to-task more efficiently than in years past, we were able to get better geographic coverage, precisely targeting our markets and focusing on them, by "moving to market". We focused exclusively on winning at our own game, picking markets and businesses where we knew we could outperform.

One such business is our Montreal plant which became a profit centre for the company over the past year through the hard work and nimbleness of our employees. The Montreal facility specializes in small runs, and by focusing on this niche, it's been able to successfully expand its bottling for Hiram Walker and Corby's brands, as well as contract bottling for third-party brands.

Winning at our own game means we choose to do what we do best, not what our rivals do best.

But almost as gratifying as being the first in Canada to adopt this sales model was the fact that the other major players in the industry are keeping a close eye on us. In fact, some of them are even adopting elements of our model themselves.

Winning at our own game also means that our employees have to be real players.

Together, our values and our values-based evaluation forge a unique culture that is making us more responsive, more innovative and more focused on the bottom line.

Our Real Players program combines a values-based approach to work, with an objective measurement of the value of that work. This year, it was put in place at all levels of Corby and in all operations. Its success leads me to believe that Real Players Values will be the key to exemplary performance in years to come.

Much has been said about the virtues of values-based organizations. But the reality is, values are every bit as important as products and service. This is especially true in a tough, win-on-the-ground business such as spirit and wine marketing. So we promote integrity among our employees. We encourage diversity. We foster learning. We insist on unity, and inject passion and celebration into our work. These aren't just soft 'nice-to-have's'; they're as essential as the rigorous performance evaluation all employees undergo, including myself. Together, our values and our values-based evaluation forge a unique culture that is making us more responsive, more innovative and more focused on the bottom line.

This re-alignment of our individual and corporate values to drive greater shareholder value is something we're proud to reward.

A similar re-alignment has taken place in the area of corporate governance. Our chairman, George McCarthy, has led the board in initiating measures that take into account the concerns and needs of all stakeholders. Those concerns go beyond the strict rules of governance to embrace the spirit of better governance. That spirit involves setting the 'tone at the top' in order to create a better attitude towards governance that, in turn, will ensure that the interests of all shareholders and all stakeholders are front-of-mind when decisions are being made by directors and managers.

So when I close my Report by thanking all of our employees and our Board of Directors for their support, hard work and loyalty to the company and its values, I do so knowing that they have been the drivers of Corby's outstanding performance in 2004.

Thank you, everyone.

Krystyna T. Hoeg
PRESIDENT & CHIEF EXECUTIVE OFFICER

The Spirit Maker

CORBY, THE SPIRIT MAKER, IS A LEADING CANADIAN MANUFACTURER AND MARKETER OF SPIRITS AND IMPORTER OF WINES. CORBY'S NATIONAL LEADERSHIP IS SUSTAINED BY OUR PORTFOLIO OF EXCELLENCE, THE OWNED AND REPRESENTED BRANDS THAT HAVE BUILT EQUITY IN THE MARKETPLACE AND DELIVER VALUE FOR CUSTOMERS AND SHAREHOLDERS. CORBY HAS BEEN BUILDING VALUE SINCE 1859 AND WILL CONTINUE TO DO SO WELL INTO THE 21ST CENTURY.

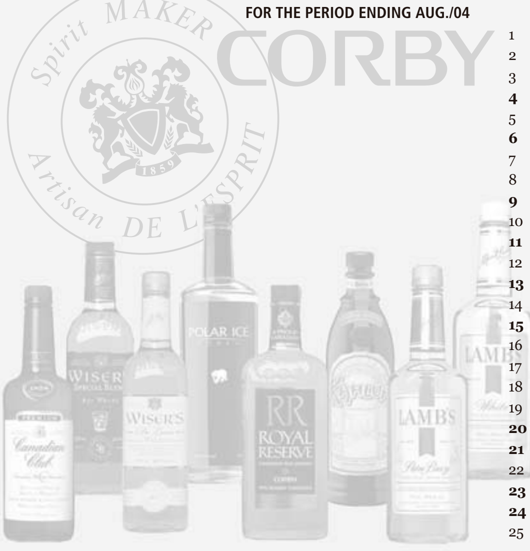
2004 Financial Highlights

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars, except per share amounts)	2004	2003
RESULTS		
Gross operating revenue	$ 118,730	$ 108,866
Earnings from operations	36,872	35,453
Earnings before income taxes	42,797	37,400
Net earnings	32,486	28,439
Cash flows from operating activities	38,604	41,549
FINANCIAL POSITION AT BALANCE SHEET DATE		
Working capital	$ 84,234	$ 68,052
Total assets	295,268	277,000
Shareholders' equity	119,875	99,827
PER COMMON SHARE		
Net earnings	4.59	4.02
Dividends declared and paid	2.00	2.00
Shareholders' equity	16.93	14.10
FINANCIAL RATIOS		
Working capital	5.6	4.5
Return on average shareholders' equity	29.5%	30.5%
Pre-tax return on average capital employed	38.6%	37.9%

TOP 25 SPIRIT BRANDS IN CANADA

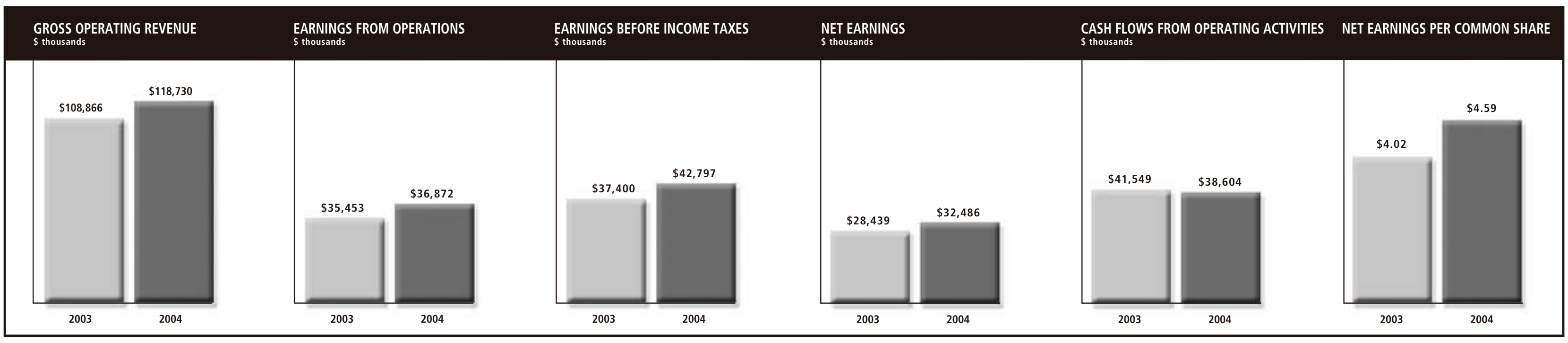
Corby owned or represented products in bold

FOR THE PERIOD ENDING AUG./04



1 Smirnoff
2 Bacardi Carta Blanca
3 Crown Royal
4 Canadian Club
5 Bailey's Irish Cream
6 Wiser's Deluxe
7 Captain Morgan White
8 Alberta Vodka
9 Corby Royal Reserve
10 Absolut
11 Lamb's Palm Breeze
12 Gibson's Finest 12yr
13 Wiser's Special Blend
14 Alberta Premium
15 Polar Ice
16 Russian Prince
17 St Remy Brandy Napoleon
18 Appleton Estate VX
19 Golden Wedding
20 Kahlúa
21 Lamb's White Rum
22 Bacardi Carta De Oro
23 Beefeater
24 Walker's Special Old
25 Gordon's Dry Gin

This information is not part of the Financial Statements. It is for information purposes only.



Cross Country Highlights

ONTARIO
In Ontario, **Polar Ice** surpassed the 80,000 case mark, making it the **#3 vodka brand** in Canada's biggest spirits market.

QUEBEC
With an impressive 11% growth, **Beefeater** continued to outpace the competition in Quebec, decisively retaining its position as the **#1 selling gin in the province.**

MANITOBA
Sales results for the last six months of FY04 in Manitoba were nothing less than astounding: Allied Domecq core brands grew 10.7%, **Wiser's, Lamb's and Polar Ice increased by 7%**.

SASKATCHEWAN
Ever-popular Corby Canadian whiskies, led by **Wiser's and Canadian Club, increased their dominance** in Saskatchewan by growing their market share from 50 to 53%.

ALBERTA
Corby is the market leader in Alberta and increased its share lead over the #2 competitor by another 10,000 cases – now enjoying a dominant 28.4% of this key western spirits market.

BRITISH COLUMBIA
It was a continued success story for Corby in British Columbia with a **3rd consecutive year of growth over 20%,** actually gaining 27% in FY04. **Polar Ice** became the #4 vodka in the market, and the sales team hopes to see the brand in third position in FY05.

NEWFOUNDLAND
Lamb's Palm Breeze continued to dominate in Newfoundland, increasing its lead as the **#1 spirit brand (and not just the #1 rum) in the province,** with growth of 3% in FY04.

NOVA SCOTIA
Nova Scotians were catching on to the popularity of Polar Ice vodka in 2004. **Polar Ice sales grew 15%** in FY04, passing two competing brands on the way up.

NEW BRUNSWICK
In a tough market, Corby **increased total sales** in New Brunswick by 3% – that improved upon last year in the province. Total sales of **Lamb's grew 5%** and led the Atlantic provinces in Canada's most developed rum market.

PRINCE EDWARD ISLAND
In PEI, Corby's Portfolio of Excellence continued to attract Prince Edward Islanders, with **Polar Ice and Wiser's both growing in high double digits.**

UNITED STATES
Both **Polar Ice and Wiser's enjoyed record shipments** into the US market last year as distribution in key markets continued to solidify.

GOOD MARKETING VIBRATIONS

A consistent, underlying theme in the story of Corby's solid performance in 2004 was the continued health of its core brands. In virtually every major spirits category, Corby outpaced the market and the competition. Even its best-established brands grew stronger and stronger.

Beefeater gin, popular with consumers and spirit experts, led the way for Corby to outpace the gin category in 2004 by a margin of two to one. Ballantine's Finest, an award-winning premium scotch, grew by 13 percent in the last quarter of the year.

They're meant to be subtle reminders to devoted consumers.

Another perennial class act of the spirits industry, Canadian Club, was up two percent overall and eight percent in the last quarter. It's an impressive performance for a long-established brand like Canadian Club. The growth is a testament to the whisky, of course, but also to Corby's skill in promoting the brand. Vice President of Marketing, Simon Burch, says Corby outperforms the market by being smart and focused.

"There's a high degree of efficiency and effectiveness in the marketing dollars we spend," Burch says. "We make use of extensive input from our customers. And our strong relationship with Allied Domecq allows us to bring their success stories to the Canadian market."

Burch says Corby is very effective at creating television advertising campaigns that are well targeted and strike the right note with consumers. The latest Canadian Club television campaign is a case in point.

"We're talking to existing Canadian Club drinkers in these ads," says Burch, "encouraging them to stay with the brand, reminding them to get out and stock up on CC during the key whisky months leading up to and including the holiday season."

The ads are made in Canada for Canadians. They're meant to be subtle reminders to devoted consumers. And sometimes that's all you need. Good marketing often means letting the brand do most of the talking, and Canadian Club can speak for itself.

As dependable as the TOWER OF LONDON

The term "classic" is used a lot these days – overused, in fact – and that can take away from the things that truly merit the distinction. But there is no other way to describe Beefeater than "The Classic London Dry Gin". It's the world's leading premium imported gin, equally popular at posh clubs and corner pubs. It's one of those rare pleasures in life: the very best of its kind at an affordable price.

The gin's label depicting a Yeoman of the guard – popularly known as a "Beefeater" – might just be the most famous spirits icon in the world. The Beefeaters were formed in 1485 as bodyguards to Henry VIII. They also became the protectors of the Crown Jewels stored in the Tower of London. They're a world-famous symbol of England and the same is true of the gin named in their honour.

Pharmacist James Burrough created Beefeater gin in 1820. His idea was to find the perfect blend of botanicals and grains to produce a distinctly bold and aromatic gin. Beefeater has remained true to Burrough's original recipe, choosing only the best grain and botanicals from around the world.

Juniper berries from Italy are combined with sun-dried Seville oranges and lemons, and with almonds and coriander from Russia and Eastern Europe. These special ingredients give Beefeater its fresh, clean, dry taste with a subtle citrus and fruit edge. The presence of juniper is especially evident in the aroma and body of the gin.

Classic Beefeater Dry Gin is Canada's most popular gin and continues to lead the world, winning a number of prestigious accolades. In 2004, Beefeater was selected "Best Tasting Gin" at the International Wine and Spirit Competition. This is the third year in a row that the brand was so recognized. Also in 2004, the brand won a Gold Medal at the International Review of Spirits Competition and at the San Francisco World Spirits Competition. In 2003, Beefeater was named "Best Tasting Gin" by an expert panel of The New York Times.

Beefeater is proof that, in an age when the word "classic" is often wasted on the undeserving, it's still easy to spot (and taste) the real thing.

GREAT WHISKY:

an Act of Supreme Skill and Patience

The making of great scotch whisky is truly an art. It requires expert knowledge in a variety of fields including geography, grain cultivation, and biochemistry. The water, grains, and other ingredients that go into the making of Scotland's gift to the world are distinct from one region to the next. A master blender must understand the characteristics of each of these elements and the malted grain the ingredients will produce.

The whisky-maker's craft is an art, a science, and an act of supreme patience. The final product is an artisanal wonder that can take a decade, or even a generation to mature. That's why the history of whisky involves families handing down the trade, along with barrels of precious, aging whisky, from one generation to the next. Ballantine's can trace its roots back almost two centuries.

