



WHAT WE'RE

CORBY ANNUAL REPORT 2013

MADE OF

Financial Highlights

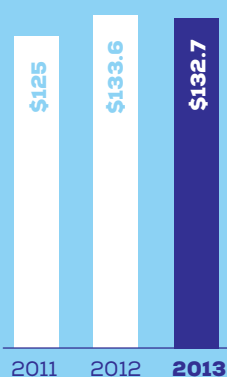
(as at and for the years ended June 30, 2013 and 2012)

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

	2013	2012
RESULTS		
Revenue	\$ 132,743	\$ 146,746
Revenue from Core Business ⁽¹⁾	132,743	133,616
Earnings from operations	36,447	58,851
Earnings before income taxes	37,707	60,202
Net earnings	27,244	46,048
Net earnings from Core Business ⁽¹⁾	27,244	26,317
Cash flows from operating activities	32,828	46,278
FINANCIAL POSITION		
Working capital	\$ 158,771	\$ 161,583
Total assets	244,591	253,412
Shareholders' equity	208,904	215,823
PER COMMON SHARE		
Earnings from operations	\$ 1.28	\$ 2.07
Net earnings	0.96	1.62
Net earnings from Core Business ⁽¹⁾	0.96	0.92
Dividends declared and paid	1.20	2.44
Shareholders' equity	7.34	7.58
FINANCIAL RATIOS		
Working capital	7.6	7.2
Return on average shareholders' equity	12.8	20.2
Return on average shareholders' equity – Core Business ⁽¹⁾	12.8	11.6
Pre-tax return on average capital employed	17.7	26.4
Pre-tax return on average capital employed – Core Business ⁽¹⁾	17.7	15.7

REVENUE, CORE BUSINESS⁽¹⁾

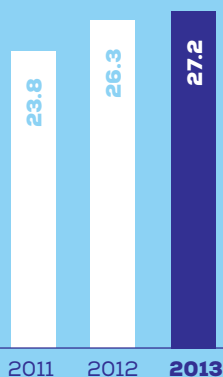
(in millions of Canadian dollars)



Slight reduction as we cycled against non-repeat mature inventory sales, but strong revenue growth ahead of volumes for Corby-owned brands almost bridging the gap.

NET EARNINGS, CORE BUSINESS⁽¹⁾

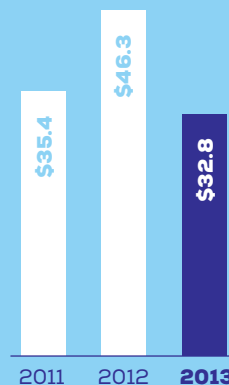
(in millions of Canadian dollars)



Positive progression through selective investment and effective cost management.

CASH FLOW FROM OPERATING ACTIVITIES

(in millions of Canadian dollars)



Prior years benefited from asset sales; however, ability to generate cash flow from core business remained strong.

⁽¹⁾ Net earnings are adjusted in 2012 for the net after-tax gain from the sale of the Montréal plant and non-core brands of \$17.7 million and the financial impact of the plant and brands disposed. Revenue has also been adjusted to exclude sales related to the plant and brands disposed.

Corby is a leading Canadian marketer and distributor of spirits and imported wines. Since 1859, Corby has delivered consistent value to customers and investors.

In the pages that follow, members of the Corby leadership team share the highlights of 2013 in their own words. From product innovation to employee engagement and corporate social responsibility, the ingredients needed to succeed in the highly competitive spirits and wine market are some of Corby's greatest strengths. These strengths helped the Company move the corporate strategy forward and further strengthened our leadership position and potential for long-term growth.

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At-a-Glance

WHAT WE'RE MADE OF IS WHAT MAKES US GREAT.

Corby is a market leader with a premium portfolio of top-selling brands and approximately 21.2% of spirits and 3% of wine sales in Canada. We have a clear strategy, ambitious plans for the future and a team that's committed to success.

OWNED-BRANDS



WISER'S

Canada's favourite whisky with an uncompromising taste steeped in heritage.



POLAR ICE

A contemporary Canadian vodka made from the finest ingredients, quadruple distilled and triple filtered.



LAMB'S

A premium rum with a smooth taste derived from a recipe dating back to 1849.



McGUINNESS

Canada's best-selling mixable liqueur family with flavours ranging from traditional to exotic.



PIKE CREEK

A one-of-a-kind, handcrafted 10-year-old Canadian whisky finished in vintage port barrels.

809 385 543 118 NEW

Volume Shipped (in thousands of 9L cases)

CORE VALUES

Straightforwardness

We speak openly and directly, with care and compassion, respecting each other's viewpoints to resolve issues.

Integrity: Substance over Style

We say what we mean, we do what we say and we represent each other with honour.

Conviviality

We take time to celebrate success and we combine functional excellence and cross-functional teamwork to produce exceptional ideas and results.

Commitment: Hard Work over Shortcuts

We know what is expected of us and we are unrelenting and uncompromising in delivering these accountabilities in the face of resistance or setback.

Entrepreneurship

Our decentralized structure empowers us to take initiative and satisfy customers, improve efficiency, address problems and find new opportunities.

REPRESENTED BRANDS



ABSOLUT

One of the world's most popular vodkas, available in more than 100 countries.



JAMESON

A triple-distilled Irish whiskey with a famously smooth taste.



MALIBU

The world's best-selling Caribbean rum with natural coconut flavour.



KAHLÚA

The world's best-selling coffee liqueur and the fourth-largest global liqueur brand.



JACOB'S CREEK

The best-selling Moscato in Canada from Australia's largest wine brand.

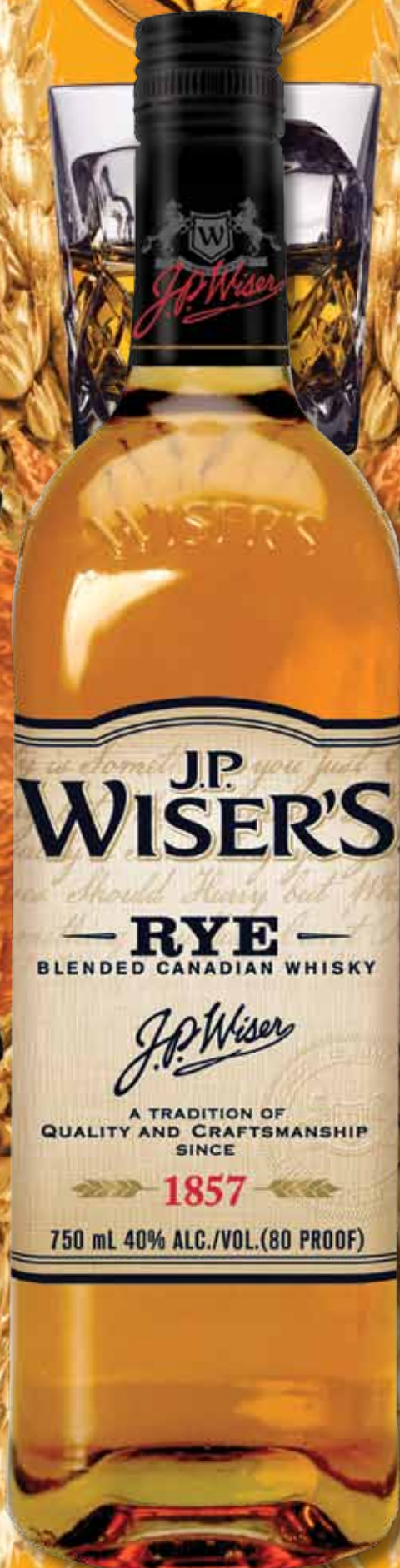
482

90

117

130

303



as some of you just
J.P. WISER'S

Should Have But We
— RYE —
BLENDED CANADIAN WHISKY

J.P. Wiser

A TRADITION OF
QUALITY AND CRAFTSMANSHIP
SINCE

1857

750 mL 40% ALC./VOL.(80 PROOF)

Corby has all the ingredients to lead in the Canadian spirits and wine industry: strong brands, a broad portfolio, deep expertise, strategic partners, passionate leaders and a highly engaged workforce. These are the things that make up a new and revitalized Corby. This is what we're made of.

Dear shareholders,

I'm pleased to share with you Corby's 2013 Annual Report and to show you "What We're Made Of". It's an appropriate theme for a company that has undergone dynamic change in recent years and approaches the future with a strong sense of focus, optimism and opportunity.

The ingredients needed to achieve long-term, sustainable leadership in the Canadian spirits and wine industry came together this year and we significantly advanced our corporate strategy. We successfully delivered on each of our key priorities: 1) Strategically prioritize our portfolio; 2) Build channel strategies for key markets; 3) Increase the speed and quantity of innovation; and 4) Optimize organizational structure and increase efficiencies. Our strong progress against these priorities, along with our research into long-term trends in the North American market, led us to add a new strategic priority: *Position the Company to exploit growth opportunities outside of Canada.*

Corby is ready to compete at a new level. Over the past three years, we've taken necessary and important steps to strengthen our portfolio and our capabilities in the areas where we know we must compete to win. Our financial results in fiscal 2013 reflect the

progress of our strategy. While total volume for the year was relatively flat, we grew value and improved margins in the specific categories where our team focused time and energy. The result is a 4% increase in earnings per share on our core business over last year.

Two key initiatives in fiscal 2013 have contributed to a step-change in our competitive position and future growth potential. In April, we announced a five-year representation agreement with The Wine Group (TWG), the world's third-largest wine company. The addition of TWG's brands to our portfolio of wines almost doubles our wine market share, adds products from previously unrepresented wine regions such as the United States and Italy, and provides Corby with critical mass in the marketing and sale of wine in Canada.

In July 2012, we reached a new agreement with Pernod Ricard USA to represent Corby brands in the United States for the next five years, giving Corby access to one of the strongest spirits distribution networks in the US market. This partnership comes at a time when premium Canadian whisky is experiencing a resurgence at home and demand for quality premium rye whisky is growing across the border. Corby is in an ideal position to capitalize on these hot trends in

Patrick O'Driscoll
President & CEO

I look forward to pouring a Wiser's Legacy on the rocks at the end of a busy workday. The quality and smoothness can't be matched and it is like putting a little bit of luxury in a glass.





J.P. WISER'S RYE

A special blend developed specifically for export to the US market, J.P. Wiser's builds on the Wiser's brand heritage and the growing trend towards rye whisky.

today's spirits market. We plan to leverage our leadership, expertise and reputation associated with the Wiser's brand and expand our Canadian whisky business into the US, where we see growth potential in both volume and margin. Our first step into the US market was the successful introduction of Pike Creek in March. We have also developed and will invest in the launch of a new Wiser's brand under the name J.P. Wiser's Rye, with new packaging but backed by the same Wiserhood campaign that has been so successful in Canada. Finally, Lot 40, a super-premium 100% pot-still rye, will be introduced shortly.

Corby is well positioned in the Canadian market, a market that has been more resilient to recent economic volatility and has maintained robust demand for spirits and wine. This resiliency, along with our broad portfolio and improved focus on premium brands, has helped the Company deliver

consistent value to our shareholders through a regular dividend yield. Corby is well positioned to be an attractive investment for those looking for strong, dependable dividend-paying equities.

While we begin to shift our strategic focus from resetting the core business to pursuing new growth opportunities, Corby remains deeply committed to promoting responsible consumption in Canada. This year, we announced our most ambitious campaign ever. A new sponsorship with the Toronto Transit Commission providing free transit on New Year's Eve will be a cornerstone of our Corporate Social Responsibility (CSR) program for the next three years.

As we look to the future, we are confident in our ability to grow Corby outside of our own borders and improve the Company's long-term growth profile. This will require some strategic investment in inventories, sales and marketing,

but we have demonstrated our ability to deliver on a strategy and create incremental value.