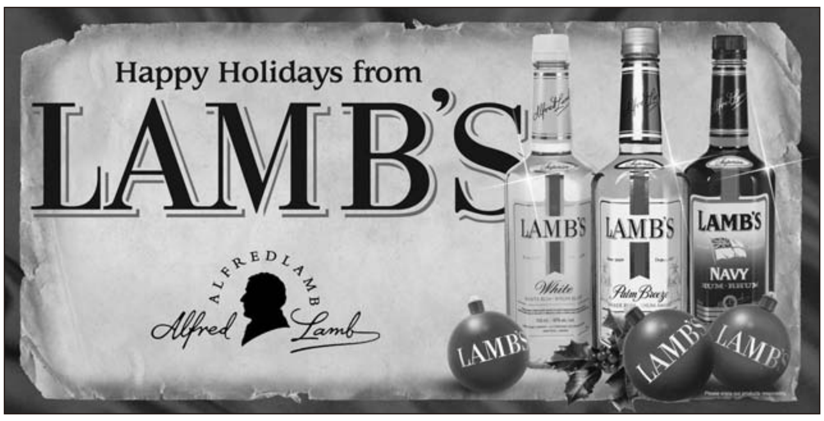
In 1827, George Ballantine, the son of a farmer, opened a small grocery store in Edinburgh. He provided quality whisky to a select clientele. Both his sons came into the business and developed their own special blends. Ballantine's became a favourite of discerning whisky drinkers, including the British Royal Family.

Over the years, Ballantine's has developed powerful brands. Their aged whiskies range from 12 to 30 years, and newer brands, such as Ballantine's Pure Malt, allow the company to attract new and knowledgeable whisky drinkers every year. Ballantine's is now the world's ninth-largest spirits brand, with nearly 60 million bottles sold annually. In Canada alone, Ballantine's grew by 13 percent in the last quarter of 2004.

The signature brand, Ballantine's Finest, is widely recognized as one of the best-blended scotches in the world. It has a light, golden colour, and is especially appreciated for its aroma of heather and honey, and its flavour hinting at red apples, vanilla and milk chocolate.

It's difficult to know what George Ballantine saw for the future when he began making whisky in 1827. Did he realize that his painstaking efforts would produce one of the most popular spirits brands in the world, and that his whisky would be winning awards in the 21st century?

Whatever his visions of the future, the 30 Year Old Blended Scotch that bears his name recently won a Double Gold Medal at the 2004 San Francisco World Spirits Competition. In fact, six Ballantine's brands won either gold or silver at the prestigious competition. We can only imagine how proud George Ballantine would have been to display the awards prominently in his small store in Edinburgh.



Wine Buying for Special Occasions

If you've just begun to learn about wine, buying for specific occasions or to complement certain foods can be especially daunting.

The rule of thumb for pairing wine with food has always been red wine with red meat, white wine with fish and white meats.

These days, most vintners and chefs agree; you should simply drink the wines you enjoy most, with the foods you like best.

Still, wine suggestions that help make the most of a festive occasion are always welcome.

THE OCCASION	SERVING SUGGESTION	DESCRIPTION
A BUSINESS WINE AND CHEESE Choosing a wine that suits a variety of cheeses can be quite challenging – especially if pungent blue or soft-ripened cheeses are featured. Your best bet is to select a wine that complements these strong flavours.	 **FOLONARI PINOT GRIGIO**	**FOLONARI PINOT GRIGIO IS AN EXCELLENT CHOICE.** This classic Italian Pinot Grigio is a light white wine, with refreshing acidity, delicate aromas and a crisp, dry finish.
A HOLIDAY MEAL As a change of pace from the traditional turkey, Prime Rib Roast infused with garlic is a wonderful dish for a family gathering. Beef with lots of garlic is a heady mix, but a soft red wine makes an excellent accompaniment.	 **SUTTER HOME MERLOT**	**SUTTER HOME'S MERLOT IS A MEDIUM-BODIED RED WINE WITH A SMOOTH TEXTURE AND MODERATE TANNINS.** It boasts attractive, smoky black cherry and spice flavours, excellent structure, and a long, rich finish.
A ROMANTIC DINNER FOR TWO Usually enjoyed as an aperitif, champagne can also add an element of excitement and occasion when served throughout a meal. The more savoury the food, the more the champagne should express its character. Select a vintage champagne or one which is mostly made from Pinot Noir grapes.	 **MUMM'S CORDON ROUGE**	**THE FLAGSHIP OF THE HOUSE OF MUMM, MUMM'S CORDON ROUGE, IS A TRUE CLASSIC THAT COMES FROM A CAREFUL BLENDING OF 77 WINES.** With its structure from Pinot Noir, its fruitiness from Pinot Meunier, and its elegance from Chardonnay, Cordon Rouge has a unique character and consistent taste that will complement every course on a romantic menu.

Responsible Corporate Governance and Exemplary Social Responsibility

a Profile of Corby Chairman George McCarthy

In an era when the financial world is focused on corporate performance and corporate governance, Corby is fortunate to have a man like George McCarthy as the Chairman of its Board of Directors.

McCarthy has a wealth of knowledge about the spirits and wine industry that is unparalleled and a network of professional contacts that is invaluable for the company. He has chaired the Board of Corby Distilleries Limited since March 2000 and he describes his role in direct and simple terms.

"I help the Board set strategic direction and interact with management for the benefit of all shareholders and stakeholders," he explains.

McCarthy has an independence of spirit and judgement and a commitment to the best interests of all stakeholders that is recognized by everyone who works with him.

"He's fair. He listens. He's respected by everyone at the table," explains Pat Nielsen, independent Corby Board of Directors member. "He knows how to extract the best contribution from everyone."

"George's past experience as a senior executive gives him an understanding of the inner workings of the spirits and wine industry that is especially important for independent directors like me," observes Bob Llewellyn, another member of the Corby Board of Directors.

Expectations and demands on Board members are growing. Among other things, new rules on corporate governance are focusing attention on the responsibilities of the Board of Directors, particularly on the quality of financial information available to shareholders and to regulators.

"The Sarbanes-Oxley Act of 2002 is affecting all of us," says John Nicodemo, Vice President, Finance, and CFO at Corby. "It started out as American legislation, but it's part of a trend we see in Canada. The overall goal of these new corporate governance requirements is to strengthen internal control over financial reporting, provide more reliable information to investors, and renew investor confidence in the capital market."

Gary Girvan sits as an independent member on the Board of Directors of Corby and chairs its Corporate Governance and Nominating Committee.

"He's fair. He listens. He's respected by everyone at the table... He knows how to extract the best contribution from everyone."

"Some of these initiatives are necessary and useful," he says, "but new rules alone won't get us where we need to be in protecting shareholders' interests in many companies. Generally, we need a better tone and attitude towards governance so that the interests of all shareholders and all stakeholders are front-of-mind when decisions are being made by directors and managers."

Girvan says that he sees that kind of attitude at Corby and it's strengthening.

McCarthy agrees: "I welcome the new focus on corporate governance. I think it's really about reinforcing a culture, a mindset, for everyone. It's about recognizing what you owe to all your stakeholders. We're lucky that, at Corby, this culture already exists, and as directors, we get to work with management to reinforce it."

There is consensus among members of the Board that one of McCarthy's greatest strengths is his ability to provide effective support to management.

"His relationship with our President and CEO, Krys Hoeg, is a very good one for a Chairman," says Bob Llewellyn. "His involvement is close and ongoing, but he lets management do its job. There's a lot of confidence in Krys and her team, and it's clearly well placed."

McCarthy says that it's easy to put confidence in someone whose performance he has watched for many years. Hoeg worked as his Vice President of Finance when McCarthy was President of Allied Domecq Americas.

"We're very lucky to have Krys Hoeg at Corby," he says. "The Board sets strategic direction and policy with a lot of her input, but once the direction is set, she runs her management team and the company."

McCarthy admires how well Hoeg and her team have navigated Corby through an industry environment that has changed rapidly over the past decade.

"In a word, the industry has grown up," McCarthy observes. "We've become a more sophisticated, business-oriented industry. Consolidation and increasing customer demand require us to be more professional, more nimble and more action-oriented."

McCarthy's influence on Corby directors and managers goes beyond his business acumen and skills. McCarthy has also worked with the Sky Ranch for Boys for many years, giving underprivileged and troubled teens a chance to get out of difficult life situations and be inspired by the beauty of ranching country. He is currently Chairman of the Sky Ranch Foundation.

Leadership matters in publicly traded companies and, at Corby, George McCarthy demonstrates that good business ethics can be as instinctive and as effective as their promoters claim them to be.

Canadian Club TV Ads: Music to our ears

REAL PLAYERS

Build Shareholder Value

There are so many titles in modern companies like Corby – the District Manager, the Business Planning Analyst, the Brand Manager...

Does anyone other than the title-holder and his or her direct boss know exactly what each employee does? Well, at Corby the entire management team knows.

As an annual exercise, the Executive Team reviews how each individual employee contributes to the company's success.

"Our people are our competitive advantage," explains Ismat Mirza, Vice President of Human Resources and Chief Privacy Officer at Corby. "That's why we make it our business to ensure that everyone is working toward a common goal. That's how we win at our game."

Helping Corby employees work toward common goals is what Real Player Values are all about. It is a human resources strategy that has created a unique culture at Corby, one that has made the company more responsive, innovative, and continually focused on delivering to the bottom line through new approaches.

Our people are our competitive advantage. That's why we make it our business to ensure that everyone is working toward a common goal. That's how we win at our game.

Unity, Diversity, Integrity, Commitment to Learning, Performance with Passion and Celebration – these are the six Real Player Values all employees are measured against.

Real Player Values allow Corby to remain committed to the bottom line, while maintaining focus on how the company achieves the results, as Jakob Ripshtein, Director of Ontario Sales at Corby, explains.

"Performance with Passion is a value we know a lot about – we have cross-functional teams that are challenged to achieve new heights, all within the context of our other values. Through our Commitment to Learning, we learn not only from our own functional areas, we leverage skills across the organization to deliver top-notch results. With Unity and Diversity, we value feedback from others, and we Celebrate our successes when we exceed our goals together."

Although the values themselves are not unique, through them, Corby channels the energy of its employees into common outcomes – all while strengthening the company's inherent culture and relationships.

In today's competitive environment, recruiting, retaining and developing the best employees is critical to a company's success. Corby's Real Player Values help the company create a winning culture and measure winning performances.

Values aren't just encouraged, they're rewarded

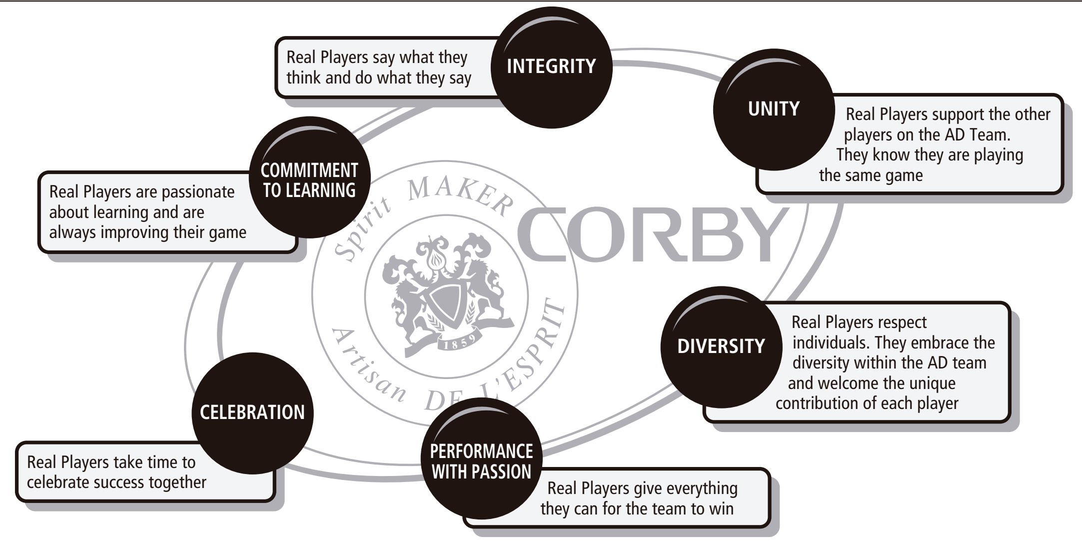
"At Corby, our values aren't just encouraged, they're rewarded," says Mirza. "We've found that by truly committing to our values we develop and retain excellent employees that contribute to Corby's success in all kinds of ways."

This focus on people power comes from the top.

"The people at Corby are our greatest asset," says Krystyna Hoeg, President and CEO. "It is their entrepreneurial spirit and commitment to improving the organization that make us an industry leader, and allow us to increase shareholder value."

REAL PLAYER VALUES

Real Players is about sharing some common values and letting those values guide our decisions and behaviours



DON CENOBIO SAUZA

AND THE PERFECT MARGARITA

Sauza believed the local Blue Agave produced a superior drink… so he called it "tequila"

There are some places where local customs are so attractive that they become embraced by the world. It might be a region's art, its music or its architecture; or it might be something simple but unique, like a drink that can be produced nowhere else.

The spirits that a society produces come to define a region. Everyone knows what the area called Cognac, France exports. It's the same for the Portuguese town of Oporto. Well, there is a region of Mexico called Jalisco; its capital is Guadalajara but its most famously named town is Tequila.

The Blue Agave is a beautiful plant that can grow up to two metres tall. Although it looks like a cactus or a giant aloe, it is actually a member of the lily family.

Jalisco State is in the central-west part of Mexico, not far from the Pacific Ocean. The western Sierra Madre Mountians run through the region, producing a variety of climates, from snowy peaks to steamy tropical valleys. The result is an ecosystem all its own.

One of the unique features of Jalisco is the Blue Agave, a beautiful plant that can grow up to two metres tall. Although it looks like a cactus or a giant aloe, it is actually a member of the lily family. The Blue Agave produces a sweet juice that is the key ingredient in the production of tequila.

In the late 1700s, the colonial town of Tequila was known locally for its mezcal wine or "Vino Tequila," which was distinct from all other mezcal wines because, in Tequila, winemakers added the juice of the Blue Agave. The drink was little known outside the immediate area, and there was no tequila industry until a century later.

In 1873, Don Cenobio Sauza established a distillery and set standards that all other producers soon followed. Sauza believed the local Blue Agave produced a superior drink that deserved its own name, so he called it "tequila". From then on, a product had to be made from Blue Agave grown in the Jalisco region to bear the name tequila.

Tourists still visit Jalisco to see the various small towns along what is known as the Tequila Route. Tequila was North America's first distilled drink and its first commercially produced alcohol. Sauza grew to become Mexico's most popular brand and was soon known around the world.

Now, more than a century after Sauza built his distillery, tequila is one of the fastest-growing spirits products in the world.

"It's as hot as Mexico itself!" says Simon Burch, Vice President of Marketing at Corby. Sauza has been an Allied Domecq brand for a decade and shares top spot as Canada's most popular tequila.

Although a Blue Agave shortage temporarily reduced supply, Sauza is now back in distribution and finished the year with sales up 10 percent in Canada. The momentum picked up dramatically in the last quarter, with growth of 24 percent.

"Now that the supply of Blue Agave is strong again, the demand for tequila could be greater than ever before," says Burch. Corby launched a 375 mL and a 200 mL bottle of Sauza Gold in rapid response to emerging consumer demand.

Tequila can be enjoyed in mixed drinks like Margaritas, as a shooter, or as an aperitif. It has as many premium levels as whisky, and Sauza has the largest family of tequilas on the market, from Sauza Extra Gold, Sauza Blanco and Commemorativo to the 100% Blue Agave Hornitos and luxury Tres Generaciones Plata brands.

Andy Alexander, Vice President of Sales at Corby, sees an excellent opportunity to showcase the brand's premium product, Sauza Hornitos, via the Margarita, which has become the number one selling drink south of the border. "Margaritas are increasing in popularity in Canada," says Alexander, "and we have a real opportunity to develop and promote a premium Margarita now and own the premium tequila business."

(See below for recipes)

CELEBRATING THE GOOD LIFE

with Oliver Bonacini

Peter Oliver and Michael Bonacini are the owners of several of Toronto's best-known, most creative restaurants – Jump, Canoe, Auberge du Pommier, Oliver & Bonacini Café Grill, Biff's and Square. Corby is a proud partner with Oliver Bonacini in providing some of the finest food and beverage experiences available in Canada's largest urban centre.

The restaurants in the Oliver Bonacini family share a belief that any food, no matter how simple, can be elevated to a higher level of enjoyment by the respect, care, and appreciation that their staff shows it. They believe that good food is a necessary part of a good life.

"I think we are blessed to be in this business," says Peter Oliver. "Every day we help remind people what is best in life – the camaraderie of friends, the warmth of families, good food. There is not enough emphasis in North America on getting out and celebrating these things."

Oliver Bonacini restaurants are part of Corby's "licensee trade". It's a channel that represents about 15 percent of Corby sales volume, but its importance goes far beyond what that number suggests.

"Our licensee business is arguably our most effective recruiting channel," says Andy Alexander, Vice President of Sales at Corby. "Having a sales relationship and promotional opportunities at premium establishments like Jump and Canoe leverages our trademarks wonderfully. It gives our brands a lot of credibility to be available at prestigious restaurants like those of Oliver Bonacini."

Part of Oliver Bonacini's winning ways with consumers is providing an element of innovation and surprise in each restaurant's offering along with dependable core menus.

"Back in the '70s, you opened a restaurant based on a concept and you stuck with it, never changing," observes Oliver. "Now the public wants to feel that an establishment is always breaking new ground for them. The thing I like about working with Corby is that they are excited about bringing new things to market. With them, we have a great meshing of business philosophies and I know I can trust them to be consistently creative."

For Corby, this desire on the part of consumers to try something new and fashionable is a great chance to have its brands sampled in a welcoming environment.

"If, as part of your night out, you can try a Polar Ice Martini or a CC Manhattan in a restaurant or bar, that will always work to our advantage," says Alexander. "It's a great sampling channel which we hope leads to a bottle purchase. That's true with all our licensee business."

Krystyna Hoeg, President and CEO at Corby, sees advantages to partnering with Peter Oliver and his team that go far beyond promotional and sales opportunities.

a belief that any food, no matter how simple, can be elevated to a higher level of enjoyment

"Peter is the kind of business leader who sets an example for all of us in giving something back to the communities that support our companies," she says. "His involvement with a wide variety of community and charitable causes is remarkable."

Oliver claims that this kind of involvement just makes good sense to him.

"I think that, as part of a free enterprise system, we have to acknowledge that we operate in a society that is not just made up of business and its needs," he says. "If you are successful, you have an obligation – even a duty – to give something back because it was society that allowed you to be successful. We have to work to make sure that people respect business and not suspect business."

Corby is proud to be in partnership with remarkable entrepreneurs like Peter Oliver and Michael Bonacini, business leaders who make the spirits and wine industry a truly rewarding one.

Courvoisier and the Art of Living Well

If you were banished to a remote island, never to return to civilization, what's the one thing you would most want to bring with you? Legend has it that, in 1815, when the British transported Napoleon into exile, the defeated emperor made sure that several barrels of Courvoisier Cognac were brought on board the HMS Northumberland. Not surprisingly, the British officers greatly appreciated the special cargo and began calling Courvoisier "The Brandy of Napoleon."

It was an apt description. Wine merchant Felix Courvoisier had been a supplier of spirits and wine to the Imperial Court, and Napoleon himself had visited the company in 1811 to pay his respects. This historic relationship was marked in 1927 when Courvoisier put the famous silhouette of Bonaparte on the bottle and the words "The Brandy of Napoleon" on the label.

Even in Napoleon's time, cognac was an ancient, venerated treat, considered by many to be the most distinctive and rewarding wine that a vineyard could produce. Cognac is a unique kind of brandy, a distilled wine that can trace its origins to the 1600s. And the brandy produced in the Cognac region of France was soon recognized for its superb quality. It was a distinction evident in the fact that it became known simply as "cognac" and was required to adhere to strict quality and production laws in order to earn that name.

considered by many to be the most distinctive and rewarding wine that a vineyard could produce

It's often said that while all cognacs are brandy, not all brandies are cognac. However, it's also true that not all cognacs are Courvoisier. No other cognac brand controls every aspect of production the way Courvoisier does, from the selection of the grapes to the unique distillation process. Courvoisier even handpicks each oak tree that will be made into barrels for the aging process.

Courvoisier has been an Allied Domecq brand for almost two decades and is Canada's number one cognac. Kirsten Devitt, Assistant Brand Manager at Corby, says cognac is still a premium product and is usually sipped slowly, often after a meal. We can all picture a crystal snifter of Courvoisier resting on top of a crisp white tablecloth, or on a mahogany sideboard in a book-lined study.

We can all picture a crystal snifter of Courvoisier resting on top of a crisp white tablecloth, or on a mahogany sideboard in a book-lined study.

But Devitt says Courvoisier is continually finding new consumers and is being enjoyed in a variety of ways. "Pass the Courvoisier," for example, was a famous refrain from a popular rap music song a couple of years ago. The phrase introduced the classic drink to appreciative new consumers.

Devitt says Corby is making sure consumers understand the versatility of the product. While the exquisitely aged cognacs, such as Courvoisier VSOP, are best when savoured neat, younger cognacs like Courvoisier VS can be mixed with soft drinks or fruit juices. Certain mixers complement the properties of young cognacs quite nicely.

"It's just a matter of taking a traditional cocktail, one you've heard of before, and trying it with cognac," Devitt says. "A Courvoisier Cosmopolitan is a wonderful, classical twist on a modern drink. And simple things like Courvoisier with ginger ale or iced tea work beautifully as well." And in keeping with the Napoleonic tradition, there is even a cocktail called a Courvoisier Josephine.

While cognac may be finding many new consumers, the traditional ways of enjoying it still apply. That's especially true of premium cognacs such as Courvoisier VSOP and Courvoisier XO Imperial, judged the finest in the world.

Courvoisier VSOP and Courvoisier XO Imperial, judged the finest in the world

While some tulip and sherry glasses are acceptable ways to savour a fine cognac, using the classic, small snifter is still the best choice to enjoy the precious liquid's full taste and aroma. And if the glass is crystal, cognac's warm colours will be all the more brilliant.

Store cognac upright, away from direct sunlight, and serve it at room temperature. Don't forget to enjoy the aroma before taking that first sip. It will bring you the same pleasure it brought Napoleon, even as he sailed into exile.

(See beside for recipes)

Spirit MAKER · Artisan DE L'ESPRIT · CORBY

COCKTAIL recipes

Sauza Perfect Margarita
2 parts Sauza Hornitos
1 part McGuinness Triple Sec
2 parts freshly squeezed lime juice

Shake with ice, pour into a Margarita glass (salted rim optional), garnish with lime wedge.

Polar Ice Smacker
1 oz. Polar Ice Vodka
1 oz. Sourpuss Raspberry
Top with pink lemonade

In a cocktail shaker filled with ice, add all the ingredients. Shake well and strain into a martini glass. Garnish with a lemon wheel.

Courvoisier Cosmopolitan
1 oz. Courvoisier VSOP
1/2 oz. McGuinness Triple Sec
1 oz. cranberry juice
1/2 oz. lime juice

Shake, serve in a martini glass, and garnish with lime wedge.

Courvoisier Josephine
1 oz. Courvoisier VSOP
1/2 oz. De Kuyper Peachtree Schnapps
Strawberry syrup
Lemon juice

Top with tonic in a stemmed glass.

For more cocktail recipes visit:
www.corby.ca

Canada's Leading Manufacturer and Marketer CORBY of Spirits and Importer of Wines Since 1859

2004 ANNUAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2004

Financial Review

145th Year www.corby.ca

CORBY MANAGEMENT TEAM

John Nicodemo
CFO, VICE PRESIDENT, FINANCE, AND CORPORATE SECRETARY

Andy Alexander
VICE PRESIDENT, SALES

Simon Burch
VICE PRESIDENT, MARKETING

Howard Kirke
VICE PRESIDENT, EXTERNAL AFFAIRS

Ismat Mirza
VICE PRESIDENT, HUMAN RESOURCES, AND CHIEF PRIVACY OFFICER

Management's Discussion and Analysis

The Management's Discussion and Analysis ("MD&A") should be read in combination with the audited consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles. Additional information regarding Corby Distilleries Limited is available on SEDAR at www.sedar.com.

All dollar amounts are in Canadian dollars unless otherwise stated.

OVERVIEW

Corby Distilleries Limited ("Corby") continues in its successful efforts to build powerful, exciting spirit brands that drive profitable organic growth with strong, consistent cash flows both in Canada and internationally.

The fiscal 2004 financial results of Corby reflect another very strong performance by the company. Earnings per share increased by over 14% to $4.59 per share and Corby's portfolio of owned brands continued to demonstrate strong growth as evidenced by an increase of close to 4% in consumer consumption for fiscal 2004 versus the corresponding period last year.

On October 20, 2004, the Board of Directors approved a 10% increase in the quarterly dividend to $0.55 per share. The increase will become effective for the dividend being paid to shareholders on November 15, 2004. The quarterly dividend will continue to be funded from Corby's cash flow from operating activities.

THREE YEAR FINANCIAL REVIEW

(in thousands of dollars, except per share amounts)	2004	2003	% CHANGE 2004 vs. 2003	2002	% CHANGE 2003 vs. 2002
Net operating revenue	$ 118.7	$ 108.9	+9%	$ 101.8	+7%
Net earnings	$ 32.5	$ 28.4	+14%	$ 25.1	+13%
Basic EPS	$ 4.59	$ 4.02	+14%	$ 3.57	+13%
Fully diluted EPS	$ 4.58	$ 4.01	+14%	$ 3.56	+13%
Total assets	$ 295.3	$ 277.0	+7%	$ 261.9	+6%
Total long-term liabilities	$ 157.0	$ 157.0	–	$ 165.1	(5%)
Dividends paid per share	$ 2.00	$ 2.00	–	$ 2.00	–

FINANCIAL RESULTS OF OPERATIONS

YEAR ENDED AUGUST 31, 2004

Net earnings amounted to $32.5 million or $4.59 per share for the year ended August 31, 2004 compared with $28.4 million or $4.02 per share for the corresponding period last year. Net earnings on a fully diluted basis amounted to $4.58 per share and $4.01 per share for the years ended August 31, 2004 and 2003, respectively.

Corby succeeded in increasing its operating revenue through core volume growth, favourable product mix and additional bottling contracts. As a result, Corby's earnings from operations increased by over 4% for the year ended August 31, 2004 compared with the year ended August 31, 2003. Net earnings for the year ended August 31, 2004 increased by 14% over the year ended August 31, 2003, mainly due to a $3.7 million increase in the equity earnings from the investment in the Tia Maria Group ("TMG").