The Corby leadership team is passionate about our business and about the future. In the pages that follow, they share their personal insights and perspectives on Corby's performance and show you what we're made of. Together, we are embracing growth opportunities and creating value for our shareholders. We have what it takes to succeed and it's an exciting time to be part of Corby.

R. Patrick O'Driscoll
President & Chief Executive Officer



BEST IN CATEGORY

Lot 40, Pike Creek and Wiser's 18 Years Old each received a 2013 World Whiskies Award



STRATEGIC PRIORITIES

1. Strategically prioritize our portfolio
2. Build channel strategies for on-premise and open markets of Western Canada
3. Increase speed and quantity of innovation
4. Optimize organizational structure and increase efficiencies
5. Position the Company to exploit growth opportunities outside of Canada



Understanding the Numbers

Corby's financial results clearly reflect our strategy. With a focus on prioritizing our portfolio to align with consumer trends and respond to the increasing demand for premium spirits and wines, we have delivered better value for our customers and our investors. This is reflected in our numbers, with better margins on key brands and the benefits of investments we've made in capabilities beginning to flow through to our bottom line. We've done the right things at the right time for the business. By doing so, we've opened up exciting opportunities for the future.

John Leburn

Vice-President & CFO

My perfectly served spirit is a Pike Creek whisky on ice. It's all about allowing those amazingly complex flavours perfected by our craftsmen to reveal themselves. Mixing is allowed with some well-chosen friends!



Q: In 2013, overall volume was slightly down and yet profit was up. What are the drivers behind Corby's continued profitability?

While market share remains a key target, it will never be at the expense of prioritizing our efforts on the most profitable opportunities available to Corby. We have successfully disposed of low-margin, low-growth elements in our portfolio and are now innovating in segments of the market that have strong growth and margin potential. A good example is our recent innovation of the Wiser's brand to develop Wiser's Spiced Canadian whisky, which retails at a higher price than our Wiser's Deluxe premium offering. The margins for Wiser's Spiced help drive total portfolio profitability. We also keep a close eye on our promotional investment to ensure it supports profitability targets. Getting the right

balance between when and how much to invest in trade promotions is a key piece of the profit equation for Corby. The introduction of new technologies and new sales processes is helping to make major improvements in this balance. So we are just as focused on margin quality as we are on driving volumes to maintain profitability. Finally, we are conscious that the US market is one of the most profitable in the world. So we have now put investment behind a new whisky portfolio that directly targets one of the most dynamic segments of the US whisky market. Although this will require some upfront investment, it will certainly be a key source of continued profitability in the medium term.

Q: Why are you keeping so much money on your balance sheet?

While we have \$108 million of cash on our balance sheet, this is a relatively small amount when targeting growth opportunities in the spirits and wine industry. However, should the opportunity arise, we feel that Corby is well positioned to make a bolt-on acquisition that has the potential to

provide additional growth streams in future years. Our acquisition focus is on areas where Corby's critical mass and expertise can be used to scale up smaller operations at a much faster pace than they might otherwise achieve on their own.

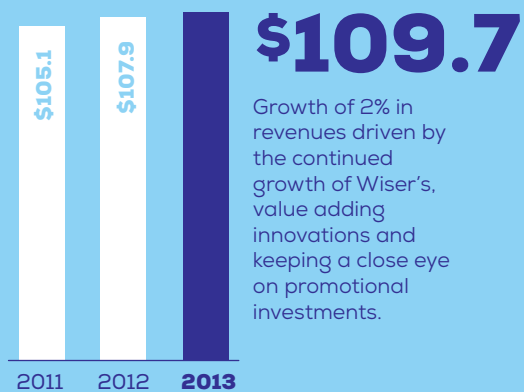


3.6%

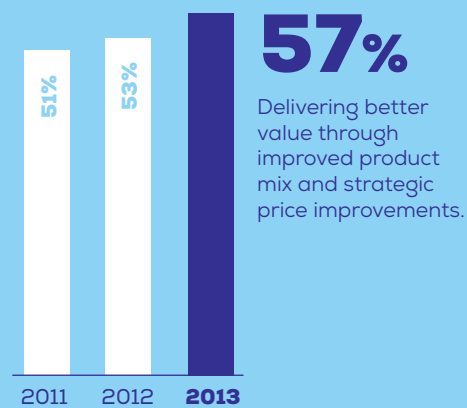
Dividend yield⁽¹⁾ on Corby's Voting
Class A Common Shares in 2013

REVENUE FROM CORBY-OWNED BRANDS

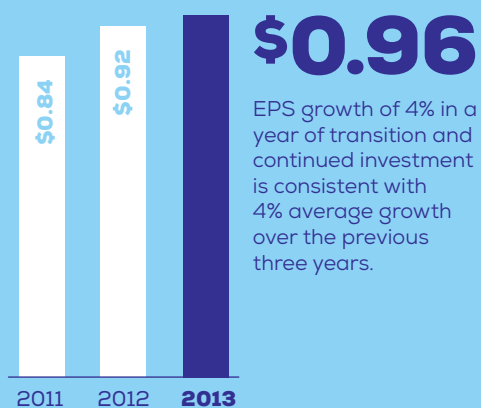
(in millions of Canadian dollars)



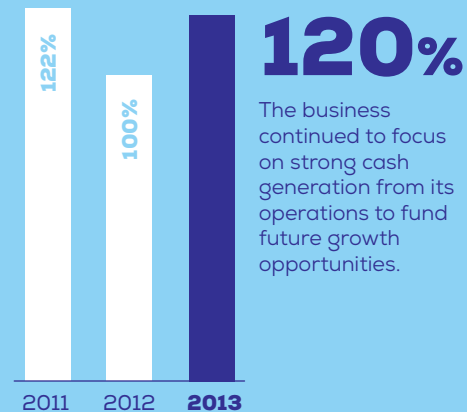
MARGIN QUALITY⁽²⁾



EARNINGS PER SHARE, CORE BUSINESS⁽³⁾



CASH CONVERSION⁽⁴⁾



⁽¹⁾ Based on regular annual dividends paid at \$0.66 per share with average per share price of \$18.37.

⁽²⁾ Gross margin from Case Goods and other services (excludes commissions).

⁽³⁾ Core business in 2011 and 2012 has been adjusted to exclude the results from the disposed bottling plant in Montréal, Québec and the brands no longer owned by Corby as a result of disposal transactions. Net earnings for both years have also been adjusted to remove the net gain or loss generated from disposal transactions.

⁽⁴⁾ Cash from operating activities divided by net earnings.



Reserve

ESTABLISHED 1842
JACOB'S CREEK
AUSTRALIA

Reserve

SHIRAZ

VINTAGE

BAROSSA

*South Australia's Barossa region is famous
for producing outstanding Shiraz wines.
Our Reserve Barossa Shiraz is no
exception with its full body, dark berry
and rich chocolate characters.*

ORLANDO SPIRITS

Adding Value for Our Customers

In fiscal 2013, Corby unleashed the true value of our customer relationships with a strategic investment in skills and capabilities. A new level of sophistication in consumer insights and category expertise gives Corby an important advantage when it comes to helping customers plan their inventories and promotions. It's a win-win relationship that's good for business.

Q: How are customers responding to the new insights, expertise and products that Corby is bringing to the table?

ANDY:

Our customers see the incremental value that we are adding to their business. As we've stepped up our skills, capabilities and resources, we've become even more of a partner to our customers and today we have joint business planning initiatives with a number of our largest customers. This allows us to better understand their needs and to target our portfolio recommendations specifically to meet those needs. We're beginning to see the results of our focus on the Corby sales organization. Last year was our best ever in terms of strategic new listings with our business.

STÉPHANE:

The response from customers in all channels has been extremely positive. Corby is now able to develop channel strategies and campaigns that are aligned to the needs of different markets and different customers. A new level of insight into trends is driving our sales strategy and customers see the difference in the customized approach to their accounts.

Stéphane Côté

Vice-President, Sales

Pike Creek, Lot 40 and Wiser's Small Batch are my whiskies of choice. Each one has a unique taste but they all deliver the full-bodied whisky flavour that make a perfect manhattan. I like to change it up but I know I'll never be disappointed by a Corby-made whisky.

Andrew Alexander

Former Vice-President, Sales

A good vodka martini made with Polar Ice is the perfect match to a platter of oysters, good friends and something to celebrate.





JACOB'S CREEK SHIRAZ

The vintage award-winning Reserve Shiraz from Southern Australia is the lead varietal in the largest selling reserve range from Australia.

Q: How does the new partnership with The Wine Group fit into your portfolio strategy?

ANDY:

The Wine Group's brands fill gaps that existed in our wine portfolio. They are a company known for innovation, new product development and branding. Even more importantly, their business philosophies align well with Corby's. Representing TWG's brands in Canada takes us up a level in one of the fastest growing segments of the industry. In particular, the addition of wines from California is key for our customers who have seen

a growing demand for more choice from this popular wine growing region. Together with our current portfolio of premium wines from New Zealand, Australia, Argentina and Spain, The Wine Group rounds out Corby's portfolio and doubles our total volume in wine. Now when we visit a customer, we can truly offer them a full portfolio of premium spirits and wines.

24

Jacob's Creek Moscato achieved sales of over 24,000 9L cases in FY'13, in just over one year from launch

18

new products in the Corby portfolio as a result of our new partnership with The Wine Group LLC



Q: How has the role of the Corby salesperson changed as a result of your recent focus on skills and structure of the sales organization?

ANDY:

Our team is made up of some of the best salespeople in the industry. The expectations of our customers are always growing and our goal is to exceed those expectations. Customers want to work with a sales organization that adds value to their business. We've invested a great deal of time in training our sales team and providing them with a powerful customer relationship management

tool to help them do their jobs well. Corby salespeople don't limit themselves to just selling products to a customer. They provide solid consumer insights that help our customers grow their business and meet the demands of their consumers. Overall, the investments we have made in skills and structure have made our sales team more effective in everything they do for the customer.

Q: How do you feel about taking over leadership of Corby Sales at this point in the Company's evolution?

STÉPHANE:

It's an exciting time to be part of Corby and our sales team is poised to take off. The leadership transition will be natural and seamless to our customers and to our team. Since I have worked in the spirits industry for many years, in seven different provinces, I'm familiar with the market challenges and opportunities that our customers face. Andy and I share the same approach to sales leadership and many of the same

values, including a desire to support the success and continuous improvement of our sales team. All of the hard work that has been done over the past two years to move Corby Sales to the next level is starting to deliver results for our customers and for the Company. The whole really is greater than the sum of our parts and I'm pleased to be taking the helm of a world-class sales and business planning group.

SILVER MEDAL

Jacob's Creek Moscato, Decanter World Wine Awards 2013





LAMB'S
**BLACK
SHEEP**

SPICED RUM • RHUM ÉPICÉ

LAMB'S

with vanilla
flavor



avec du
de vanille

BLACK SHEEP
SPICED RUM
RHUM ÉPICÉ

43%
ALC/VOL

Staying on Trend

Corby's portfolio of spirits and wines includes multiple brands that match today's hottest trends. It's no coincidence. Global marketing expertise, a comprehensive approach to understanding consumers, and an innovation pipeline with speed and flexibility are driving Corby's portfolio strategy.

Q: What were the hot consumer trends in FY'13 and how did Corby take advantage of them?

We saw two big themes in consumer behaviour emerge this year. The first is a desire for authenticity or genuine products, ones that may have deep heritage or are crafted locally or by hand. Premium Canadian, high rye and small batch whiskies fit this trend. Over the past few years there has been renewed interest in whisky, partly driven by the sensational growth of brands like Jameson, but today we are seeing significant growth in other categories such as single malt scotch and bourbon whiskies, and Canadian whisky has seen a turnaround to growth for the first time in decades. Wiser's currently has a 21% share of the Canadian whisky market and is Canada's largest selling Canadian whisky family. We're building on our heritage and expertise in whisky with a move into the US market through unique

brands that build on this renewed popularity of whisky. Lot 40, Pike Creek and J.P. Wiser's have been developed specifically to take advantage of current hot trends in the US.