Corby's net operating revenue, consisting of net sales revenue and commission income, increased by $9.8 million to $118.7 million in fiscal 2004. This increase was mainly driven by 3% growth in sales of Corby's owned brands and a $6.5 million increase in contract bottling revenue generated at its blending and bottling plant in Montreal. The increase in contract bottling revenue was primarily the result of new contracts obtained near the end of fiscal 2003. Furthermore, an increase of $0.2 million in commission income was mainly driven by 3% growth in sales of the brands that Corby's represents on an agency basis for Allied Domecq PLC.

Corby succeeded in increasing its operating revenue through core volume growth, favourable product mix and additional bottling contracts.

Cost of sales amounted to $47.2 million for the year ended August 31, 2004 compared with $39.8 million for the year-ended August 31, 2003. The increase of $7.4 million was mainly driven by the costs associated with the aforementioned increases in contract bottling revenue and sales of Corby's owned brands. Furthermore, the cost of sales amount for fiscal 2004 includes a charge of $0.6 million for inventory obsolescence.

Marketing, sales and administration expenses for the year ended August 31, 2004 amounted to $33.9 million compared with $30.7 million for the corresponding period last year. The main factors behind the increase was an increase in advertising and promotional expenditures (impact of $0.7 million), an increase in the compensation expense related to Corby's share appreciation rights plan (impact of $0.6 million), as well as higher costs associated with pension and post-retirement benefits plans (impact of $0.4 million).

The increase in advertising and promotional expenditures in fiscal 2004 reflects Corby's investment in national media campaigns for Wiser's and Polar Ice this year. Overall, Corby increased its investment in advertising and promotional spend by 8% in fiscal 2004 over fiscal 2003 levels in an effort to continue building brand equity for its core brands.

Equity earnings from TMG, as reported by Allied Domecq PLC, increased by $3.7 million for the year ended August 31, 2004 compared with the corresponding period last year. The increase in earnings was mainly due to a decrease in reported advertising and promotional expenditures on the Tia Maria and Tia Lusso brands compared with last year, partially offset by a decrease in reported operating revenue.

Total operating revenue for TMG for the year ended August 31, 2004 amounted to $69.1 million compared with $83.8 million for the corresponding period last year. The main reason for the decrease is the reduction in operating revenue from the Tia Lusso brand. Tia Lusso contributed $13.4 million in operating revenue for fiscal 2004 versus $21.8 million in operating revenue for fiscal 2003. The operating revenue for the prior period reflects a higher contribution as a result of the brand's first launch into the holiday season. Tia Lusso is currently the #2 cream liqueur in the UK market, as measured by sales value.

There was also a 9% decline in reported sales of the Tia Maria brand, which resulted in a $6.3 million decrease in reported operating revenue. Tia Maria sales were affected in the short-term by the recent focus on the Tia Lusso brand. However, a recovery strategy has been developed and a new marketing campaign will be launched to revitalize the Tia Maria brand.

Total advertising and promotion expenses for the Tia Maria and Tia Lusso brands amounted to $33.8 million for the year ended August 31, 2004 compared with $56.0 million for the corresponding period last year. Advertising and promotion expenses on Tia Lusso alone were $23.7 million for the year ended August 31, 2004 versus $36.4 million for the corresponding period last year. The decrease reflects the impact of the significant expenditure associated with the launch of the Tia Lusso brand in the prior year. There was also a decrease of $9.5 million in the advertising and promotional spend on the Tia Maria brand.

Overall, the net earnings of TMG amounted to $11.4 million for the year ended August 31, 2004 compared with $3.2 million for the year ended August 31, 2003.

Corby's income tax provision for the year ended August 31, 2004 amounted to $10.3 million compared with $9.0 million for the corresponding period last year. The tax provisions reflect effective tax rates of 24% for the years ended August 31, 2004 and 2003, respectively. The effective tax rate in fiscal 2004 has remained consistent with the effective rate in the prior year. The impact on Corby's effective tax rate as a result of the increase in the province of Ontario's corporate tax rates has been offset by the increase in equity earnings from the investment in TMG, which is not subject to corporate income taxes.

MANAGEMENT'S REPORT –

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Corby Distilleries Limited were prepared by management in conformity with accounting principles generally accepted in Canada. The significant accounting policies, which management believes are appropriate for the Corporation, are described in the accompanying "Summary of Significant Accounting Policies." The financial information contained elsewhere in this Annual Report is consistent with that in the financial statements.

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

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

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

AUDITORS' REPORT –

Auditors' Report to Shareholders

We have audited the consolidated balance sheets of Corby Distilleries Limited as at August 31, 2004 and 2003 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Toronto, Canada
September 24, 2004

Management's Discussion and Analysis *(continued)*

THREE MONTHS TO DATE

Net earnings for the quarter ended August 31, 2004 was $7.7 million or $1.09 per share compared with $10.1 million or $1.43 per share for the corresponding period last year. Net earnings on a fully diluted basis amounted to $1.08 per share and $1.43 per share for the quarters ended August 31, 2004 and 2003, respectively.

The main reasons for the decrease in the net earnings in the final quarter of fiscal 2004 was a decrease of $1.0 million in the equity of earnings from TMG, the recording of a $0.6 million provision for inventory obsolescence, and an increase of $0.2 million in the expense related to Corby's share appreciation rights plan.

Corby's net operating revenue was $31.4 million for the quarter versus $29.5 million for the quarter last year. This increase was primarily due to 3% growth in sales of Corby's owned brands in addition to a $1.0 million increase in contract bottling revenue over the same period last year.

Equity earnings from TMG for the three months ended August 31, 2004, as reported by Allied Domecq PLC, showed net earnings of $0.3 million compared with net earnings of $1.3 million for the corresponding period last year. The net earnings for the prior period reflect a reported contribution of $1.1 million in tax recoveries obtained by TMG for the quarter ended August 31, 2003.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in millions of dollars, except per share amounts)	Q4 2004	Q3 2004	Q2 2004	Q1 2004	Q4 2003	Q3 2003	Q2 2003*	Q1 2003
Net operating revenue	$ 31.4	$ 25.8	$ 28.9	$ 32.7	$ 29.5	$ 23.8	$ 23.0	$ 32.6
Net earnings	$ 7.7	$ 5.6	$ 8.2	$ 11.0	$ 10.1	$ 4.6	$ 5.2	$ 8.5
Basic EPS	$ 1.09	$ 0.79	$ 1.16	$ 1.56	$ 1.43	$ 0.66	$ 0.73	$ 1.20
Fully diluted EPS	$ 1.08	$ 0.79	$ 1.16	$ 1.55	$ 1.43	$ 0.65	$ 0.73	$ 1.20

* In Q2 2003, Corby restructured its work force and eliminated 25 full-time sales and marketing positions across the country. As a result of this reorganization, Corby recorded a before-tax charge to earnings of $2.1 million.

Corby's annual business cycle displays the effect of seasonality on two fronts. 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, Corby's financial results in the first quarter and last quarter of each fiscal year tend to reflect the seasonal nature of the business cycle.

BALANCE SHEET REVIEW

Working capital was $84.2 million as at August 31, 2004 compared with $68.1 million as at August 31, 2003. The increase in working capital is mainly the result of a $23.5 million increase in Corby's cash position and a $2.3 million decrease in income and other taxes payables. This was partially offset by a $3.8 million decrease in accounts receivable, a $2.1 million decrease in inventory, and a $3.9 million increase in accounts payables.

The decrease in accounts receivable and inventory levels reflect continued improvements in working capital management, with specific emphasis on collection practices and the timing of production and distilling activities. The increase in accounts payables reflects process improvements regarding the settlement of accounts payables.

The loan from an affiliated company represents a financing debt instrument from Allied Domecq PLC. The loan to an affiliated company represents an investment in the form of an interest bearing debt instrument to Allied Domecq USA, an operating subsidiary of Allied Domecq PLC. The loan from Allied Domecq PLC is without recourse and is secured by the capital of Allied Domecq USA.

The loan from an affiliated company bears interest at 7.66% and interest expense for fiscal 2004 was $11.9 million. The loan to an affiliated company bears interest at 7.91% and income for fiscal 2004 was $12.3 million.

CASH FLOW REVIEW

Corby's operating activities contributed $38.6 million to cash in fiscal 2004 compared with $41.5 million in fiscal 2003. The decrease in cash flows from operating activities was mainly the result of the timing of income tax related payments (negative impact of $7.4 million). This was partially offset by increased profitability, a decrease in accounts receivable (positive impact of $2.1 million) and the timing of distillation and production activity for whisky inventories (positive impact of $0.7 million).

Cash flows used in investing activities of $1.1 million were primarily for investment in capital assets in the form of machinery and equipment for Corby's blending and bottling plant in Montreal.

Cash flows used in financing activities of $14.1 million were primarily for the payment of the $0.50 per share quarterly dividend.

OUTSTANDING SHARE DATA

As at August 31, 2004, Corby had 6,068,580 voting Class A common shares, 1,013,984 non-voting Class B common shares, and 35,175 non-voting Class B common share options outstanding. As at August 31, 2004, 29,975 of the non-voting Class B common share options were exercisable.

LIQUIDITY AND FUNDING REQUIREMENTS

Corby continues to generate strong cash flows from operations. Furthermore, Corby also has access to a $50 million revolving debt facility that is currently not being used. As a result, it is expected that Corby will be able to meet all funding and working capital requirements that are expected to arise within the normal course of business. Specifically, while demographic and financial market dynamics in recent years have increased the cost of providing pensions and other post-retirement benefits, Corby is committed to making any required contributions to ensure that it meets its obligations.

As at August 31, 2004, Corby is committed to future minimum payments under operating leases and contractual commitments for premises and equipment for the next five years and thereafter as follows:

FISCAL YEAR	AMOUNT (in millions of dollars)
2005	$ 0.9
2006	$ 0.8
2007	$ 0.8
2008	$ 0.6
2009	$ 0.1
Thereafter	$ 0.0
Total	$ 3.2

RELATED PARTY TRANSACTIONS

Hiram Walker & Sons Limited, a wholly owned subsidiary of Allied Domecq PLC, owns in excess of 50% of the issued voting common shares of Corby and is thereby considered to be the company's parent. Allied Domecq PLC is considered to be Corby's ultimate parent. Affiliated companies are those that are also subsidiaries of Allied Domecq PLC.

Corby engages in a significant amount of transactions with its parent company, its ultimate parent, and affiliates. Specifically, Corby renders services to its parent company, its ultimate parent, and affiliates for purposes of marketing and sales of beverage alcohol products in Canada. Furthermore, Corby sub-contracts virtually all of its distilling, blending, bottling, storing, and production activities to its parent company. A significant portion of Corby's bookkeeping, record keeping services, data processing, and other administrative services are also outsourced to its parent company.

All of the transactions, which are settled the following month, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Virtually all of the transactions are covered under the terms of agreements that are due to expire on August 31, 2005. These agreements included a non-competition clause whereby Corby ceded its rights to sell beverage alcohol in bulk in favour of its parent company.

For further details on the nature and financial impact of these related party transactions, please refer to Note 2 of the audited consolidated financial statements.

CORE BRAND PERFORMANCE REVIEW

Corby's portfolio of owned brands continued to demonstrate strong growth as evidenced by an increase of close to 3% in consumer consumption for fiscal 2004 versus the corresponding period last year. This increase was at the upper end of management's expectations.

The performance of Corby's core brands; Wiser's rye whiskies, Polar Ice vodka, and Lamb's rum primarily drove the growth. In particular, Wiser's whiskies and Polar Ice vodka continued to grow at a significantly faster pace than their respective categories.

CORE BRAND	BRAND GROWTH RATE*	CATEGORY GROWTH RATE**	CATEGORY SHARE*** FISCAL 2004	CATEGORY SHARE*** FISCAL 2003
Wiser's whiskies	5.0%	0.4%	14.9%	14.3%
Polar Ice vodka	8.9%	3.2%	6.2%	5.9%
Lamb's rum	2.5%	3.0%	17.4%	17.5%

* Refers to the growth in consumer consumption of the brand in fiscal 2004 as compared to fiscal 2003.
** Refers to the growth in consumer consumption for the relevant spirit category in fiscal 2004 as compared to fiscal 2003.
*** Refers to the share of Corby's brand in relation to the relevant spirit category.

Wiser's rye whiskies have been a success story for Corby. While the lack of consumption growth in the rye whisky category poses a challenge, Wiser's whiskies have managed to take market share away from competing brands as a result of effective advertising and promotional expenditures and a loyal consumer base. Consumer consumption now exceeds 500,000 cases annually and Wiser's has become the #6 spirit brand in the Canadian market, as measured by case volumes.

The success of Polar Ice vodka can be partially attributed to the strong growth of the vodka category in Canada. Vodka has been one of the fastest growing spirit categories in recent years, due to the trend towards martinis and other forms of cocktail drinks. However, the growth of Polar Ice vodka has far exceeded the category growth rates on a consistent basis and in a short period of time, it has become one of the leading premium vodka brands in the Canadian market. This can be attributed to its award-winning quality, effective retail programming, and significant investments in brand equity.

Furthermore, Corby's relationship with its majority shareholder, Allied Domecq PLC, provides the company with one of the strongest brand portfolios in the spirits industry. Corby represents many of Allied Domecq PLC's leading international marques on an agency basis in Canada and their Core 9 brands continued to have success in the Canadian market in fiscal 2004. Allied Domecq's Core 9 brands are Canadian Club rye whisky, Kahlua liqueur, Malibu rum, Beefeater gin, Tia Maria liqueur, Ballantine's scotch, Sauza tequila, Courvoisier cognac, and Maker's Mark bourbon.

Canadian Club rye whisky had a strong year and consumer consumption grew at a rate of over 2%, which outpaced the category growth rate. The Kahlua liqueur brand experienced a challenging start to the fiscal year. However, a new marketing campaign was launched part way through the year and it is already helping to deliver improved consumer consumption trends.

The Malibu brand continued to be a strong growth engine, and the summer launch of its two innovative flavour extensions (Mango and Pineapple) added to an already successful year. The Malibu brand demonstrated growth of over 18% in consumer consumption for fiscal 2004.

ACCOUNTING MATTERS

TIA MARIA GROUP

Corby accounts for its 45% ownership interest in Tia Maria Limited and Tia Maria International Limited, collectively referred to as the Tia Maria Group ("TMG"), by using the equity method of accounting and has done so since 1982. Allied Domecq PLC, which owns the remaining 55% of TMG, also owns the majority of the voting shares of Corby through its subsidiary Hiram Walker & Sons Limited. As a result of the ownership structure, the nature of Corby's investment in TMG is as follows:

- Allied Domecq PLC controls the operational, strategic and investment decisions regarding the TMG business (which encompasses both the Tia Maria and Tia Lusso brands);
- Allied Domecq PLC is responsible for the accounting and record keeping for TMG. Allied Domecq PLC reports TMG's financial information on a quarterly and annual basis to Corby so that Corby may calculate and account for its investment in TMG on the equity accounting basis;
- Allied Domecq PLC generates this financial information and is responsible for the internal controls within TMG necessary to do so;
- Allied Domecq PLC is a registrant of the Securities Exchange Commission and will be required to evaluate and report on its internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 for financial years ending August 31, 2005 onwards;
- As the recipient of financial information of TMG from Allied Domecq PLC, Corby is not in a position to attest to the accuracy or reliability of the quarterly and annual TMG financial statements or of the internal controls used within TMG. However, Corby does engage in ongoing dialogue with Allied Domecq PLC in order to obtain a commercial understanding of the reported financial results of TMG and to comment on the TMG business, as reported by Allied Domecq PLC, within the financial statements and MD&A of Corby.

RECENT ACCOUNTING PRONOUNCEMENTS

The Canadian Institute of Chartered Accountants ("CICA") has issued the following pronouncements, which will become effective for the year ended August 31, 2005.

In July 2003, the CICA issued new Handbook Sections 1100 "Generally Accepted Accounting Principles" and 1400 "General Standards of Financial Statement Presentation". Section 1100 describes what constitutes Canadian generally accepted accounting principles ("GAAP") and its sources and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP, thereby re-codifying the Canadian GAAP hierarchy. Section 1400 provides general guidance on financial statement presentation and further clarifies what constitutes fair presentation in accordance with GAAP. These recommendations are effective for fiscal years beginning on or after October 1, 2003. Corby is currently evaluating the impact, if any, that the issuance of these recommendations may have on its consolidated financial statements.

In June 2003, the CICA issued Accounting Guideline 15 ("AcG-15"), "Consolidation of Variable Interest Entities". This guideline requires that an enterprise holding other than a voting interest in a variable interest entity ("VIE") could, subject to certain conditions, be required to consolidate the VIE if it is considered its primary beneficiary whereby it would absorb the majority of the VIE's expected losses and/or receive the majority of its expected residual returns. AcG-15 applies to annual and interim periods beginning on or after November 1, 2004. Corby is currently evaluating the impact, if any, that the issuance of this recommendation may have on its consolidated financial statements.

In March 2003, the CICA issued Section 3110, "Asset Retirement Obligations". This standard requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated costs are capitalized as part of the carrying value of the related asset and amortized over its remaining useful life. Section 3110 is applicable to fiscal years beginning on or after January 1, 2004 and must be applied retroactively with restatement of prior periods. Corby is currently evaluating the impact, if any, that the issuance of this recommendation may have on its consolidated financial statements.

OUTLOOK

Corby will continue to direct targeted and effective advertising and promotion expenditures to support its core brands in Canada. It is Corby's objective to deliver profitable organic growth from core brands through identifying, targeting and executing against all market opportunities. As a result, operational cash flows are expected to remain strong as Corby continues to build upon the growth demonstrated by its core brands, streamline operations, and maximize efficiencies throughout the organization.

Please enjoy our products responsibly.

Consolidated Statements of Earnings

FOR THE YEARS ENDED AUGUST 31, 2004 and AUGUST 31, 2003 (in thousands of dollars, except per share amounts)	2004	2003
OPERATING REVENUE		
Sales	$ 102,006	$ 92,343
Commissions	16,724	16,523
NET OPERATING REVENUE	118,730	108,866
OPERATING COSTS		
Cost of sales	47,180	39,767
Marketing, sales and administration	33,854	30,703
Restructuring activities (note 3)	–	2,068
Amortization	824	875
TOTAL OPERATING COSTS	81,858	73,413
EARNINGS FROM OPERATIONS	36,872	35,453
Equity in net earnings of companies subject to significant influence	5,125	1,462
Interest income, net	800	485
EARNINGS BEFORE INCOME TAXES	42,797	37,400
Income taxes (note 5)	10,311	8,961
NET EARNINGS	$ 32,486	$ 28,439
BASIC EARNINGS PER SHARE (note 13)	$ 4.59	$ 4.02
FULLY DILUTED EARNINGS PER SHARE (note 13)	$ 4.58	$ 4.01

Consolidated Statements of Retained Earnings

FOR THE YEARS ENDED AUGUST 31, 2004 and AUGUST 31, 2003 (in thousands of dollars)	2004	2003
RETAINED EARNINGS – BEGINNING OF YEAR	$ 88,428	$ 74,144
Net earnings	32,486	28,439
	120,914	102,583
Dividends declared and paid	14,164	14,155
RETAINED EARNINGS – END OF YEAR	$ 106,750	$ 88,428

See accompanying notes to consolidated financial statements.

Consolidated Cash Flow Statements

FOR THE YEARS ENDED AUGUST 31, 2004 and AUGUST 31, 2003 (in thousands of dollars)	2004	2003
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net earnings	$ 32,486	$ 28,439
Items not affecting cash:		
Amortization	824	875
Future income taxes (note 5)	(215)	(568)
Equity earnings (in excess of) less than dividends received	(2,728)	998
Employee future benefits	1,425	787
Changes in non-cash working capital (note 6)	6,812	11,018
Cash flows from operating activities	38,604	41,549
CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Additions to capital assets	(1,063)	(1,889)
Cash flows used in investment activities	(1,063)	(1,889)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(14,164)	(14,155)
Repayment of long-term debt	–	(8,000)
Proceeds on issuance of capital stock	75	671
Cash flows used in financing activities	(14,089)	(21,484)
NET INCREASE IN CASH EQUIVALENTS*	23,452	18,176
CASH EQUIVALENTS* BEGINNING OF YEAR	16,959	(1,217)
CASH EQUIVALENTS* END OF YEAR	$ 40,411	$ 16,959

*Cash equivalents consist of cash on hand and bank indebtedness

Supplementary Cash Flow Information

FOR THE YEARS ENDED AUGUST 31, 2004 and AUGUST 31, 2003 (in thousands of dollars)	2004	2003
Income taxes paid	$ 13,075	$ 4,807
Interest paid	$ 15,576	$ 10,974
Dividends received	$ 2,397	$ 2,460
Interest received	$ 15,803	$ 10,987

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

AS AT AUGUST 31, 2004 and AUGUST 31, 2003 (in thousands of dollars)	2004	2003
ASSETS		
CURRENT ASSETS		
Cash	$ 40,411	$ 16,959
Accounts receivable	20,374	24,198
Interest receivable from affiliated company	–	2,901
Inventories, net (note 4)	40,100	42,243
Prepaid expenses	1,760	1,422
Future income taxes (note 5)	–	458
	102,645	88,181
Long-term investments	24,134	19,755
Capital assets (note 8)	6,911	6,672
Loan to affiliated company (note 7)	152,500	152,500
Employee future benefits (note 9)	4,602	5,416
Goodwill	4,476	4,476
	$ 295,268	$ 277,000
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 15,120	$ 11,181
Interest payable to affiliated company	–	3,371
Income and other taxes payable	3,291	5,577
	18,411	20,129
Loan from affiliated company (note 7)	152,500	152,500
Employee future benefits (note 9)	3,669	3,058
Future income taxes (note 5)	813	1,486
	175,393	177,173
SHAREHOLDERS' EQUITY		
Share capital (note 11)	12,501	12,426
Retained earnings	106,750	88,428
Cumulative translation adjustments (note 14)	624	(1,027)
	119,875	99,827
	$ 295,268	$ 277,000

Commitments (note 16). Contingencies (note 18). See accompanying notes to consolidated financial statements.
Signed on behalf of the Board.

George F. McCarthy
DIRECTOR

Robert L. Llewellyn
DIRECTOR

Notes to Consolidated Financial Statements

For the years ended August 31, 2004 and August 31, 2003

(In thousands of dollars, except share amounts)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corby Distilleries Limited's (the "Corporation") accounting policies conform with accounting principles generally accepted in Canada and are summarized below:

Consolidation
The consolidated financial statements include the accounts of all subsidiaries. All inter-company transactions have been eliminated. The Corporation's 45% investment in Tia Maria Limited and Tia Maria International, collectively referred to as the Tia Maria Group, is accounted for using the equity method. Under this method, the original cost of the shares is adjusted for the Corporation's share of post-acquisition earnings or losses, less dividends. Allied Domecq PLC, the Corporation's ultimate parent, owns the remaining 55% of the Tia Maria Group.

Revenue Recognition
Sales and commissions are recognized when title passes to customers. All of the Corporation's customers are considered to be of a similar type. The revenue is presented net of discounts.

Foreign Currency Translation
The Tia Maria Group, in which the Corporation has a long-term investment of a self-sustaining nature, has the UK Pound Sterling as its functional currency and has its financial results translated to Canadian Dollars as follows: assets and liabilities at the exchange rates in effect at the balance sheet dates and the translation of revenues and expenses at the average exchange rates for the years. Unrealized gains or losses on translation are shown as a separate component in shareholders' equity.

The monetary assets and liabilities of the Corporation which are denominated in foreign currencies are translated at exchange rates in effect at the balance sheet dates. Revenues and expenses are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized currently in earnings.

Inventories
Inventories are stated at average cost not exceeding net realizable value. They include barreled whiskies which will remain in storage over a period of years, but which are classified as current assets in accordance with industry standards.

Capital Assets
Buildings and machinery and equipment are carried at cost, less accumulated amortization. Amortization is provided for on the straight-line basis over periods of one to twenty years depending on the nature of the asset. One-half rates are applied to assets in the year of acquisition.

Goodwill
Goodwill represents the excess of acquisition costs over amounts assigned to net identifiable assets of companies acquired. The Corporation recognizes goodwill on its balance sheet, less any write down for impairment. Goodwill is not amortized, but is to be tested for impairment on an annual basis at the level of reporting referred to as a reporting unit. When the carrying value of the reporting unit exceeds its fair value, goodwill is required to be tested for impairment. Goodwill impairment losses should be recognized when the carrying amount of the goodwill of a reporting unit exceeds the fair value of the goodwill. Impairment tests have since been performed on an annual basis and no impairment has been recognized.

Stock Based Compensation Plan
In 2003, the Corporation adopted CICA Handbook Section 3870, "Stock Based Compensation and Other Stock-Based Payments," which establishes new standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Section 3870 sets out a fair value based method of accounting that is required for all stock-based transactions. Under the recommendation, direct awards of stock granted to employees and directors are recorded at fair value on the date of grant and the associated expense is amortized over the vesting period.

Section 3870 provides alternative methods of transition for the adoption of the fair value method and, as permitted, the Corporation has adopted the prospective approach with the fair value based method of accounting used for all types of awards previously not accounted for at fair value.

The Corporation has a Class B Share Option Plan that is described in Note 11. As these options were granted prior to 2001, the Corporation continues to apply the settlement method whereby no compensation expense is recognized when shares or share options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option canceled is charged to retained earnings.

Share Appreciation Rights
The Corporation has a Share Appreciation Rights Plan that is described in Note 12. Compensation expense is recorded for the plan to the extent which the market closing price of the Corby Class A common shares exceeds the grant price of the share appreciation rights. Compensation expense is also recorded for the dividends that accrue for unvested share appreciation rights in accordance with the provisions of the plan.

Employee Future Benefits
The Corporation accrues its obligations under employee benefit plans and its related costs, net of plan assets and recognizes the cost of retirement benefits and certain post-employment benefits over the periods in which employees render services to the entity in return for the benefits. Other post-employment benefits are recognized when the event that obligates the entity occurs. The Corporation has the following policies:

(a) The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.

(b) For the purpose of calculating the expected return on plan assets, those assets are valued at fair values.

(c) Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of active members expected to receive benefits under the plan.

(d) Net actuarial gains or losses are amortized based on the corridor method. Under the corridor method, cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized over the average remaining service period of active members expected to receive benefits under the plan.

(e) The measurement date of the plan's assets and obligations is August 31, 2004.

Earnings Per Share
In the computation of diluted earnings per share, the Corporation is required to use the "treasury stock method". Under the treasury stock method, the denominator used in the computation of basic earnings per share should be increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. In addition, the numerator used in the computation of basic earnings per share should be adjusted for the effects of dilutive convertible securities. When several alternatives exist, diluted earnings per share should be based on the most advantageous conversion rate or exercise price from the standpoint of the holder of the potential common shares.

Income Taxes
The Corporation accounts for income taxes under the asset and liability method, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Measurement Uncertainty
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, inventory obsolescence, amortization, capital asset valuations, employee future benefits, taxes, provisions, and contingencies.

Recent Accounting Pronouncements
The following pronouncements were issued by the CICA and were effective for the year ended August 31, 2004.