The second big consumer trend is a move towards products that break conventional category definitions, such as spiced whisky, which takes a traditionally older-skewing product and makes it appealing to younger consumers. Some of the recent innovations in wine have responded to this trend. For example, California wine is experiencing unprecedented growth, driven in part by the emergence of brands like Cupcake that appeal to a younger, urban demographic. Corby's partnership with The Wine Group gives us a stronger portfolio to meet this consumer trend.

Jeff Agdern

Vice-President, Marketing

I like to enjoy a Lot 40 manhattan after a long week in the office. It's a great way to start off the weekend!



13

13 listings of Wiser's Spiced in 10 months. Nine provinces with 750ml and four with 375ml





LAMB'S BLACK SHEEP

Developed in response to the growing popularity of spiced rum, Black Sheep has introduced the Lamb's brand to a new generation of consumers.

Q: How did marketing and innovation contribute to the strategic plan in 2013?

We made significant investments in innovation, product activation and promotions this year and we targeted our execution in areas where we expected to see the biggest return for the investment. Our launch of Wiser's Spiced was a fully integrated brand launch – the largest in Corby's recent history. It included traditional advertising, social media and a unique guerilla-style PR program to reach consumers across a wide demographic and successfully supported listings in all 10 provinces. For on-premise customers, the campaign was highly visible. The "Spiced Mob" attended more than 100 events in five markets and delivered more than 21,000 product samples to target consumers.

Lamb's Black Sheep spiced rum was re-launched to capitalize on the rapid growth in popularity of spiced rum variations and we also began introducing the Lamb's Nation program to other markets, leveraging the huge success of the program in Newfoundland and Labrador where Lamb's is the number one spirit.

Using our market forecasting tools to identify consumer trends early and then aligning our innovation and marketing plans to those trends proved to be the right strategy for Corby. It helped us deliver on all strategic priorities in 2013 and we've set the right course for the future of our business.

+7.3%

Growth of Lamb's Black Sheep in FY'13 driven by 26.3% growth in Ontario



Q: With so much competition in the spirits market today, how does Corby keep the innovation pipeline filled with unique new product developments?

We've put in place a dedicated research, development and innovation team in the Hiram Walker & Sons Innovation Centre that focuses specifically on Corby-owned brands and opportunities for innovation in blends, flavours and packaging. The proximity to experts in distilling, blending and bottling gives Corby's team an advantage when it comes to testing new innovations. It also helps us maintain quantity and speed in our product innovation. The cycle begins with our consumer insights and

market trends and ends with gold medal-winning products such as Pike Creek Canadian whisky and flavour innovations like McGuinness Blueberry Pancake liqueur. Innovation is a cornerstone of our growth strategy. Over the past few years, we've demonstrated our ability to get new and unique products to market on a regular basis. Not every innovation is as successful as we hope it will be, but each one helps improve our process and contributes to a better understanding of our market, customers and consumers.

24

varieties of McGuinness liqueurs
with the launch of three new
dessert flavours



A central bottle of Polar Ice Vodka is surrounded by a dynamic splash of ice cubes and orange slices against a black background with water droplets. The bottle has a black cap with a small elephant logo and a main label with a polar bear logo. The text on the label includes 'POLAR ICE', 'VODKA', 'QUADRUPLE DISTILLED', 'QUATRE FOIS DISTILLÉE', and '40% alc./vol. 750 mL'.

POLAR ICE.

V O D K A



QUADRUPLE DISTILLED
QUATRE FOIS DISTILLÉE

40% alc./vol.
750 mL

Responsible Leadership

Responsible business leaders look both inwards and outwards to make positive contributions to their communities and the world around them. Corby adheres to a strict Code of Conduct governing many areas of our business, including the sale and marketing of products. The Company also chooses a manufacturing partner with a commitment to environmental sustainability and good manufacturing practices. These are just two of the many ways that Corby is doing business responsibly.

Q: Why is Corby focusing its CSR activities primarily on responsible consumption?

It's important to focus our social responsibility resources and passion in an area that is material to our business. Our employees, our customers and our stakeholders can all identify with the importance of promoting responsible consumption. We've benefited from the global expertise and CSR programs of our majority shareholder, including participation in Responsib'ALL Day. This one-day event reminds all of us of our personal responsibility to promote responsible consumption and help reduce the incidence of harmful drinking. It also aligns with our accountability, as part of the Pernod Ricard Group, to support the agreements made at the 2012 International Center for Alcohol Policies Global Actions Conference,

where the world's leading spirits, wine and beer companies and trade associations agreed to a five-year program dedicated to reducing alcohol-related harm. In fiscal 2014, we're going a step further with a new sponsorship of free transit rides between 7 pm and 7 am on New Year's Eve. I think this shows we're serious about helping to reduce drinking and driving in Canada. The TTC is North America's third-largest transit system, so picking up the cost of fares on one of the biggest party nights of the year is an opportunity to communicate to millions of people in Canada's largest city about the importance of choosing a safe and responsible way to get home after consuming alcohol.

Marc Valencia

General Counsel, Corporate Secretary
& Vice-President, Public Affairs

There's nothing like a glass of crisp Stoneleigh Sauvignon Blanc from New Zealand, a good book and a backyard chair to slow things down and remind us to enjoy the little things in life!



500

Almost 500 Canadian-based Corby and Pernod Ricard employees across seven sites, together with 19,000 global colleagues, participated in the third annual Responsib'ALL Day



**POLAR ICE VODKA**

A contemporary Canadian vodka made from the finest grains, quadruple distilled and triple filtered. Polar Ice is the largest selling Canadian vodka brand.

**Jim Stanski**

Vice-President, Production

My favourite spirit is Wiser's 18 Years Old. That's because I can actually say that the whisky in the bottle was made when I was a young engineer in the distillery and I know firsthand the quality and care that went into every bottle.



Q: As a brand owner, how does Corby ensure that the manufacturing of its brands has minimal impact on the environment and maximum efficiencies in production?

The majority of Corby brands are distilled, blended and bottled by Hiram Walker & Sons Limited near Windsor, Ontario, and the facility is managed by Corby on behalf of Pernod Ricard. This partnership between Corby and Hiram Walker is strengthened because of our shared values, including integrity in the way we conduct business. Hiram Walker consistently exceeds 99% manufacturing quality and efficiency as measured by the "Right First Time" program. The facility has achieved quadruple ISO certification for quality, health and safety, environmental performance and food safety. Hiram Walker participates in annual reporting to the United Nations Global Compact, a policy initiative for companies that are committed to aligning their operations and strategies with principles of good business in human rights, labour, environment and governance. This year, Hiram Walker continued to make improvements that have positive impacts for the environment, including the installation of new air compressors, energy-saving LED

lighting and low-cost "clean" steam energy generated by clean burning natural gas.

Corby is directly involved with Hiram Walker through the entire supply chain for our brands and this represents a significant competitive advantage for Corby. We benefit from raw material bulk buying, state-of-the-art distilling and maturation processes, and high-efficiency bottling lines. Hiram Walker brings decades of experience and craftsmanship to every Corby brand that passes through its facility and the Hiram Walker Master Blender is one of the most skilled in the industry, with creativity and technical knowledge that are second to none.

This expertise, along with the flexibility of multiple distilling methods, is helping us reposition Canadian whisky both at home and across the border with new blends developed in the Hiram Walker & Sons Innovation Centre specifically for the US market. We know we have the best possible manufacturing partner, one that shares Corby's commitment to responsible leadership as well as our focus on sustainable growth.

Growing a Company of Leaders

Great Place to Work® is more than just a label that helps attract and retain employees; it's the foundation of a true employer brand. For the second year in a row, Corby received the GPTW designation and annual survey results showed a highly engaged workforce, deeply committed to supporting the strategic plan and eager to grow their careers at Corby.

Q: What does the term “Company of Leaders” really mean and why is it important for Corby?

A “Company of Leaders” is a term that defines our culture and our belief that every Corby employee has the potential to be a leader, regardless of the position they hold. When employees understand their roles as leaders, we maximize the effectiveness of our organization. But we know we have to provide tools and opportunities to make that happen. We do it by focusing on talent and motivation with a number of different initiatives that encourage Corby employees to reach their full potential. In 2012, we began an extensive process of mapping out the career aspirations and development

plans for every single Corby employee. This goes hand-in-hand with a program underway to provide all employees with a clear job profile and training on the skill sets specific to their role. Every employee will have an opportunity to meet with their manager to receive feedback, develop an individualized career plan and identify any gaps in skill or knowledge that would prevent them from achieving their future goals. It's an ambitious project, but one that will help ensure that we have a Company of Leaders who are prepared to help Corby grow and achieve its vision of success.

Q: How do you achieve such a high level of employee engagement year after year?

We make focused, strategic decisions to invest in our employees, listen to their feedback and support them in their career development. Corby is a marketing and sales company and together with our brands, the talent and expertise of our people are the Company's most important assets. Each year, we conduct a thorough engagement survey and develop action plans

based on the results. We also have a comprehensive communication program that connects every employee in the Company with our strategy, priorities and progress. I think it's safe to say our initiatives are working. In fiscal 2013, we saw a 10% increase in the number of employees who said they felt Corby was a great place to work compared to the previous year.

Paul Holub

Vice-President, Human Resources

I enjoy a good summer iced tea with a bit of sweet and a bit of heat...a splash of Lamb's Black Sheep spiced rum in a glass of lemon iced tea does the trick!





ABSOLUT® *Country of Sweden* VODKA

*Every drop of this
superb vodka has been crafted
only with Swedish winter wheat
near the small town of Åhus
and continues a determined
commitment to the pursuit of
perfection since 1879.*

IMPORTED • IMPORTÉE
40% alc./vol. 750 mL
PRODUCT OF SWEDEN • PRODUIT DE SUÈDE



ABSOLUT VODKA

From classic to exotic, 12 different flavours of ABSOLUT brand vodka add variety and strength to Corby's portfolio of global spirits.

Management's Discussion and Analysis

JUNE 30, 2013

The following Management's Discussion and Analysis ("MD&A") dated August 28, 2013, should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2013, prepared in accordance with International Financial Reporting Standards ("IFRS").

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

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of August 28, 2013. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Corby will provide updates to material forward-looking statements, including in subsequent news releases and its interim management's discussion and analyses filed with regulatory authorities as required under applicable law. Additional information regarding Corby, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Unless otherwise indicated, all comparisons of results for the fourth quarter of fiscal 2013 (three months ended June 30, 2013) are against results for the fourth quarter of fiscal 2012 (three months ended June 30, 2012). All dollar amounts are in Canadian dollars unless otherwise stated.

Business Overview

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

The Company derives its revenues from the sale of its owned-brands ("Case Goods"), as well as earning commission income from the representation of selected non-owned brands in Canada ("Commissions"). The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees and miscellaneous bulk spirits sales. Revenue from Corby's owned-brands predominantly consists of sales made to each of the provincial liquor boards in Canada, and also includes sales to international markets. Comparative figures for the year ended June 30, 2012 also include contract bottling services which were derived from a formerly owned bottling facility (sold October 31, 2011).

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

Most recently, the Company expanded its agency portfolio via a new agreement with The Wine Group LLC ("The Wine Group"), providing Corby with the exclusive rights to represent The Wine Group brands in Canada for the next five years (expiring May 2018). The agreement complements Corby's owned and represented brands and expands Corby offerings in the premium wine sector. Corby now represents all The Wine Group brands, including Cupcake Vineyards, Big House Wine Co., Cocobon, Concannon Vineyard, Gray Fox Vineyards and Mogen David Wine Co.

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

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

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

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

Corby's international business is concentrated in the US and UK and the Company has a different route to market for each. For the US market, Corby manufactures its products in Canada and ships directly to its US distributor. For the UK market, Corby utilizes a third-party contract bottler and distribution company for the production and distribution of Lamb's rum. International sales typically account for less than 10% of Corby's total annual sales. Distributors sell to various local wholesalers and retailers which in turn sell directly to the consumer. Reliable consumer purchase data is not readily available for these international markets and is, therefore, not discussed in this MD&A.

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

Strategies and Outlook

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

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

Brand prioritization requires an evaluation of each brand's potential to deliver upon this strategy, and facilitates Corby's marketing and sales teams' focus and resource allocation. Over the long term, management believes that effective execution of its strategy will result in value creation for shareholders. Past disposal transactions (i.e., the sale of the Seagram Coolers brand in March 2011, and the October 2011 sale of certain non-core brands and the subsidiary that owned the Montréal bottling facility) reflect this strategy by streamlining Corby's portfolio and eliminating brands with below average performance trends, thus focusing resources on key brands.

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

In addition, management is convinced that innovation is essential to seizing new profit and growth opportunities. Successful innovation can be delivered through a structured and efficient process as well as consistent investment in consumer insight and research and development ("R&D"). As far as R&D is concerned, the Company benefits from access to leading-edge practices at PR's North American hub, which is located in Windsor, Ontario. Building upon the Company's success as a leader in the Canadian whisky category, Corby launched Wiser's Spiced, a variant of the iconic Wiser's Canadian whisky brand, and introduced two premium small-batch Canadian whiskies, "Pike Creek" and "Lot 40".

Finally, the Company is a strong advocate of social responsibility, especially with respect to its sales and promotional activities. Corby will continue to promote the responsible consumption of its products in its activities. Most recently, Corby partnered with the Toronto Transit Commission to provide free transit on New Year's Eve for the next three years. The Company stresses its core values throughout its organization, including those of conviviality, straightforwardness, commitment, integrity and entrepreneurship.

Significant Events

CORBY'S BOARD OF DIRECTORS DECLARE A SPECIAL DIVIDEND

On November 7, 2012, the Corby Board of Directors declared a special dividend of \$0.54 per share payable on January 10, 2013 on the Voting Class A Common Shares and Non-Voting Class B Common Shares of Corby to shareholders of record as at the close of business on December 14, 2012. In view of the substantial impact the October 31, 2011 disposal transaction had on net earnings, it was deemed that an element of the payout be classed as a special dividend. This will ensure that the regular dividend is based on Corby's net earnings from its core business activities. Subject to business conditions and opportunities and appropriate adjustment for extraordinary events, shareholders will be paid quarterly on the basis of an annual amount equal to the greater of 75% of net earnings per share in the preceding fiscal year ended June 30, and \$0.60 per share. The special dividend resulted in a cash distribution of \$15.4 million to shareholders and was sourced from Corby's current surplus cash position.

DISTRIBUTION AGREEMENT BETWEEN CORBY DISTILLERIES LIMITED AND PERNOD RICARD USA, LLC

Effective as of July 1, 2012, the Company entered into a five-year agreement with Pernod Ricard USA, LLC ("PR USA"), an affiliated company, which provides PR USA the exclusive rights to represent Wiser's and Pike Creek Canadian whiskies and Polar Ice vodka in the US. Previously, Wiser's Canadian whisky and Polar Ice vodka were represented by an unrelated third party in this market. The agreement provides these key brands with access to PR USA's extensive national distribution network throughout the US and complements PR USA's premium brand portfolio. The agreement is effective for a five-year period ending June 30, 2017. Since the agreement with PR USA is a related party transaction between Corby and PR USA, the agreement was approved by the Independent Committee of the Board of Directors of Corby following an extensive review, in accordance with Corby's related party transaction policy.

Three-Year Review of Selected Financial Information

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

(in millions of Canadian dollars, except per share amounts)		2013	2012	2011
	\$		\$	
Revenue		132.7	146.7	159.6
Earnings from operations		36.4	58.8	40.5
– Earnings from operations per common share		1.28	2.07	1.42
Net earnings		27.2	46.0	28.9
– Basic earnings per share		0.96	1.62	1.01
– Diluted earnings per share		0.96	1.62	1.01
Net earnings adjusted for unusual items and Disposed Brands ⁽¹⁾		27.2	26.3	23.8
– Basic earnings per share, adjusted as noted above ⁽¹⁾		0.96	0.92	0.84
– Diluted earnings per share, adjusted as noted above ⁽¹⁾		0.96	0.92	0.84
Total assets		244.6	253.4	271.5
Total liabilities		35.7	37.6	32.3
Regular dividends paid per share		0.66	0.59	0.56
Special dividends paid per share		0.54	1.85	–

⁽¹⁾ Net earnings are adjusted in 2012 for the net after-tax gain from the sales of the Montréal plant and non-core brands of \$17.7 million and in 2011 for the net after-tax loss from the sale of Seagram Coolers of \$1.7 million. Both years have been further adjusted to remove the financial impact of the brands disposed and contract bottling activities.

The Canadian spirits market has been somewhat resilient to the economic unease experienced globally. However, while growth in the Canadian spirits industry remained positive, it has slowed considerably in 2013. More specifically, 2013 retail sales volumes for the Canadian spirits industry saw only marginal growth of 0.4%, whereas in 2012 growth was a more robust 3% (when compared to 2011).

Despite the lacklustre market this year, Corby has stayed true to its core strategy to leverage the long-term growth potential of its key brands by holding its advertising and promotional expenditures to 2012 levels, a significant investment over 2011. In addition, the Company has actively carried out strategies to streamline and focus its portfolio and improve its route-to-market capabilities over the past three years. Two significant events, namely the sale of the Seagram Coolers brand in 2011 and the sale of certain non-core brands and the subsidiary that owned the Montréal manufacturing facility in fiscal 2012, have been instrumental in carrying out these strategies. As a result of these actions, the Company exited low-growth and low-margin sectors, simplified and focused its brand portfolio (and thus focused its sales and marketing teams) to its key brands, and sold an under-utilized bottling plant.

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

Net earnings (as adjusted for unusual items and Disposed Brands) has improved over the three-year period with a compound annual growth rate of 4.5%. On an individual basis, the 2013 net earnings improvement over 2012 was driven by noticeable growth in the Case Goods segment and reduced administrative costs. These factors were significant enough to outweigh the impacts of the lower bulk sales in 2013 compared to 2012 (bulk sales ended September 2012).

The three-year review table also highlights the increased regular dividends paid to shareholders, stepping up each year since 2011 (representing a 5.6% compound annual growth rate since 2011). In addition to the regular dividends, Corby also paid \$0.54 in special dividends in 2013, and \$1.85 in 2012, representing a total special dividend payout to shareholders of \$68.0 million.

Brand Performance Review

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

SHIPMENT VOLUME AND SHIPMENT VALUE PERFORMANCE

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

BRAND PERFORMANCE TABLE – INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

Volumes (in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2013	June 30, 2012	Shipment % Volume Change	Shipment % Value Change	June 30, 2013	June 30, 2012	Shipment % Volume Change	Shipment % Value Change
Brand								
Wiser's Canadian whisky	200	189	6%	10%	809	786	3%	5%
Lamb's rum	134	126	6%	12%	543	564	(4%)	(1%)
Polar Ice vodka	94	102	(8%)	(1%)	385	394	(2%)	1%
Mixable liqueurs	42	45	(7%)	(1%)	178	182	(2%)	2%
Total key brands	470	462	2%	7%	1,915	1,926	(1%)	3%
All other Corby-owned brands	58	51	14%	23%	222	225	(1%)	4%
Total Corby brands	528	513	3%	8%	2,137	2,151	(1%)	3%
Disposed Brands	—	—	—	—	—	108	(100%)	(100%)
Total Corby brands including Disposed Brands	528	513	3%	8%	2,137	2,259	(5%)	(1%)

Note that the above table segregates "Disposed Brands" from the other Corby-owned brands. Disposed Brands include brands that are no longer owned by Corby as a result of the sale on October 31, 2011 of certain non-core brands and the subsidiary that owned the Montréal plant. Shipment information associated with these Disposed Brands has been segregated in an effort to display the non-recurring impact on Corby's shipments, as comparisons with prior periods are otherwise not meaningful given that Corby no longer owns these brands. The sale of these non-core brands supports management's brand prioritization strategy, allowing Corby to focus resources to drive long-term value growth for key brands. To date we have seen improved gross margins as a result of these disposals as the revenues derived from the Disposed Brands and the formerly owned bottling facility generated significantly less margin than Corby's remaining Case Goods business.

On a year-over-year comparison basis, Corby brands (excluding Disposed Brands) experienced a 1% decline in shipment volumes and 3% growth in shipment value. Corby's flagship brand, Wiser's Canadian whisky, led Corby's portfolio of brands with a 3% increase in shipment volume and 5% increase in shipment value. Wiser's success this year was driven by both its base offerings (e.g., Wiser's Deluxe) and sales of its newest innovation, Wiser's Spiced. All of Corby's key brands increased in shipment value this year, with the exception of Lamb's rum, which is heavily weighted in a declining white rum category as consumers continue to focus their attention on spiced rum. Corby's spiced rum offering (i.e., Lamb's Black Sheep) was re-launched in 2013 with excellent results; however, while its base is growing at a fast rate (9% increase in retail sales value), it is still relatively small and thus unable to offset the decline in Lamb's white rum. The table above also highlights the fact that Corby's brands continue to drive shipment value ahead of shipment volumes. This is the result of both strategic and general price increases being taken over the course of the year and is consistent with Corby's brand prioritization strategy.

On a quarter-over-quarter comparison basis, Corby's shipment volume and shipment value performance improved 3% and 8%, respectively. The rather dramatic increase was mostly the result of Corby's brands recovering against a shift in customer shipment patterns experienced in third quarter (as previously discussed in the Company's third quarter MD&A). As a result, shipment volumes that typically occur in the third quarter shifted to the fourth quarter in 2013, making quarter-over-quarter comparisons less meaningful. As such, readers are encouraged to review the "Retail Volume and Retail Value Performance" section of this MD&A, as it provides a more meaningful analysis of each brand's underlying performance on a quarter-over-quarter comparison basis.

As previously noted, the Brand Performance Table includes both Canadian and international shipments, with international shipments typically comprising less than 10% of Corby's total annual sales. Internationally, Corby's shipment volumes declined 10% when compared to last year, which is due to declines in Lamb's in the UK and Wiser's and Polar Ice in the US. Market softness in the UK as well as supply chain improvements have impacted Lamb's rum shipment volumes. In the US, volumes were impacted as our new distributor prepares to reposition our brands for long-term value growth.

RETAIL VOLUME AND RETAIL VALUE PERFORMANCE

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

RETAIL SALES FOR THE CANADIAN MARKET ONLY⁽¹⁾

Volumes (in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2013	June 30, 2012	% Retail Volume Change	% Retail Value Change	June 30, 2013	June 30, 2012	% Retail Volume Change	% Retail Value Change
Brand								
Wiser's Canadian whisky	164	159	3%	4%	725	717	1%	2%
Lamb's rum	95	99	(4%)	(4%)	427	454	(6%)	(5%)
Polar Ice vodka	81	77	4%	5%	356	350	2%	2%
Mixable liqueurs	39	40	(1%)	1%	176	182	(3%)	(2%)
Total key brands	379	375	1%	2%	1,684	1,703	(1%)	0%
All other Corby-owned brands	51	53	(4%)	(6%)	215	218	(1%)	(3%)
Total	430	428	0%	1%	1,899	1,921	(1%)	(1%)

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

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

The Canadian spirits industry reported lacklustre results in 2013. Canadian retail sales volumes remained relatively flat while sales value increased only 1% compared to 2012. Overall, Corby's brand portfolio was impacted by these industry trends, with both retail volume and retail value falling 1% compared to last year.