In December 2003, the Emerging Issues Committee released EIC-141, "Revenue Recognition" and EIC-142, "Revenue Arrangements with Multiple Deliverables." EIC-141 summarizes the principles set forth in SAB 104 that, in the Committee's view, are generally appropriate as interpretive guidance on the application of CICA Handbook Section 3400 "Revenue." EIC-142 addresses certain aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue-generating activities. Specifically, EIC-142 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how arrangement consideration should be measured and allocated to the separate units of accounting in the arrangement. The adoption of EIC-141 and EIC-142 did not have a material impact on the Corporation's results of operations or financial position.

In December 2002, the CICA issued Handbook Section 3063, "Impairment of Long-Lived Assets," and revised Section 3475, "Disposal of Long-Lived Assets and Discontinued Operation." Section 3063 requires that an impairment loss be recognized when the carrying amount of an asset to be held for use exceeds the sum of the undiscounted cash flows expected from its use and disposal; the impairment loss recognized is the amount by which the carrying amount of the asset exceeds its fair value. Section 3475 requires that assets classified as held-for-sale be measured at the lower of their carrying amounts or fair value, less costs to sell. The adoption of Section 3063 did not have a material impact on the Corporation's results of operations or financial position.

Accounting Guideline 13, Hedging Relationships, establishes new criteria for hedge accounting and will apply to all hedging relationships in effect for fiscal years commencing on or after July 1, 2003. The Guidelines require that to qualify for hedge accounting, the hedging relationship must be appropriately documented at the inception of the hedge and there must be reasonable assurance, both at the inception and throughout the term of the hedge, that the hedging relationship will be effective. Effectiveness requires a high correlation of changes in fair values or cash flows between the hedged item and the hedging item. This new Accounting Guideline did not have a material impact on the Corporation's results of operations or financial position.

In January 2004, the Emerging Issues Committee of the CICA released EIC-144, "Accounting by a Customer (including a Reseller) for Certain Consideration Received from a Vendor." EIC-144 specifies the accounting methods to be applied to certain consideration received from a vendor and should be applied retroactively to all financial statements for annual and interim periods ending after August 15, 2004. EIC-144 stipulates that cash consideration received by a company from a vendor is

Notes to Consolidated Financial Statements *(continued)*

NOTE 1. *(continued from F3)*

presumed to be a reduction of the prices of the vendor's products or services and should, therefore, be accounted for as a reduction of cost of goods sold and related inventory when recognized in the Corporation's income statement and balance sheet. The application of this standard did not have a significant impact on the financial position or results of operations of the Corporation.

In February 2003, the CICA issued Accounting Guideline 14, Disclosure of Guarantees, which requires that certain disclosures be made by a guarantor about its obligations under guarantees in its interim and annual consolidated financial statements for interim periods beginning on or after January 1, 2003. A guarantee is a contract or an indemnification agreement that contingently requires the Corporation to make payments to the other party to the contract or agreement, based on a third party failure to perform under an obligating agreement. It could be also an indirect guarantee of the indebtedness of another party, even though the payment to the other party may not be based on changes in an underlying obligation that is related to an asset, a liability, or equity of the other party.

In the normal course of business, the Corporation enters into agreements containing features that meet the Guideline criteria for a guarantee including the following:

The Corporation indemnifies its directors, officers, and individuals who act or who have acted at the Corporation's request to be a director or officer of an entity in which the Corporation is a shareholder or creditor, to the extent permitted by law. Coverage is provided for "wrongful acts" committed, attempted or allegedly committed or attempted by the insured persons, subject to certain exclusions in the policy. "Wrongful act" means any error, misstatement, misleading statement, act, omission, neglect or breach of duty committed, attempted, or allegedly committed by any insured person, individually or otherwise, in his insured capacity, or any matter claimed against him solely by reason of his serving in such insured capacity. These indemnification claims are subject to any statutory or other legal limitation period. The nature of the indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties.

The Corporation has purchased directors' and officers' liability insurance which carries a $1,200 deductible. No amount has been accrued in the consolidated balance sheet with respect to these indemnifications. To the knowledge of the Corporation, there is no such claim pending against directors and officers.

NOTE 2. RELATED PARTY TRANSACTIONS

Hiram Walker & Sons Limited, a wholly owned subsidiary of Allied Domecq PLC, owns in excess of 50% of the issued voting common shares of the Corporation and is thereby considered to be the Corporation's parent. Allied Domecq PLC is considered to be the Corporation's ultimate parent. Affiliated companies are those that are also subsidiaries of Allied Domecq PLC. In addition to information provided in Note 7, transactions and balances with parent and affiliated companies include the following:

COMMERCIAL TRANSACTIONS (in thousands of dollars) — Amount of the Transactions

NATURE OF TRANSACTION	NATURE OF RELATIONSHIP	FINANCIAL STATEMENT CATEGORY	2004	2003
I. The Corporation renders blending and bottling services	Parent company	Sales, accounts receivable	$ 943	$ 404
II. The Corporation sells certain of its products for resale at an export level	Affiliated companies	Sales, accounts receivable	$ 56	$ 51
III. The Corporation renders services, as the sole and exclusive representative, for purposes of marketing and sales of beverage alcohol products in Canada	Parent company, companies subject to significant influence, ultimate parent company and affiliated companies	Commissions, accounts receivable	$ 11,400	$ 11,051
IV. The Corporation sub-contracts virtually all of its distilling, blending, bottling, storing and production activities	Parent company	Cost of sales/Inventories	$ 14,281	$ 13,054
V. The Corporation sub-contracts an important portion of its bookkeeping, record keeping services, certain administrative services, related data processing and maintenance of data processing activities	Parent company	Marketing, sales, and administration	$ 2,268	$ 2,229
VI. The Corporation purchases some of the inventory used in production activities	Parent company	Cost of sales/Inventories	$ 2,327	$ 1,355

These transactions, which are settled the following month, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Transactions in sections III, IV, and V above are covered under the terms of agreements with related parties that expire on August 31, 2005. These agreements include a non-competition clause whereby the Corporation ceded its rights to sell beverage alcohol in bulk in favour of its parent company.

BALANCES

AS AT AUGUST 31 (in thousands of dollars)	2004	2003
AMOUNTS INCLUDED IN ACCOUNTS RECEIVABLE		
Affiliated companies	$ 1,729	$ 3,137
	$ 1,729	$ 3,137

NOTE 3. RESTRUCTURING ACTIVITIES

In February 2003, the Corporation restructured its work force and eliminated 25 full-time sales and marketing positions across the country. The realignment allowed the Corporation to increase the effectiveness of the sales coverage by utilizing the services of strategically located part-time contractors while simultaneously reducing sales coverage costs. As a result of this reorganization, the Corporation recorded a charge to earnings in the year ended August 31, 2003 of $2,068 (August 31, 2004 - $nil), of which $400 was accrued as at August 31, 2003 (August 31, 2004 - $nil). The majority of the charge related to the severance costs associated with the elimination of the 25 positions noted above.

NOTE 4. INVENTORIES, NET

AS AT AUGUST 31 (in thousands of dollars)	2004	2003
Raw materials	$ 7,003	$ 4,890
Work-in-progress	26,067	27,737
Finished goods	7,030	9,616
Inventories, net*	$ 40,100	$ 42,243

*Net of inventory provisions of $600 and $223 as at August 31, 2004 and 2003, respectively

NOTE 5. INCOME TAXES

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars)	2004	2003
Current	$ 10,526	$ 9,529
Future	(215)	(568)
	$ 10,311	$ 8,961

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars)	2004	2003
FUTURE TAX ASSETS:		
Accounts payable and accrued liabilities	$ –	$ 458
	$ –	$ 458
FUTURE TAX LIABILITIES:		
Employee future benefits	$ (543)	$ (1,106)
Capital assets	$ (208)	$ (380)
Other	(62)	–
	$ (813)	$ (1,486)

The effective tax rates of 24% for the year ended August 31, 2004 and 24% for the year ended August 31, 2003 differ from the basic Federal and Provincial rates due to the following:

FOR THE YEARS ENDED AUGUST 31	2004	2003
Combined basic Federal and Provincial tax rates	36%	36%
Equity in net earnings of companies subject to significant influence	(5%)	(1%)
Income not subject to tax	(9%)	(10%)
Other	2%	(1%)
	24%	24%

NOTE 6. CHANGES IN NON-CASH WORKING CAPITAL

FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars)	2004	2003
(INCREASE) DECREASE IN:		
Accounts receivable	$ 3,824	$ 1,761
Interest receivable from affiliated company	2,901	(1,571)
Inventories, net	2,143	1,414
Prepaid expenses	(338)	27
INCREASE (DECREASE) IN:		
Accounts payable and accrued liabilities	3,939	2,633
Interest payable to affiliated company	(3,371)	1,611
Income and other taxes payable	(2,286)	5,143
DECREASE IN NON-CASH WORKING CAPITAL	$ 6,812	$ 11,018

NOTE 7. LOAN TO/FROM AFFILIATED COMPANY

The loan from an affiliated company represents a debt instrument from Allied Domecq PLC. The loan to an affiliated company represents an investment in the form of an interest bearing debt instrument to Allied Domecq USA, an operating subsidiary of Allied Domecq PLC.

The amount due to the affiliated company bears interest at 7.66%, matures in fiscal 2006, is without recourse and is secured by the capital of Allied Domecq USA. Interest expense for the year was $11,911 (2003 - $11,887).

The amount due from the affiliated company bears interest at 7.91% and matures in fiscal 2006. Income for the year was $12,300 (2003 - $12,275).

NOTE 8. CAPITAL ASSETS

AS AT AUGUST 31 (in thousands of dollars)	2004			2003		
	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Land	$ 638	$ –	$ 638	$ 638	$ –	$ 638
Buildings	5,726	4,027	1,699	5,702	3,916	1,786
Machinery and equipment	13,891	9,317	4,574	12,852	8,604	4,248
	$ 20,255	$ 13,344	$ 6,911	$ 19,192	$ 12,520	$ 6,672

Notes to Consolidated Financial Statements *(continued)*

NOTE 9. EMPLOYEE FUTURE BENEFITS

The Corporation has two defined benefit plans for executives and salaried employees. Benefits under these plans are based on years of service and compensation levels.

	PENSION BENEFIT PLAN SALARIED AND EXECUTIVE	PENSION BENEFIT PLAN SERP	OTHER BENEFIT PLAN	TOTAL FUTURE BENEFIT PLANS
CHANGE IN BENEFIT OBLIGATION:				
Balance - 09/01/03	$ 33,408	$ 4,459	$ 8,983	$ 46,850
Current service cost (employer)	589	154	167	910
Interest cost	2,021	275	551	2,847
Employee contributions	96	–	–	96
Benefits paid	(2,651)	(264)	(660)	(3,575)
Actuarial loss (gain)	2,067	239	554	2,860
Balance - 08/31/04	$ 35,530	$ 4,863	$ 9,595	$ 49,988
CHANGE IN PLAN ASSETS:				
Balance - 09/01/03	$ 33,060	$ 1,543	$ –	$ 34,603
Actual return on plan assets	2,122	77	–	2,199
Employer contributions	–	264	660	924
Employee contributions	96	–	–	96
Benefits paid	(2,651)	(264)	(660)	(3,575)
Actual plan expenses	(462)	(17)	–	(479)
Balance - 08/31/04	$ 32,165	$ 1,603	$ –	$ 33,768
RECONCILIATION OF FUNDED STATUS:				
Funded Status: Surplus (deficit)	$ (3,365)	$ (3,260)	$ (9,595)	$(16,220)
Unamortized net transition obligation (asset)	(3,922)	177	5,630	1,885
Unamortized past service cost	1,272	38	–	1,310
Unamortized net actuarial loss	10,617	1,035	2,306	13,958
Accrued benefit asset (liability)	$ 4,602	$ (2,010)	$ (1,659)	$ 933
COMPONENTS OF EXPENSE:				
Current service cost				
(including provision for plan expenses)	$ 837	$ 154	$ 167	$ 1,158
Interest cost	2,021	275	551	2,847
Actual return on plan assets	(2,123)	(77)	–	(2,200)
Actuarial loss (gain)	2,067	239	554	2,860
Costs arising in the period	$ 2,802	$ 591	$ 1,272	$ 4,665
Differences between costs arising in the period				
and costs recognized in respect of:				
Return on plan assets	(175)	(2)	–	(177)
Actuarial loss (gain)	(1,739)	(217)	(506)	(2,462)
Plan amendments	254	3	–	257
Transitional obligation (asset)	(349)	16	403	70
Net expense recognized in current year	$ 793	$ 391	$ 1,169	$ 2,353
ASSUMPTIONS:				
At beginning of period:				
Discount rate	6.25%	6.25%	6.25%	6.25%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Expected rate of return on plan assets	7.25%	7.25%	–	7.25%
At end of period:				
Discount rate	6.00%	6.00%	6.00%	6.00%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Health care trend rates:				
Initial weighted average health care trend rate	–	–	6.8%	6.8%
Ultimate weighted average health care trend rate	–	–	4.2%	4.2%
Year ultimate rate reached	–	–	2010	2010
PLAN ASSETS BY ASSET CATEGORY:				
Equity securities	53.7%	52.2%	–	53.6%
Debt securities	45.6%	–	–	43.4%
Refundable taxes at				
Canada Revenue Agency/Other	0.7%	47.8%	–	3.0%
	100.0%	100.0%	–	100.0%