Corby's portfolio is heavily weighted in the Canadian whisky, white rum and vodka categories; as together they made up over 80% of the Company's total retail volumes this year. Vodka led these categories with retail volume and retail value increasing 1%, followed by Canadian whisky which was essentially flat, while white rum continued its decline, dropping 5% in both retail volume and retail value this year versus last. White rum has been significantly impacted by the consumer trend favouring spiced rum. The mixable liqueurs category in Canada declined 2% in both retail volume and retail value. Corby's mixable liqueur brands, most notably McGuinness liqueurs, represented 9% of Corby's total retail volumes this year.

Despite the aforementioned industry category performance for which the Company is heavily weighted, Corby's brand portfolio performed well given that both Wiser's and Polar Ice outperformed the industry in the key Canadian whisky and vodka categories, offsetting the performance of the other categories. Further discussion and analysis of each of Corby's key brands is noted below.

SUMMARY OF CORBY'S KEY BRANDS

Wiser's Canadian Whisky

Corby's flagship brand, Wiser's Canadian whisky, continued to outperform the Canadian whisky category with 1% growth in retail volume and 2% growth in retail value during 2013 thus gaining market share. The Canadian whisky category remained flat year-over-year in both retail volume and retail value. The Company continued to build upon the brand's success and capitalize on market trends for premium and flavoured spirits with the launch of Wiser's Spiced, which was a significant contributor to the brand's overall growth on a year-to-year basis.

Lamb's Rum

Lamb's rum, one of the top-selling rum families in Canada, experienced a 6% decline in retail volumes and a 5% decline in retail value when compared to last year, which is similar to trends seen in the white rum segment (5% decline in both retail volume and value) for which Lamb's rum is heavily weighted. Growth in the rum category has been entirely driven by spiced rum. During the summer months of 2012, the Company re-launched its spiced rum variant, Lamb's Black Sheep, offering an improved flavour profile and new packaging. Since the re-launch, Lamb's Black Sheep has had promising results, with retail volume and retail value growth of 7% and 9%, respectively.

Polar Ice Vodka

Polar Ice vodka is among the top three largest vodka brands in Canada. On an annual basis, the brand's retail volumes and retail value increased 2% compared to the prior year. The vodka category reported slightly less positive trends, with retail volumes and retail values increasing 1% on a year-over-year basis. Polar Ice continues to be supported through investment in key markets, specifically Alberta, and with an outdoor "Canada's Vodka" media campaign.

Mixable Liqueurs

Corby's portfolio of mixable liqueur brands consists of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family) and Meaghers liqueurs. Year-over-year, retail volume and retail value for Corby's mixable liqueurs portfolio reflected market trends (retail volume down 3% and retail value down 2%), while the category as a whole declined 2% for both retail volume and retail value. Corby's mixable liqueur brands were adversely impacted by production delays at a third-party bottling supplier during the first half of this year which negatively impacted retail sales.

Other Corby-Owned Brands

Other Corby-owned brands as a group had declines in retail volume and retail value of 1% and 3%, respectively, during 2013. Royal Reserve, a Canadian whisky, is the most significant brand in this grouping. This brand's performance was behind the Canadian whisky category, with retail volumes down 5% and retail value down 7% on an annual basis. Retail performance for the brand experienced difficulties in Western Canada as consumers trended toward more premium whisky offerings. Also included in this group are two new premium small-batch Canadian whisky innovations introduced earlier in this fiscal year, "Pike Creek" and "Lot 40", both of which have been well received by the whisky community. Lot 40 was named "Canadian Whisky of the Year" by *Whisky Advocate* magazine.

Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the years ended June 30, 2013 and 2012.

(in millions of Canadian dollars, except per share amounts)	2013	2012	\$ Change	% Change
Revenue	\$ 132.7	\$ 146.7	\$ (14.0)	(10%)
Cost of sales	(49.6)	(60.9)	11.3	(19%)
Marketing, sales and administration	(47.0)	(48.7)	1.7	(3%)
Disposal transactions	—	21.5	(21.5)	(100%)
Other income (expense)	0.3	0.2	0.1	50%
Earnings from operations	36.4	58.8	(22.4)	(38%)
Financial income	1.7	2.0	(0.3)	(13%)
Financial expenses	(0.4)	(0.6)	0.2	(33%)
Net financial income	1.3	1.4	(0.1)	(5%)
Earnings before income taxes	37.7	60.2	(22.5)	(37%)
Income taxes	(10.5)	(14.2)	3.7	(26%)
Net earnings	\$ 27.2	\$ 46.0	\$ (18.8)	(41%)
Per common share				
– Basic net earnings	\$ 0.96	\$ 1.62	\$ (0.66)	(41%)
– Diluted net earnings	\$ 0.96	\$ 1.62	\$ (0.66)	(41%)

Results for the year ending June 30, 2012 were substantially impacted by a sale transaction completed on October 31, 2011, whereby Corby sold certain non-core brands and the subsidiary that owned the manufacturing plant in Montréal, Québec. The impacts of this transaction complicate the comparison of 2013 results to 2012. Therefore, in order to make comparisons on a like-for-like basis, the table below removes the effects of the aforementioned sale transaction on net earnings by excluding the Disposed Brands and earnings related to the subsidiary that owned the manufacturing plant in Montréal, Québec:

(in millions of Canadian dollars)	2013	2012	\$ Change	% Change
Net earnings	\$ 27.2	\$ 46.0	\$ (18.8)	(41%)
Less transaction impacts:				
Net gain on sale transaction	—	17.7	(17.7)	(100%)
Earnings from brands and plant	—	2.1	(2.1)	(100%)
	—	19.7	(19.7)	(100%)
Net earnings, excl. transaction	\$ 27.2	\$ 26.3	\$ 0.9	4%

After removing the impacts the aforementioned sale transaction had on 2012 results, net earnings increased \$0.9 million or 4%. Despite the decline in shipment volumes of 1% on a year-over-year basis, the improvement in net earnings was largely driven by the Case Goods business, specifically pricing and product mix. Net earnings also benefited from favourable changes in administrative expenses, which were offset by lower bulk whisky sales in 2013 compared to 2012 as our contract to supply bulk whisky to a former contract bottling customer ended in September 2012.

REVENUE

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

(in millions of Canadian dollars)	2013	2012	\$ Change	% Change
Revenue streams				
Case Goods (excluding Disposed Brands)	\$ 109.7	\$ 107.9	\$ 1.8	2%
Commissions	16.4	16.3	0.1	1%
Other services	6.6	9.4	(2.8)	(30%)
Revenue, excluding Disposed Brands	132.7	133.6	(0.9)	(1%)
Disposed Brands	—	13.1	(13.1)	(100%)
Revenue	\$ 132.7	\$ 146.7	\$ (14.0)	(10%)

Removing the impact of the aforementioned sale transaction (which is denoted in the above table as "Disposed Brands"), revenue from the remaining Corby brand portfolio and other business activities decreased 1% compared to the prior year. The decrease was largely due to the cessation of bulk whisky sales to a former contract bottling customer (categorized in the revenue table as "Other services"). The Company's contractual obligations to sell bulk were completed in September 2012.

Case Goods revenue increased 2% over the prior year. Pricing decisions for key brands, specifically Wiser's Canadian whisky and Wiser's Spiced, have largely contributed to the increased sales revenues although sales volumes have remained relatively flat year-over-year. Management's focus on premium offerings has placed the brand more favourably against its closest competitors. General price increases in many provinces as well as innovation with new premium offerings (Pike Creek, Lot 40, and new mixable liqueur flavours) have also contributed positively.

Commission revenue remained relatively consistent with the prior year. Commission revenues are generated through the representation of many international brands in Canada through Corby's affiliation with PR as well as a select number of unrelated third-party Agency brands. The addition of The Wine Group portfolio had a positive impact on Corby's Agency Commission business during the last quarter of 2013 as well as the receipt of a one-time termination payment from a former Agency brand owner.

COST OF SALES

Cost of sales was \$49.6 million, representing a decrease of 19%, or \$11.3 million on an annual basis. The decrease in cost of sales is mostly the result of the aforementioned disposal transaction, as the Company no longer incurred production costs associated with the Disposed Brands and the formerly owned bottling facility.

Gross margin for the year was 57.3% versus 53.3% last year (note: commissions are not included in this calculation). The improved gross margin is a result of the sale transaction and Corby's strategic focus on increasing value. The revenues derived from the Disposed Brands and the formerly owned bottling facility generated significantly less margin than Corby's remaining Case Goods business.

MARKETING, SALES AND ADMINISTRATION

Marketing, sales and administration expenses were \$47.0 million for the year ended June 30, 2013, a decrease of 3% or \$1.7 million compared to the prior year. Included in this balance is advertising and promotional spend to support Corby's key brands, which remained relatively constant with prior year levels. However, administrative costs decreased compared to the prior year. 2012 included costs associated with a project the Company had undertaken to transform its sales and trade-marketing organization in Canada.

OTHER INCOME AND EXPENSES

Other income and expenses include such items as realized foreign exchange gains and losses, gains on sale of property and equipment, and amortization of actuarial gains and losses related to the Company's pension and post-retirement benefit plans. The balances comprising this account were relatively consistent year-over-year.

NET FINANCIAL INCOME

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

INCOME TAXES

Income tax expense for the year was \$10.5 million as compared to \$14.2 million last year. The effective tax rate for the prior year was substantially impacted by the sale of the Montréal plant and the non-core brands, which resulted in a tax impact of \$3.9 million. In 2013, minor tax savings resulted from previously announced reductions in Canadian federal statutory income tax rates.

	2013	2012
Combined basic Federal and Provincial tax rates	27%	27%
Net capital gain on disposal of plant and non-core brands	0%	(4%)
Other	1%	1%
Effective tax rate	28%	24%

Liquidity and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of \$108.0 million as at June 30, 2013, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities and income and other taxes payable balances, which totalled \$24.2 million as at June 30, 2013, and are all due to be paid within one year. The Company does not have any liabilities under short- or long-term debt facilities.

The Company has agreed to make a \$10.3 million payment to PR on September 30, 2013 as part of its agreement to continue to represent ABSOLUT and Plymouth gin brands in Canada for an additional eight-year term. For more information regarding this agreement, please refer to the "Related Party Transactions" section of this MD&A.

The Company also has funding obligations related to its employee future benefit plans, which include defined benefit pension plans. As at June 30, 2013, certain of the Company's defined benefit pension plans were in a deficit position. Of those plans in a funded deficit position, the unfunded accrued benefit obligation totalled \$11.0 million.

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

The Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. Nonetheless, pension fund assets are not immune to market fluctuations and, as a result, the Company may be required to make additional cash contributions in the future. For more information regarding Corby's employee future benefit plans, please refer to Note 16 to the consolidated financial statements.

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

Cash Flows

(in millions of Canadian dollars)

	2013	2012	Change
Operating activities			
Net earnings, adjusted for non-cash items	\$ 41.3	\$ 40.2	\$ 1.1
Net change in non-cash working capital	4.8	13.6	(8.8)
Net payments for interest and income taxes	(13.3)	(7.5)	(5.8)
	32.8	46.3	(13.5)
Investing activities			
Additions to property and equipment	(1.8)	(1.6)	(0.2)
Proceeds from disposition of property and equipment	0.5	0.3	0.2
Proceeds from sale of plant and brands	—	37.4	(37.4)
Withdrawals from (deposits in) cash management pools	2.0	(13.5)	15.5
	0.7	22.6	(21.9)
Financing activities			
Proceeds from note receivable	0.6	0.6	—
Dividends paid	(34.1)	(69.5)	35.4
	(33.5)	(68.9)	35.4
Net change in cash	\$ —	\$ —	\$ —

OPERATING ACTIVITIES

On an annual basis, net cash from operating activities was \$32.8 million compared to \$46.3 million in the prior year, representing a decrease of \$13.5 million. Prior year cash flows from operating activities were significantly impacted by the previously mentioned sale of the Montréal plant and non-core brands. In the current year, net earnings, adjusted for non-cash items increased over the prior year; however, working capital changes were less dramatic than those experienced in 2012 (as a result of the previously mentioned sale transaction). Further, 2013 experienced higher tax payments as taxes on the capital gain generated in the prior year came due.