	PENSION BENEFIT PLAN SALARIED AND EXECUTIVE	PENSION BENEFIT PLAN SERP	OTHER BENEFIT PLAN	TOTAL FUTURE BENEFIT PLANS
CHANGE IN BENEFIT OBLIGATION:				
Balance - 09/01/02	$ 31,418	$ 4,117	$ 8,009	$ 43,544
Current service cost	554	150	142	846
Interest cost	2,092	275	548	2,915
Employee contributions	104	–	–	104
Plan amendments	950	–	–	950
Benefits paid	(2,858)	(231)	(944)	(4,033)
Actuarial loss (gain)	1,148	148	1,228	2,524
Balance - 08/31/03	$ 33,408	$ 4,459	$ 8,983	$ 46,850
CHANGE IN PLAN ASSETS:				
Balance - 09/01/02	$ 34,631	$ 1,533	$ –	$ 36,164
Actual return on plan assets	1,725	17	–	1,742
Employer contributions	–	231	994	1,175
Employee contributions	104	–	–	104
Benefits paid	(2,858)	(231)	(994)	(4,033)
Actual plan expenses	(542)	(7)	–	(549)
Balance - 08/31/03	$ 33,060	$ 1,543	$ –	$ 34,603
RECONCILIATION OF FUNDED STATUS:				
Funded Status: Surplus (deficit)	$ (348)	$ (2,916)	$ (8,983)	$(12,247)
Unamortized net transition obligation (asset)	(4,271)	193	6,033	1,955
Unamortized past service cost	1,526	41	–	1,567
Unamortized net actuarial loss	8,509	774	1,800	11,083
Accrued benefit asset (liability)	$ 5,416	$ (1,908)	$ (1,150)	$ 2,358
COMPONENTS OF EXPENSE:				
Current service cost				
(including provision for plan expenses)	$ 814	$ 150	$ 142	$ 1,106
Interest cost	2,092	275	548	2,915
Actual return on plan assets	(1,760)	(17)	–	(1,777)
Actuarial loss (gain)	(1,473)	148	1,228	(2,849)
Plan amendments	950	–		950
Costs arising in the period	$ 3,569	$ 556	$ 1,918	$ 6,043
Differences between costs arising in the period				
and costs recognized in respect of:				
Return on plan assets	(735)	(19)	–	(754)
Actuarial loss (gain)	(1,318)	(135)	(1,228)	(2,681)
Plan amendments	(696)	3	–	(693)
Transitional obligation (asset)	(349)	15	403	69
Net expense recognized in current year	$ 471	$ 420	$ 1,093	$ 1,984
ASSUMPTIONS:				
At beginning of period:				
Discount rate	6.75%	6.75%	6.75%	6.75%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Expected rate of return on plan assets	7.50%	7.50%	–	7.50%
At end of period:				
Discount rate	6.25%	6.25%	6.25%	6.25%
Rate of compensation increase	4.00%	4.00%	4.00%	4.00%
Health care trend rates:				
Initial weighted average health care trend rate	–	–	7.3%	7.3%
Ultimate weighted average health care trend rate	–	–	4.2%	4.2%
Year ultimate rate reached	–	–	2010	2010
PLAN ASSETS BY ASSET CATEGORY:				
Equity securities	55.2%	66.9%	–	55.7%
Debt securities	42.6%	–	–	40.7%
Refundable taxes at				
Canada Revenue Agency/Other	2.2%	33.1%	–	3.6%
	100.0%	100.0%	–	100.0%

SENSITIVITY TO CHANGE IN HEALTH CARE COST TREND RATES

	ACCRUED BENEFIT OBLIGATION 2004	SERVICE COST 2004	INTEREST COST 2004	AGGREGATE OF SERVICE COST AND INTEREST COST 2004
Valuation Trend	9,595	167	551	718
Valuation Trend +1%	10,518	208	607	815
Difference (Valuation Trend +1% less Valuation Trend)	923	41	56	97
Valuation Trend -1%	8,825	136	504	640
Difference (Valuation Trend -1% less Valuation Trend)	(770)	(31)	(47)	(78)

NOTE 10. LONG-TERM DEBT

The Corporation has a committed revolving bank credit facility that provides for the right to borrow up to $50 million at the bankers' acceptance floating rates repayable in full on March 20, 2005. Interest expense on long-term debt for the year was $nil (2003 - $29).

NOTE 11. SHARE CAPITAL

AS AT AUGUST 31 (in thousands of dollars, except number of shares)	2004	2003
NUMBER OF SHARES AUTHORIZED:		
Voting Class A Common Shares - no par value	Unlimited	Unlimited
Non-Voting Class B Common Shares - no par value	Unlimited	Unlimited
NUMBER OF SHARES ISSUED AND FULLY PAID:		
Voting Class A Common Shares	6,068,580	6,068,580
Non-Voting Class B Common Shares - beginning of year	1,012,572	998,072
Non-Voting Class B Common Shares - issued during the year	1,550	14,500
Non-Voting Class B Common Shares - cancelled during the year	(138)	–
Non-Voting Class B Common Shares - end of year	1,013,984	1,012,572
	7,082,564	7,081,152
	$ 12,501	$ 12,426

In prior years, the Corporation established a Non-Voting Class B Common Share Option Plan and set aside 200,000 Non-Voting Class B Common Shares. Through the Share Option Plan, options were granted to certain officers and employees for the purchase of Non-Voting Class B Common Shares. Options were granted at prices equal to the closing market value on the last trading day prior to the grant and are exercisable from six to nine years from the date of vesting. Options vest from one to four years after the grant date. During the year, 1,550 options were exercised for total proceeds of approximately $75. The last options granted through the Share Option Plan were granted on October 23, 2000. There were no options granted during the years ended August 31, 2004 and August 31, 2003 due to the fact that the amount of Non-Voting Class B Common Shares set aside for the Share Option Plan have been fully granted.

A summary of the status of the Share Option Plan and changes during the year is presented below:

AS AT AUGUST 31	OPTIONS 2004	WEIGHTED AVERAGE EXERCISE PRICE 2004	OPTIONS 2003	WEIGHTED AVERAGE EXERCISE PRICE 2003
Outstanding, beginning of year	36,725	$ 52.03	54,025	$ 51.19
Granted	–	–	–	–
Exercised through the purchase option	(1,550)	48.28	(14,500)	46.28
Cancelled	–	–	(2,800)	49.75
Outstanding, end of year	35,175	$ 52.20	36,725	$ 52.03

AS AT AUGUST 31	NUMBER OUTSTANDING 2004	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISEABLE 2004	WEIGHTED AVERAGE EXERCISE PRICE
RANGE OF EXERCISE PRICES					
$46.25 - $49.75	28,600	6.7	$ 48.80	23,400	$ 48.58
$67.00	6,575	5.0	$ 67.00	6,575	$ 67.00
Total	35,175	6.4	$ 52.20	29,975	$ 52.62

Notes to Consolidated Financial Statements *(continued)*

NOTE 12. SHARE APPRECIATION RIGHTS PLAN

In October 2002, the Corporation established a Share Appreciation Rights Plan. Through this Plan, share appreciation rights ("SARs") are granted to certain officers and employees of the Corporation at a grant price equal to the market closing price of the Corporation's Voting Class A Common Shares seven days after the date of grant. SARs vest from two to four years after the date of grant. On the date of vesting, the SARs are deemed to have been automatically exercised and the holder is entitled to receive a cash payment equal to the difference between the grant price and the market closing price of the Corporation's Voting Class A Common Shares. If the closing market price of the Voting Class A Common Shares on the date of vesting is less than or equal to the grant price, the vested SARs immediately lapse and no payment is made. A SARs holder is also entitled to receive a cash payment equal to the total value of dividends earned on the SAR until the vesting date. The compensation expense related to this plan for the year ended August 31, 2004 was $550 (2003 - $nil).

AS AT AUGUST 31	RIGHTS 2004	WEIGHTED AVERAGE EXERCISE PRICE 2004	RIGHTS 2003	WEIGHTED AVERAGE EXERCISE PRICE 2003
Outstanding, beginning of year	55,697	$ 58.80	–	$ –
Granted	46,195	62.50	55,697	58.80
Cancelled	(9,308)	58.80	–	–
Outstanding, end of year	92,584	$ 60.65	55,697	$ 58.80

NOTE 13. EARNINGS PER SHARE

The following table sets forth the computation of basic and fully diluted earnings per share:

AS AT AUGUST 31 (in thousands of dollars, except share amounts)	2004	2003
NUMERATOR:		
Net earnings	$ 32,486	$ 28,439
DENOMINATOR:		
Denominator for basic earnings per share-		
weighted average shares outstanding	7,081,896	7,077,811
Effect of dilutive potential common shares	12,720	10,335
Denominator for diluted earnings per share	7,094,616	7,088,146

NOTE 14. CUMULATIVE TRANSLATION ADJUSTMENTS

For investments in self-sustaining operations, cumulative translation adjustments represent the unrealized gain or loss on the Corporation's net investment in foreign companies. These valuation adjustments are recognized in earnings only when there is a reduction in the Corporation's investment in the respective foreign companies.

AS AT AUGUST 31 (in thousands of dollars)	2004	2003
Balance - beginning of year	$ (1,027)	$ 577
Translation adjustment of long-term investments	1,651	(1,604)
Balance - end of year	$ 624	$ (1,027)

NOTE 15. FINANCIAL INSTRUMENTS

Credit Risk
The Corporation's accounts receivable are substantially with Provincial liquor boards, which significantly reduces credit risk.

Fair Values
The financial instruments used by the Corporation are limited to short-term financial assets and liabilities and loans to/from affiliates. Short-term financial assets is comprised of cash, cash equivalents, and accounts receivable. Short-term financial liabilities is comprised of accounts payable and accrued liabilities. The carrying amounts of these short-term assets and liabilities are a reasonable estimate of the fair values, given the short-term maturity of those instruments. The loans to/from affiliates are carried at values that approximate fair values, since they bear interest rates consistent with similar securities.

NOTE 16. COMMITMENTS

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

AS AT AUGUST 31 (in thousands of dollars)	2004
2005	$ 873
2006	828
2007	751
2008	569
2009	101
Thereafter	26
	$ 3,148

NOTE 17. OTHER INFORMATION

The Corporation's activities are comprised of the production of spirits, along with the distribution of spirits, imported wines and liqueurs. In 2004 commissions from the distribution of imported wines accounted for 4.4% of net operating revenue (2003 – 5.0%).

Revenue from contract bottling services provided to other companies amounted to 8.6% of net operating revenue in 2004 (2003 – 3.4%).

For the year ended August 31, 2004 and the year ended August 31, 2003, the Corporation-s net revenue and identifiable assets are all attributable to its domestic Canadian operations. Export sales account for less than 10% of net operating revenue. The Corporation's equity in net earnings of companies subject to significant influence is derived principally from European based operations.

In 2004, sales to three major customers accounted for 35%, 14% and 12%, respectively, of net operating revenue (2003 - 39%, 14% and 13%).

NOTE 18. CONTINGENCIES

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

NOTE 19. COMPARATIVE FIGURES

Certain 2003 figures have been reclassified to conform to the financial statement presentation adopted in 2004.

Ten Year Review

	YEAR ENDED AUGUST 31									SIX MONTHS ENDED AUGUST 31	YEAR ENDED FEBRUARY 28
	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1995*
RESULTS (in millions of dollars)											
Gross operating revenue	118.7	108.9	101.8	101.2	93.4	101.1	97.2	92.1	84.5	40.6	88.4
Earnings from operations	36.9	35.5	30.7	32.9	29.1	30.1	30.1	32.4	30.4	12.5	33.4
Earnings before extraordinary item excluding after-tax restructuring costs	32.5	29.8	25.1	28.5	21.2	25.7	30.5	29.2	26.7	12.4	28.4
Net earnings	32.5	28.4	25.1	28.5	20.4	22.8	27.8	28.5	26.7	12.4	28.6
Cash provided from operations	38.6	41.5	25.4	24.4	24.1	17.2	32.0	21.3	22.4	14.0	22.3
YEAR-END POSITION (in millions of dollars)											
Working capital	84.2	68.1	60.7	58.2	62.2	64.0	62.8	92.1	90.4	79.8	62.8
Total assets	295.3	277.0	261.9	254.8	94.2	107.4	101.7	161.9	144.1	120.8	115.5
Long-term debt	–	–	8.0	18.0	31.0	39.0	43.0	–	–	–	–
Shareholders' equity	119.9	99.8	86.5	72.9	57.3	53.1	44.8	144.6	128.7	109.9	104.1
PER COMMON SHARE (in dollars)											
Net earnings before extraordinary item excluding after-tax restructuring costs	4.59	4.21	3.57	4.06	3.02	3.67	4.37	4.16	3.77	1.75	4.02
Net earnings	4.59	4.02	3.57	4.06	2.91	3.25	3.98	4.06	3.77	1.75	4.05
Cash provided from operations	5.45	5.87	3.61	3.46	3.43	2.45	4.59	3.03	3.17	1.98	3.16
Shareholders' equity	16.93	14.10	12.24	10.37	8.16	7.58	6.41	20.76	18.20	15.56	14.76
Special dividend paid	–	–	–	–	–	–	16.50	–	–	–	–
Dividends paid	2.00	2.00	2.00	2.00	2.00	2.00	1.70	1.28	1.24	0.62	1.15
MARKET VALUE PER COMMON SHARE											
High	70.00	59.50	61.95	67.50	84.00	88.00	76.50	58.00	46.00	38.00	40.00
Low	59.00	50.00	53.00	45.10	44.50	67.00	54.75	40.75	37.75	31.50	33.00
Close at end of year	66.00	57.00	57.05	64.05	49.80	70.00	73.00	55.00	43.00	37.75	33.75
OTHER STATISTICS											
Working capital ratio	5.6	4.5	6.8	7.1	16.7	5.3	6.1	7.1	7.8	9.7	7.3
Pre-tax return on average capital employed	38.6	37.9	34.8	40.4	34.9	38.6	34.3	31.6	33.6	44.8	45.8
Earnings from operations as a % of gross revenue	31.1	32.6	30.2	32.5	31.2	29.8	31.0	35.2	36.0	30.7	37.8
Return on average shareholders' equity	29.5	30.5	31.5	43.8	37.0	46.5	29.3	20.9	22.3	30.3	30.8
Number of shareholders	716	762	785	813	855	891	933	985	1,068	1,136	1,174
Number of shares outstanding ('000's)	7,083	7,081	7,067	7,035	7,020	7,006	6,989	6,966	7,071	7,060	7,058
SEGMENTED INFORMATION (in millions of dollars)											
Gross operating revenue from Canadian operations	118.7	108.9	101.8	101.2	93.4	101.1	97.2	92.1	84.5	40.6	88.4
Pre-tax earnings from Canadian operations	37.7	35.9	30.7	32.9	29.1	30.1	30.0	34.2	33.3	15.0	35.4
Net earnings before extraordinary item:											
Canadian operations	27.4	27.0	22.8	23.3	15.4	15.8	20.9	19.3	19.2	8.8	20.8
Foreign operations	5.1	1.4	2.3	5.2	5.0	7.0	6.9	9.2	7.5	3.6	7.8