INVESTING ACTIVITIES

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

On a year-to-date comparison basis, cash flows from investing activities decreased \$21.9 million. The comparative period included \$37.4 million in proceeds from the aforementioned sale transaction and was partially offset by the change in amounts withdrawn from (deposited in) cash management pools.

FINANCING ACTIVITIES

Cash used for financing activities totalled \$33.5 million on a year-to-date basis and represents the payment of dividends to shareholders and proceeds received from the long-term note receivable during the year. The year-over-year change of \$35.4 million is due to lower special dividends paid in 2013 compared to 2012. The payment of these dividends is in accordance with the Company's stated dividend policy.

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

For	Declaration Date	Record Date	Payment Date	\$/Share	
2013 – Q4	August 28, 2013	September 13, 2013	September 30, 2013	\$	0.17
2013 – Q3	May 9, 2013	May 31, 2013	June 14, 2013		0.17
2013 – Q2	February 6, 2013	February 28, 2013	March 15, 2013		0.17
2013 – special	November 7, 2012 (special dividend)	December 14, 2012	January 10, 2013		0.54
2013 – Q1	November 7, 2012	November 30, 2012	December 14, 2012		0.17
2012 – Q4	August 29, 2012	September 15, 2012	September 30, 2012		0.15
2012 – Q3	May 10, 2012	May 31, 2012	June 15, 2012		0.15
2012 – Q2	February 8, 2012	February 29, 2012	March 15, 2012		0.15
2012 – special	November 9, 2011 (special dividend)	December 15, 2011	January 3, 2012		1.85
2012 – Q1	November 9, 2011	November 30, 2011	December 15, 2011		0.15

Outstanding Share Data

As at August 28, 2013, Corby had 24,274,320 Voting Class A Common Shares and 4,194,536 Non-Voting Class B Common Shares outstanding. The Company does not have a stock option plan and, therefore, there are no options outstanding.

Contractual Obligations

The following table presents a summary of the maturity periods of the Company's contractual obligations as at June 30, 2013:

		Payments during 2014	Payments Due in 2015 and 2016	Payments Due in 2017 and 2018	Payments Due after 2018	Obligations with No Fixed Maturity	Total
Operating lease obligations	\$	1.8	\$ 2.7	\$ 1.4	\$ 0.1	\$ –	\$ 6.0
ABSOLUT representation rights		10.3	–	–	–	–	10.3
Employee benefits		–	–	–	–	20.8	20.8
	\$	12.1	\$ 2.7	\$ 1.4	\$ 0.1	\$ 20.8	\$ 37.1

Operating lease obligations represent future minimum payments under long-term operating leases for premises and office equipment as at June 30, 2013. Employee benefits represent the Company's unfunded pension and other post-retirement benefit plan obligations as at June 30, 2013. For further information regarding Corby's employee future benefit plans, please refer to Note 16 to the audited consolidated financial statements.

In addition, as outlined in the table above, the Company agreed to pay the sum of \$10.3 million to PR for the right to represent ABSOLUT vodka and Plymouth gin in Canada for an additional eight-year term. The payment is due September 30, 2013. For more information on this agreement please see the "Related Party Transactions" section of this MD&A.

Related Party Transactions

TRANSACTIONS WITH PARENT, ULTIMATE PARENT AND AFFILIATES

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

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

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

Further, on November 9, 2011, Corby entered into an agreement with PR for a new term for Corby's exclusive right to represent ABSOLUT vodka in Canada from September 30, 2013 to September 29, 2021, which is consistent with the term of Corby's Canadian representation of the other PR brands in Corby's portfolio. Under the agreement, Corby agreed to pay to PR the present value of \$10 million, or \$10.3 million, for the additional eight years of the new term at its commencement and to enter into a representation agreement no later than September 30, 2013. Since the agreement with PR is a related party transaction, the agreement was approved by the Independent Committee of the Corby Board of Directors, in accordance with Corby's related party transaction policy, following an extensive review and with external financial and legal advice. Pursuant to the November 9, 2011 agreement, Corby also agreed to continue with the mirror netting arrangement with PR and its affiliates, under which Corby's excess cash will continue to be deposited to cash management pools. The mirror netting arrangement with PR and its affiliates is further described below.

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

On June 25, 2013, the Company entered into an assignment agreement with another PR affiliate to settle amounts outstanding from PR Argentina. Collection of accounts receivable from PR Argentina was complicated due to Argentinean currency regulations. There were no balances outstanding with PR Argentina at June 30, 2013.

DEPOSITS IN CASH MANAGEMENT POOLS

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement, together with PR's other Canadian affiliates, the terms of which are administered by The Bank of Nova Scotia. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 28, 2013, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day Canadian Dealer Offered Rate ("CDOR") plus 0.40% (previous to June 2013, LIBOR plus 0.40% was used, as the Canadian LIBOR rate was discontinued). Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

Results of Operations – Fourth Quarter of Fiscal 2013

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2013 and 2012:

(in millions of Canadian dollars, except per share amounts)	Three Months Ended			
	June 30, 2013	June 30, 2012	\$ Change	% Change
Revenue	\$ 33.5	\$ 32.4	\$ 1.1	3%
Cost of sales	(12.4)	(13.0)	0.6	(5%)
Marketing, sales and administration	(11.5)	(12.8)	1.3	(10%)
Other income (expense)	0.2	–	0.2	N/A
Earnings from operations	9.8	6.6	3.2	48%
Financial income	0.4	0.4	–	0%
Financial expenses	(0.1)	(0.1)	–	0%
Net financial income	0.3	0.3	–	0%
Earnings before income taxes	10.1	6.9	3.2	46%
Income taxes	(2.8)	(2.0)	(0.8)	40%
Net earnings	\$ 7.3	\$ 4.9	\$ 2.4	49%
Per common share				
– Basic net earnings	\$ 0.26	\$ 0.17	\$ 0.09	53%
– Diluted net earnings	\$ 0.26	\$ 0.17	\$ 0.09	53%

REVENUE

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

(in millions of Canadian dollars)	Three Months Ended			
	June 30, 2013	June 30, 2012	\$ Change	% Change
Revenue streams				
Case Goods	\$ 27.8	\$ 25.9	\$ 1.9	7%
Commissions	4.6	4.0	0.6	15%
Other services	1.1	2.5	(1.4)	(56%)
Revenue	\$ 33.5	\$ 32.4	\$ 1.1	3%

Total revenue increased 3% on a quarter-over-quarter comparison basis, or \$1.1 million. The increase was driven by Corby's Case Goods business (up \$1.9 million) with a significant 3% improvement in shipment volumes largely attributable to having recovered from the shift in customer shipment patterns experienced in Q3 (which was as expected and discussed in the Q3 MD&A). In addition to the volume increase, Corby's Case Goods revenue also benefited from improved pricing and portfolio mix.

Commissions also improved compared to the same period last year (up \$0.6 million), as a result of increased volumes and general price increases from represented brands, combined with the benefit of receiving a one-time contract termination payment from a former Agency brand owner. Also contributing was the commencement of a new Agency relationship as Corby began its representation of The Wine Group brands in Canada on May 15, 2013.

Other services decreased \$1.4 million due to the Company's cessation of bulk whisky sales to a former contract bottling customer. The Company's contractual obligations to sell bulk were completed in September 2012 and thus the fourth quarter of 2013 does not include bulk whisky sales.

COST OF SALES

Cost of goods sold was \$12.4 million, or 5% lower than the same period last year. Gross margin was 57.2% this quarter compared to 54.1% for the same quarter last year (note: commissions are not included in this calculation). This substantial increase in gross margin is primarily due to the cessation of the aforementioned bulk whisky sales contract. Margins on bulk whisky sales are substantially lower than the margins generated on the Case Goods business. Strategic pricing decisions and general price increases are also a factor in the improved quarter-over-quarter margins.

NET EARNINGS AND EARNINGS PER SHARE

Net earnings for the fourth quarter were \$7.3 million, or \$0.26 per share, which is an increase of \$2.4 million over the same quarter last year. In addition to factors discussed previously related to improved sales and gross margins, the fourth quarter of 2013 also benefited from favourable phasing of advertising and promotional spend and the impact of lower administrative costs.

Selected Quarterly Information

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in millions of Canadian dollars, except per share amounts)	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Revenue	\$ 33.5	\$ 25.7	\$ 37.7	\$ 35.9	\$ 32.4	\$ 29.2	\$ 40.9	\$ 44.2
Earnings from operations	9.8	5.1	12.0	9.5	6.6	6.1	33.6	12.6
Net earnings, excluding undernoted items ⁽¹⁾	7.3	4.0	9.0	7.0	4.9	4.6	9.0	9.9
Net earnings	7.3	4.0	9.0	7.0	4.9	4.6	27.1	9.5
Basic EPS	0.26	0.14	0.32	0.25	0.17	0.16	0.95	0.33
Diluted EPS	0.26	0.14	0.32	0.25	0.17	0.16	0.95	0.33

⁽¹⁾ Net earnings have been adjusted for the net after-tax gain on the sale of plant and brands of \$17.7 million in 2012.

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

The table also highlights the effect the aforementioned sale transaction (i.e., the sale of the Disposed Brands and the subsidiary that owned the Montréal plant in Q2 2012) had on the quarterly results. The line item "Net earnings, excluding undernoted items" removes the gain on sale impacts. Also note that revenue and ongoing net earnings have been substantially impacted as well, given the fact the Company sold various brands and a contract bottling facility and thus no longer recognizes revenue associated with the brands and activities after the date of sale.

For further information regarding the sale transaction, please refer to Note 20 to the audited consolidated financial statements.

Critical Accounting Estimates

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

The Company's significant accounting policies are discussed in Note 4 to the consolidated financial statements. The following accounting policies incorporate a higher degree of judgment and/or complexity and, accordingly, are considered to be critical accounting policies.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

The Company records as goodwill the excess amount of the purchase price of an acquired business over the fair value of the underlying net assets, including intangible assets, at the date of acquisition. Indefinite-lived intangible assets represent the value of trademarks and licences acquired. Goodwill and indefinite-lived intangible assets account for \$15.1 million of the Company's total assets. These balances are evaluated annually for impairment. The process of evaluating these items for impairment involves the determination of fair value. Inherent in such fair value determinations are certain judgments and estimates including, but not limited to, projected future sales, earnings and capital investment; discount rates; and terminal growth rates. These judgments and estimates may change in the future due to uncertain competitive, market and general economic conditions, or as a result of changes in the business strategies and outlook of the Company.

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

EMPLOYEE FUTURE BENEFITS

The cost and accrued benefit plan obligations of the Company's defined benefit pension plans and its other post-retirement benefit plan are accrued based on actuarial valuations that are dependent upon assumptions determined by management. These assumptions include the discount rate, the expected long-term rate of return on plan assets, the rate of compensation increases, retirement ages, mortality rates and the expected inflation rate of health care costs. These assumptions are reviewed annually by the Company's management and its actuary. These assumptions may change in the future and may have a material impact on the accrued benefit obligations of the Company and the cost of these plans, which is reflected in the Company's consolidated statement of earnings. In addition, the actual rate of return on plan assets and changes in interest rates could result in changes in the Company's funding requirements for its defined benefit pension plans. See Note 16 to the consolidated financial statements for detailed information regarding the major assumptions utilized.

INCOME AND OTHER TAXES

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

New Accounting Pronouncements

NEW ACCOUNTING STANDARDS

The following new and revised standards and interpretations were effective for Corby on July 1, 2012:

(i) Deferred Taxes – Recovery of Underlying Assets

The International Accounting Standards Board ("IASB") issued an amendment to IAS 12, "Income Taxes" ("IAS 12 amendment"), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. The IAS 12 amendment did not have an impact on the Company's results of operations, financial position or disclosures.