* Restated

ANDREW ALEXANDER • ALEXIS ALLEN • MICHAEL ARMISTEAD • CHAD BAILEY • KIRSTEN BAKER • NATHALIE BEAUDIN • SYLVIE BEAUDIN • JASON BLACK • BRUNO BLAIN
JENNIFER BLAIS • JEAN-PIERRE BLAIS • TIM BORGHESE • GEORGE BOWDITCH • FAY BOYD • DANIEL BRISEBOIS • DARYN BROWN • RYAN BROWN • SEBASTIEN BRUNEAU
IAN BUCHANAN • KATHY BUCKLEY • PHONG BUI • SUZANNE BUIST • SIMON BURCH • KYLE BURROWES • ANGIE CALABRESE • LOUIS CALAUTTI • ROBERT CARRIERE • MARC

Corby thanks all of our people for making 2004 such a successful year!

CASTONGUAY • BERNANDINO CECCUCCI
BADRI CHEBLI • JOANNE CHIN FARREL
CHOW • LINDSAY CLARK • BOB CLARKE
MARLENE CLOUTIER • CAROL COPE • ANDREW CORCORAN • MICHAEL COSTELLO • GERRY CRISTIANO • MARK CRUIKSHANK • KRISZTINA CSEH • GEORGE CZORNYJ
ROY DACOSTA • ALEXANDRE DAVIDSON • COLIN DAVIES • JOSEE DELORME • ERIC DENIS • KIRSTEN DEVITT • GUS DICESARE • PETER DIGREGORIO • RICK DMYTRYSHYN
RHDONDA DOWNING • MARTIN DUQUETTE • DAVID ESTEPHAN • NICOLAS FIORAMORE • VALERIE FLEISCHHAKER • SCOTT FORREST • MICHEL FORTIN • MATHIEU FORTIN
ANNIE FOURNIER • MARIZULL GAINZA • SUNIL GANDHI • ALAIN GARAND • CHRISTINE GILBERT • ROBERT GIRARD • ERIC GIRARD • SEBASTIEN GIROUX • MARK GOWANLOCK
JOHN GRANT • ROBERT GRAY • KEN GUSTAFSON • RAYMOND HAJJAR • WILLIAM HAMILTON • KEVIN HANSON • JODI HILGENDORF • JAIME HO • KRYSTYNA HOEG
RICHARD HOLLIHAN • RYLAN HOPF • BRUCE HOPKINS • REMY HOUTHOOFD • NIKOLAS HOUTHOOFD • ASHLEY HUBBARD • GERRY HURREL • MICHELLE HUTCHINSON-
HARRIS • RON JUDSON • RICK KACZMAREK • BRUCE KAHAN • PATRICIA KARABINOS • TRENT KELLY • CHARLENE KING • HOWARD KIRKE • LANA KOLISNYK • DOUG KREBES
MARC LABONTE • LUC LACHARITE • FRANCINE LANDRY • FRANKLIN LAVERTY • GABRIEL LAVOIE • MINH LE CONG • RODRIGUE LEBEL • CYNTHIA LEFEBVRE • DIANE LEGARE
HUBERT LEMAY • DEBORAH LENNIE • TONY LEO • PATRICE LIMOGES • SAMARIE LUMSDEN • BENOIT LUSSIER • MIKE LYTLE SUSAN MACKAY • ROBERT
MAILLE • JEAN-FRANCOIS MALLETTE • DANIEL MARCIL • STEPHANIE MARCOUX • CLAUDE MAROTTE • MINI MATHEWS BRENT MCFARLANE
GEORGE MCFARLANE • CAROL MCKENZIE • DAVID MCKEON • ANDREA MCLAUGHLIN • MIKE MCNULTY • MICHAEL MCPHAIL • TRACI
MENDEZ LIMAS • BEVERLEY MEYER • ANASTASIA MICHELIS • SANDI MILLER • TRACEY MILLER • DIANA MINNELLA • ISMAT MIRZA • MEHDI
MOKRANE • XAVIER MOKEWO MONDO • ABDEL MURAD • ISOLDE NEIS • TREVOR NEWTON • ANNIE NGUYEN • JOHN NICODEMO • CONNIE
ORGAN • JOANNE PAPINEAU • TRACY PATTERSON • ANDREW PAUL • BRAD PEDDLE • CAROL PEDERSEN • JOEL PETERSON • MICHEL
PHANEUF • MARGO PHELPS • ANDREW PHILIP • FRANCOIS PICARD • GARTH PIEPER • MYRON PODLOSKI • KATHARINE PRICE
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RUGGERO • VALERIE SENGER • TRACY SHORTHILL • FIORENTINO SIMBOLI • DAVE SIMPSON • NICHOLAS SINCLAIR • LAURIE SIRMIS • DEREK SMALL • DAVID SMITH • IAN
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LARRY WILLARD • DONNA WILLIAMSON • SARRA WILSON • DEBRA WOLD • SHILA WOLFF • SEAN WORONIAK • STEVEN ZINBERG • KRISTA ZUTIS

Cheers!

Directors and Officers & General Information

DIRECTORS

John Nicodemo
Chief Financial Officer,
Vice President, Finance,
and Corporate Secretary
(Year Elected 2000)

Patricia Nielsen
Chief Executive Officer,
Maxxam Analytics
International Corporation
Toronto, Ontario
(Year Elected 2000)

Robert L. Llewellyn
Director of the Corporation
Toronto, Ontario
(Year Elected 1999)

Harold V. Gorman
Senior Vice President
and General Counsel
Allied Domecq Spirits
& Wine, N.A.
(Year Elected 2000)

Garth M. Girvan
Partner, McCarthy Tétrault
Barristers and Solicitors
Toronto, Ontario
(Year Elected 1998)

George F. McCarthy
Chairman of the Board
of the Corporation
(Year Elected 1993)

Krystyna T. Hoeg
President and
Chief Executive Officer
of the Corporation
(Year Elected 1996)

Mary Thomas
Senior Vice President
Human Resources,
Allied Domecq
Spirits & Wine, N.A.
(Year Elected 2000)

Con Constandis
Senior Vice President
Finance & Operations
Allied Domecq
Spirits & Wine, N.A.
(Year Elected 2003)

OFFICERS

George F. McCarthy
Chairman of the Board

Krystyna T. Hoeg
President and
Chief Executive Officer

John Nicodemo
Chief Financial Officer,
Vice President, Finance,
and Corporate Secretary

Andrew Alexander
Vice President, Sales

Simon Burch
Vice President, Marketing

Howard Kirke
Vice President,
External Affairs

Ismat Mirza
Vice President,
Human Resources, and
Chief Privacy Officer

BOARD COMMITTEES

Executive Committee
George F. McCarthy
Chairperson

Garth M. Girvan
Krystyna T. Hoeg

Retirement Committee
Krystyna T. Hoeg
Chairperson

Robert L. Llewellyn
John Nicodemo
Ismat Mirza

Audit Committee
Robert L. Llewellyn
Chairperson

Con Constandis
Garth M. Girvan
Harold V. Gorman

Management Resources Committee
Patricia Nielsen
Chairperson

Robert L. Llewellyn
Mary Thomas

Independent Committee
Robert L. Llewellyn
Chairperson

Garth M. Girvan
George F. McCarthy
Patricia Nielsen

Corporate Governance & Nominating Committee
Garth M. Girvan
Chairperson

Con Constandis
John Nicodemo

GENERAL INFORMATION

Transfer Agent and Registrar
Computershare Trust Company
of Canada

Auditors
KPMG LLP

Bankers
Toronto Dominion Bank
Bank of Montreal

Solicitors
McCarthy Tétrault LLP

ANNUAL & GENERAL MEETING OF SHAREHOLDERS

Thursday, January 13, 2005
at eleven o'clock in the forenoon,
Le Royal Meridien
King Edward Hotel
Vanity Fair Ball Room,
37 King Street East
Toronto, Ontario

OFFICES

Executive Office
193 Yonge Street,
Toronto, Ontario
M5B 1M8
Tel: 416.369.1859

Registered Office
193 Yonge Street,
Toronto, Ontario
Canada
M5B 1M8

Distillery
950 chemin des Moulins,
Montréal, Québec
H3C 3W5
Tel: 514.878.4611

SALES OFFICES

193 Yonge Street,
Toronto, Ontario
M5B 1M8
Tel: 416.369.1859

950 chemin des Moulins,
Montréal, Québec
H3C 3W5
Tel: 514.871.9090

102 Chain Lake Drive, Suite 228
Halifax, Nova Scotia
B3S 1A7
Tel: 902.450.5483

Unit 202, 2825 Saskatchewan Drive,
Regina, Saskatchewan
S4T 1H3
Tel: 306.586.6546

10709 – 181st Street,
Edmonton, Alberta
T5S 1N3
Tel: 403.481.9107

Unit 2168,
13353 Commerce Parkway,
Richmond, British Columbia
V6V 3A1
Tel: 604.276.8121

FOR MORE INFORMATION

Corby Distilleries Limited
Krystyna T. Hoeg, President
and Chief Executive Officer
John Nicodemo, Chief Financial
Officer, Vice President, Finance,
and Corporate Secretary
Tel: 416.369.1859
www.Corby.ca

Ce rapport peut être obtenu
en français auprès de :
Les Distilleries Corby Limitée
193, rue Yonge
Toronto (Ontario) M5B 1M8
Tél. : 416.369.1859

Ballantine's
Barclay's
Canadian Club
Canadian Club Reserve
Canadian Club Classic
Courvoisier VS
Courvoisier VSOP
Courvoisier XO

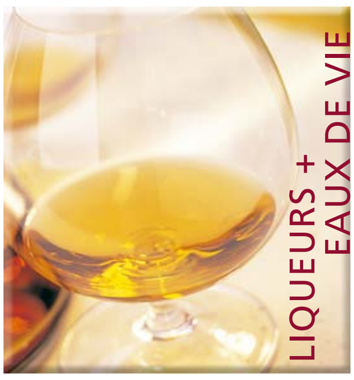
D'Eaubonne V.S.O.P. Napoleon
Glendronach
Hiram Walker Special Old
Laphroaig
Maker's Mark
McGuinness Silk Tassel
Royal Reserve
Teacher's Highland Cream
Tullamore Dew
Wiser's Special Blend
Wiser's De Luxe
Wiser's Very Old

1878 Whisky
Beefeater
Belvedere

Chopin
De Kuyper Geneva
Lamb's Navy
Lamb's Palm Breeze
Lamb's White
Lemon Hart Rum
McGuinness Red Tassel
Moskovskaya
Polar Ice

Sauza Tequila Blanco
Sauza Tequila Extra Gold
Sauza Hornitos Tequila
Sauza Tres Generaciones
Sauza Tres Generaciones
Stolichnaya
Stolichnaya Razberi
Stolichnaya Vanil

Carolans Irish Cream



De Kuyper Peachtree Schnapps
Frangelico
Hiram Walker Peppermint Schnapps
Irish Mist
Kahlúa
Kahlúa Especial
The KEG Caesar
The KEG Green Apple
Malibu Coconut Rum
Malibu Mango
Malibu Pineapple

McGuinness Black Russian
McGuinness Blue Curaçao
McGuinness Long Island Iced Tea
Meaghers Triple Sec
Phillips Butter Ripple Schnapps
Sour Puss Red
Tequila Rose
Tia Lusso

Tia Maria
Bend in the River
Black Tower Pinot Noir
Black Tower White
Cockburn's Special Reserve

Folonari Pinot Grigio
Folonari Valpolicella
Freixenet Brut Vintage
Freixenet Cordon Negro
Harveys Bristol Cream
Kendermanns Riesling
Little Boomey Shiraz

CORBY PORTFOLIO OF EXCELLENCE

Spirit Maker · Artisan de l'Esprit CORBY

Melini Chianti
Melini Orvieto
Mumm Brut
Mumm Carte Classique
Mumm Cuvée Napa
Perrier Jouët Belle Epoque
Perrier Jouët Grand
Sutter Home Chardonnay

Sutter Home Merlot
Sutter Home White Zinfandel
Tarapacá Cabernet Sauvignon
Tarapacá Sauvignon Blanc
Trinchero Cabernet Sauvignon
Trinchero Merlot
Trinity Oaks Chardonnay
Trinity Oaks Zinfandel