(ii) Financial Instruments – Disclosures

On June 16, 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments enhance the presentation of other comprehensive income ("OCI") in the financial statements. A requirement has been added to present items in other comprehensive income grouped on the basis of whether they may be subsequently reclassified to earnings in order to more clearly show the effect the items of other comprehensive income may have on future earnings. The amendments are effective for annual periods beginning on or after July 1, 2012. The amendments have not had an impact on the Company's presentation of other comprehensive income.

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards, and interpretations have been issued but are not yet effective for the financial year ending June 30, 2013, and, accordingly, have not been applied in preparing these consolidated financial statements:

(i) Consolidated Financial Statements

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

IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 are all effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this set of standards and amendments becomes effective July 1, 2013. The Company does not expect IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 to have a significant impact on its consolidated financial statements.

(ii) Fair Value Measurement

On May 12, 2011, the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13"), which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. IFRS 13 applies to all International Financial Reporting Standards that require or permit fair value measurements or disclosures. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard is effective for annual periods beginning on or after January 1, 2013, and must be applied prospectively. For Corby, this standard becomes effective July 1, 2013. The Company does not expect IFRS 13 to have a significant impact on its consolidated financial statements.

(iii) Employee Benefits

On June 16, 2011, the IASB issued amendments to IAS 19, "Employee Benefits" ("IAS 19"), which eliminates the option to defer the recognition of actuarial gains and losses through the "corridor" approach, revises the presentation of changes in assets and liabilities arising from defined benefit plans and enhances the disclosures for defined benefit plans. IAS 19 is effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, the revisions to this standard become effective July 1, 2013. The Company has determined that on July 1, 2013, provision for pensions will increase \$10.3 million with an offsetting decrease to opening equity. Pension expense for the year ended June 30, 2013, when restated for the impacts of this amended standard, will increase \$0.3 million.

(iv) Financial Instruments – Asset and Liability Offsetting

The IASB has issued amendments to IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") and IAS 32, "Financial Instruments: Presentation" ("IAS 32"), which clarify the requirements for offsetting financial instruments and require new disclosures on the effect of offsetting arrangements on an entity's financial position. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this amendment will become effective July 1, 2013. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. For Corby, this amendment will become effective July 1, 2014. The Company is assessing the impact of the amendments to IFRS 7 and IAS 32 on its consolidated financial statements.

(v) Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments, and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, and must be applied retrospectively. For Corby, this standard will become effective July 1, 2015. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

Disclosure Controls and Procedures

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

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109) as at June 30, 2013, and has concluded that such disclosure controls and procedures are effective based upon such evaluation.

Internal Controls over Financial Reporting

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

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

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting as at June 30, 2013, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in *Internal Control – Integrated Framework* (1992), published by the Committee of Sponsoring Organizations of the Treadway Commission.

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

Risks and Risk Management

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

INDUSTRY AND REGULATORY

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

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

CONSUMER CONSUMPTION PATTERNS

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

DISTRIBUTION/SUPPLY CHAIN INTERRUPTION

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

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

ENVIRONMENTAL COMPLIANCE

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

INDUSTRY CONSOLIDATION

In recent years, the global beverage alcohol industry has experienced a significant amount of consolidation. Industry consolidation can have varying degrees of impact and, in some cases, may even create exceptional opportunities. Either way, management believes that the Company is well positioned to deal with this or other changes to the competitive landscape in Canada.

COMPETITION

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

CREDIT RISK

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

EXPOSURE TO INTEREST RATE FLUCTUATIONS

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

EXPOSURE TO COMMODITY PRICE FLUCTUATIONS

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

FOREIGN CURRENCY EXCHANGE RISK

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

USD Exposure

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

GBP Exposure

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

THIRD-PARTY SERVICE PROVIDERS

HWSL, which Corby manages on behalf of PR, provides more than 80% of the Company's production requirements, among other services including administration and information technology. However, the Company is reliant upon certain third-party service providers in respect of certain of its operations. It is possible that negative events affecting these third-party service providers could, in turn, negatively impact the Company. While the Company has no direct control over how such third parties are managed, it has entered into contractual arrangements to formalize these relationships. In order to minimize operating risks, the Company actively monitors and manages its relationships with its third-party service providers.

BRAND REPUTATION AND TRADEMARK PROTECTION

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

VALUATION OF GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets account for a significant amount of the Company's total assets. Goodwill and intangible assets are subject to impairment tests that involve the determination of fair value. Inherent in such fair value determinations are certain judgments and estimates including, but not limited to, projected future sales, earnings and capital investment; discount rates; and terminal growth rates. These judgments and estimates may change in the future due to uncertain competitive market and general economic conditions, or as the Company makes changes in its business strategies. Given the current state of the economy, certain of the aforementioned factors affecting the determination of fair value may be impacted and, as a result, the Company's financial results may be adversely affected.

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

Associated Brand	Associated Market	Carrying Values as at June 30, 2013		
		Goodwill	Intangibles	Total
Various PR brands	Canada	\$ —	\$ 37.4	\$ 37.4
Lamb's rum	United Kingdom ⁽¹⁾	1.4	11.8	13.2
Corby domestic brands	Canada	1.9	—	1.9
Certain Agency brands	Canada	—	0.4	0.4
		\$ 3.3	\$ 49.6	\$ 52.9

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

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

EMPLOYEE FUTURE BENEFITS

The Company has certain obligations under its registered and non-registered defined benefit pension plans and other post-retirement benefit plan. There is no assurance that the Company's benefit plans will be able to earn the assumed rate of return. New regulations and market-driven changes may result in changes in the discount rates and other variables, which would result in the Company being required to make contributions in the future that differ significantly from estimates. An extended period of depressed capital markets and low interest rates could require the Company to make contributions to these plans in excess of those currently contemplated, which, in turn, could have an adverse impact on the financial performance of the Company. Somewhat mitigating the impact of a potential market decline is the fact that the Company monitors its pension plan assets closely and follows strict guidelines to ensure that pension fund investment portfolios are diversified in line with industry best practices. For further details related to Corby's defined benefit pension plans, please refer to Note 16 to the consolidated financial statements for the year ended June 30, 2013.

Management's Responsibility for Financial Statements

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

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

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

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



R. Patrick O'Driscoll
President & Chief Executive Officer



John K. Leburn
Vice-President & Chief Financial Officer

August 28, 2013

Independent Auditor's Report

To the Shareholders of Corby Distilleries Limited

We have audited the accompanying consolidated financial statements of Corby Distilleries Limited, which comprise the consolidated balance sheets as at June 30, 2013 and June 30, 2012, and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Corby Distilleries Limited as at June 30, 2013 and June 30, 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Chartered Professional Accountants, Chartered Accountants

Licensed Public Accountants

August 28, 2013

Windsor, Ontario, Canada

Consolidated Balance Sheets

As at June 30, 2013 and 2012
(in thousands of Canadian dollars)

	Note	2013	2012
ASSETS			
Deposits in cash management pools		\$ 108,043	\$ 110,113
Accounts receivable	7	23,642	28,611
Income and other taxes recoverable		1,055	–
Inventories	8	49,083	47,760
Prepaid expenses		533	555
Current portion of note receivable	9	600	600
Total current assets		182,956	187,639
Note receivable	9	600	1,200
Property and equipment	10	8,092	7,524
Goodwill	11	3,278	3,278
Intangible assets	12	49,665	53,771
Total assets		\$ 244,591	\$ 253,412
LIABILITIES			
Accounts payable and accrued liabilities	14	\$ 24,185	\$ 22,400
Income and other taxes payable		–	3,656
Total current liabilities		24,185	26,056
Provision for pensions	16	10,449	10,550
Deferred income taxes	17	1,053	983
Total liabilities		35,687	37,589
Shareholders' equity			
Share capital	18	14,304	14,304
Retained earnings		194,600	201,519
Total shareholders' equity		208,904	215,823
Total liabilities and shareholders' equity		\$ 244,591	\$ 253,412

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors



George F. McCarthy
Director



Robert L. Llewellyn
Director

Consolidated Statements of Earnings

For the years ended June 30, 2013 and 2012

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

	Note	2013	2012
Revenue	19	\$ 132,743	\$ 146,746
Cost of sales		(49,643)	(60,885)
Marketing, sales and administration		(46,971)	(48,744)
Disposal transaction	20	—	21,532
Other income and expenses	21	318	202
Earnings from operations		36,447	58,851
Financial income		1,707	1,963
Financial expenses		(447)	(612)
Net financial income	22	1,260	1,351
Earnings before income taxes		37,707	60,202
Current income taxes		(10,393)	(12,915)
Deferred income taxes		(70)	(1,239)
Income taxes	17	(10,463)	(14,154)
Net earnings		\$ 27,244	\$ 46,048
Basic earnings per share	23	\$ 0.96	\$ 1.62
Diluted earnings per share	23	\$ 0.96	\$ 1.62
Weighted average common shares outstanding			
Basic		28,468,856	28,468,856
Diluted		28,468,856	28,468,856

See accompanying notes to the consolidated financial statements

Consolidated Statements of Comprehensive Income

For the years ended June 30, 2013 and 2012
(in thousands of Canadian dollars)

		2013		2012
Net earnings	\$	27,244	\$	46,048
Other comprehensive income		—		—
Total comprehensive income	\$	27,244	\$	46,048

See accompanying notes to the consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity

For the years ended June 30, 2013 and 2012 (in thousands of Canadian dollars)	Note	Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance as at June 30, 2012		\$ 14,304	\$ —	\$ 201,519	\$ 215,823
Net earnings		—	—	27,244	27,244
Other comprehensive income		—	—	—	—
Dividends	27	—	—	(34,163)	(34,163)
Balance as at June 30, 2013		\$ 14,304	\$ —	\$ 194,600	\$ 208,904
Balance as at June 30, 2011		\$ 14,304	\$ —	\$ 224,935	\$ 239,239
Net earnings		—	—	46,048	46,048
Other comprehensive income		—	—	—	—
Dividends		—	—	(69,464)	(69,464)
Balance as at June 30, 2012		\$ 14,304	\$ —	\$ 201,519	\$ 215,823

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flow

For the years ended June 30, 2013 and 2012
(in thousands of Canadian dollars)

	Note	2013	2012
Operating activities			
Net earnings		\$ 27,244	\$ 46,048
Adjustments for:			
Amortization and depreciation	24	5,534	5,688
Net financial income	22	(1,260)	(1,351)
Disposal transaction	20	—	(21,532)
Gain on disposal of property and equipment		(224)	(175)
Income tax expense	17	10,463	14,154
Provision for pensions		(472)	(2,674)
		41,285	40,158
Net change in non-cash working capital balances	26	4,835	13,613
Interest received		1,642	1,797
Income taxes paid		(14,934)	(9,290)
Net cash from operating activities		32,828	46,278
Investing activities			
Additions to property and equipment	10	(1,845)	(1,648)
Net proceeds on disposal transaction		—	37,376
Proceeds from disposition of property and equipment		510	335
Deposits in cash management pools		2,070	(13,477)
Net cash from investing activities		735	22,586
Financing activities			
Proceeds from note receivable	9	600	600
Dividends paid		(34,163)	(69,464)
Net cash used in financing activities		(33,563)	(68,864)
Net increase in cash		—	—
Cash, beginning of year		—	—
Cash, end of year		\$ —	\$ —

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

(IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT PER SHARE AMOUNTS)

1. General Information

Corby Distilleries Limited ("Corby" or the "Company") is a leading Canadian marketer of spirits and importer of wines. The Company derives its revenues from the sale of its owned-brands in Canada and other international markets, as well as earning commissions from the representation of selected non-owned brands in the Canadian marketplace. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada.

Corby is controlled by Hiram Walker & Sons Limited ("HWSL"), which is a wholly-owned subsidiary of Pernod Ricard, S.A. ("PR"), a French public limited company that owned 51.6% of the outstanding Voting Class A Common Shares of Corby as at June 30, 2013.

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

2. Basis of Preparation

STATEMENT OF COMPLIANCE

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

These consolidated financial statements were approved by the Company's Board of Directors on August 28, 2013.

FUNCTIONAL AND PRESENTATION CURRENCY

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

FOREIGN CURRENCY TRANSLATION

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

BASIS OF MEASUREMENT

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

USE OF ESTIMATES AND JUDGMENTS

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

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

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

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

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

3. Adoption of New and Revised Standards and Interpretations

NEW ACCOUNTING STANDARDS

The following new and revised standards and interpretations were effective for Corby on July 1, 2012:

(i) Deferred Taxes – Recovery of Underlying Assets

The International Accounting Standards Board ("IASB") issued an amendment to IAS 12, "Income Taxes" ("IAS 12 amendment"), which introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The IAS 12 amendment is effective for annual periods beginning on or after January 1, 2012. The IAS 12 amendment did not have an impact on the Company's results of operations, financial position or disclosures.

(ii) Financial Instruments – Disclosures

On June 16, 2011, the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments enhance the presentation of other comprehensive income ("OCI") in the financial statements. A requirement has been added to present items in other comprehensive income grouped on the basis of whether they may be subsequently reclassified to earnings in order to more clearly show the effect the items of other comprehensive income may have on future earnings. The amendments are effective for annual periods beginning on or after July 1, 2012. The amendments have not had an impact on the Company's presentation of other comprehensive income.

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new standards, amendments to standards, and interpretations have been issued but are not yet effective for the financial year ending June 30, 2013, and, accordingly, have not been applied in preparing these consolidated financial statements:

(i) Consolidated Financial Statements

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

IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 are all effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this set of standards and amendments becomes effective July 1, 2013. The Company does not expect IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 to have a significant impact on its consolidated financial statements.

(ii) Fair Value Measurement

On May 12, 2011, the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13"), which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. IFRS 13 applies to all International Financial Reporting Standards that require or permit fair value measurements or disclosures. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard is effective for annual periods beginning on or after January 1, 2013, and must be applied prospectively. For Corby, this standard becomes effective July 1, 2013. The Company does not expect IFRS 13 to have a significant impact on its consolidated financial statements.

(iii) Employee Benefits

On June 16, 2011, the IASB issued amendments to IAS 19, "Employee Benefits" ("IAS 19"), which eliminates the option to defer the recognition of actuarial gains and losses through the "corridor" approach, revises the presentation of changes in assets and liabilities arising from defined benefit plans and enhances the disclosures for defined benefit plans. IAS 19 is effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, the revisions to this standard become effective July 1, 2013. The Company has determined that on July 1, 2013, provision for pensions will increase \$10.3 million with an offsetting decrease to opening equity. Pension expense for the year ended June 30, 2013, when restated for the impacts of this amended standard, will increase \$0.3 million.

(iv) Financial Instruments – Asset and Liability Offsetting

The IASB has issued amendments to IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7") and IAS 32, "Financial Instruments: Presentation" ("IAS 32"), which clarify the requirements for offsetting financial instruments and require new disclosures on the effect of offsetting arrangements on an entity's financial position. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this amendment will become effective July 1, 2013. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 and must be applied retrospectively. For Corby, this amendment will become effective July 1, 2014. The Company is assessing the impact of the amendments to IFRS 7 and IAS 32 on its consolidated financial statements.

(v) Financial Instruments

The IASB has issued a new standard, IFRS 9, "Financial Instruments" ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments, and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires a single impairment method to be used, replacing multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, and must be applied retrospectively. For Corby, this standard will become effective July 1, 2015. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

4. Significant Accounting Policies

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

BASIS OF CONSOLIDATION

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

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

DEPOSITS IN CASH MANAGEMENT POOLS

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

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

INVENTORIES

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

PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

LEASES

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

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

GOODWILL

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

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

Goodwill is measured at cost less any accumulated impairment losses.

INTANGIBLE ASSETS

Intangible assets include the following:

(i) Long-Term Representation Rights

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

(ii) Trademarks and Licences

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

(iii) Non-refundable Upfront Fees

Non-refundable upfront fees are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis over the term of the associated agreement and recognized within earnings from operations.

IMPAIRMENT

(i) Financial Assets

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

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

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

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

All impairment losses are recognized in net earnings.

(ii) Non-financial Assets

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

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

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

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

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

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

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

PROVISIONS

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

PROVISIONS FOR PENSIONS

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

(i) Defined Benefit Plans

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

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

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

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

(ii) Defined Contribution Plans

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

INCOME TAXES

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

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

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

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

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

REVENUE RECOGNITION

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

(i) Costs of Services Rendered in Connection with Sales

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

(ii) Commissions

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

(iii) Interest

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

STOCK-BASED COMPENSATION PLANS

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

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

EARNINGS PER COMMON SHARE

The Company presents basic and diluted earnings per share ("EPS") amounts for its common shares. Basic and diluted EPS is calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Dilutive EPS is calculated by adjusting the net income attributable to shareholders and the weighted average number of shares outstanding for the effect of potentially dilutive shares. There are no potentially dilutive shares as at June 30, 2013.

CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

SEGMENTED REPORTING

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

5. Financial Instruments

Corby's financial instruments consist of its deposits in cash management pools, accounts and note receivable and accounts payable and accrued liabilities balances.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit Risk

Credit risk arises from cash held with PR via Corby's participation in the Mirror Netting Services Agreement (further described in Note 28), as well as credit exposure to customers, including outstanding accounts and note receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

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

As the large majority of Corby's accounts receivable balances are collectible from government-controlled liquor boards, management believes that the Company's credit risk relating to accounts receivable is at an acceptably low level. With respect to Corby's deposits in PR's cash management pools, the Company monitors PR's credit rating in the normal course of business and has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice. The Company's note receivable is secured as described in Note 9.

Liquidity Risk

Corby's sources of liquidity are its deposits in cash management pools of \$108,043 and its cash generated by operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities balances which totalled \$24,185 as at June 30, 2013, and are all due to be paid within one year. The Company believes that its deposits in cash management pools, combined with its historically strong and consistent operational cash flows, are more than sufficient to fund its operations, investing activities and commitments for the foreseeable future.

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any short- or long-term debt facilities. Interest rate risk exists as Corby earns market rates of interest on its deposits in cash management pools and also has a note receivable earning a fixed rate of interest.

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

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

Foreign Currency Risk

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

USD Exposure

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

GBP Exposure

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

Commodity Risk

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value hierarchy has the following levels:

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

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

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

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

6. Capital Management

The Company's objectives when managing capital are:

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

Management includes the following items in its definition of capital:

	June 30, 2013	June 30, 2012
Share capital	\$ 14,304	\$ 14,304
Retained earnings	194,600	201,519
Net capital under management	\$ 208,904	\$ 215,823

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

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

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

7. Accounts Receivable

	June 30, 2013	June 30, 2012
Trade receivables	\$ 16,491	\$ 19,759
Due from related parties	7,151	8,852
	\$ 23,642	\$ 28,611

8. Inventories

	June 30, 2013	June 30, 2012
Raw materials	\$ 2,132	\$ 1,597
Work-in-progress	39,669	40,703
Finished goods	7,282	5,460
	\$ 49,083	\$ 47,760

The cost of inventory recognized as an expense and included in cost of goods sold during the year ended June 30, 2013 was \$40,060 (2012 – \$50,373). During the current and prior year, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

9. Note Receivable

	June 30, 2013	June 30, 2012
Note receivable	\$ 1,200	\$ 1,800
Less: current portion	600	600
	\$ 600	\$ 1,200

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

10. Property and Equipment

	June 30, 2012	Additions	Depreciation	Disposals	June 30, 2013
Leasehold improvements	\$ 896	\$ 106	\$ —	\$ —	\$ 1,002
Machinery and equipment	4,596	825	—	(24)	5,397
Casks	6,699	432	—	(423)	6,708
Other	200	482	—	—	682
Gross value	12,391	1,845	—	(447)	13,789
Leasehold improvements	(324)	—	(91)	—	(415)
Machinery and equipment	(2,233)	—	(366)	11	(2,588)
Casks	(2,161)	—	(505)	152	(2,514)
Other	(149)	—	(31)	—	(180)
Accumulated depreciation	(4,867)	—	(993)	163	(5,697)
Property and equipment	\$ 7,524	\$ 1,845	\$ (993)	\$ (284)	\$ 8,092

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

11. Goodwill

Changes in the carrying amount of goodwill are as follows:

	2013	2012
Balance, beginning of year	\$ 3,278	\$ 5,886
Decreases in goodwill	—	(2,608)
Balance, end of year	\$ 3,278	\$ 3,278

The decrease in goodwill recognized in fiscal 2012 was the result of the sale of certain brands included with the disposal of the Montréal manufacturing facility and non-core brands as described in Note 20 of these financial statements. There have been no impairment losses recognized with respect to goodwill during 2013 (2012 – \$nil).

12. Intangible Assets

								2013
	Opening Book Value	Movements in the Year				Disposals	Ending Book Value	
		Additions	Amortization	Impairments				
Long-term representation rights	\$ 41,970	\$ –	\$ (4,531)	\$ –		\$ –	\$ 37,439	
Trademarks and licences	11,801	–	–	–		–	11,801	
Non-refundable upfront fees	–	435	(10)	–		–	425	
	\$ 53,771	\$ 435	\$ (4,541)	\$ –		\$ –	\$ 49,665	

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

13. Impairment

The Company tests goodwill and indefinite-lived intangibles (trademarks and licences) for impairment on an annual basis. The carrying value of goodwill and indefinite-lived intangibles at June 30, 2013, along with the data and assumptions applied to the Cash-Generating Units ("CGUs") of the Case Goods segment, are as follows:

	Carrying Value Goodwill	Carrying Value Trademarks and Licences	Discount Rate	Terminal Growth Rate
Case Goods segment	\$ 3,278	\$ 11,801	8.8% to 11.5%	2% to 3%

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

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

During the financial year ended June 30, 2013, the Company performed impairment testing on goodwill and indefinite-lived intangible assets in accordance with its accounting policy and identified no impairment.

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

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

14. Accounts Payable and Accrued Liabilities

	June 30, 2013	June 30, 2012
Trade payables and accruals	\$ 17,715	\$ 16,584
Due to related parties	6,470	5,816
	\$ 24,185	\$ 22,400

15. Provisions

Provisions include the provisions for uncertain tax risks and pensions and other long-term employee benefits. See Note 16 for details of changes in provision for pensions for the year ended June 30, 2013. Provision for uncertain tax risk is included in "Income and other taxes payable", in the amount of \$786 at June 30, 2013 (June 30, 2012 – \$1,000). During 2013 the Company released \$214 (2012 – \$nil) of its provisions for uncertain tax risks.

16. Provision for Pensions

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

Employees hired after July 1, 2010 are no longer offered enrolment into the Company's defined benefit pension plans. Instead, the Company provides these employees a defined contribution pension plan. To become eligible, most employees must first accrue one year of service before joining the new plan. For the year ended June 30, 2013, the Company recognized contributions of \$147 as expense (2012 – \$63).

Details of the Company's defined benefit pension and other post-retirement benefit plans as at and for the years ended June 30, 2013 and 2012 are as follows:

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Fair value of plan assets				
Fair value of plan assets, beginning of year	\$ 43,470	\$ –	\$ 46,380	\$ –
Expected return on plan assets	2,230	–	2,336	–
Actuarial loss on plan assets	(8)	–	(1,795)	–
Company contributions	1,629	–	1,637	–
Plan participants' contributions	154	–	205	–
Settlement	–	–	(2,495)	–
Benefits paid	(3,622)	–	(2,798)	–
Fair value of plan assets, end of year	\$ 43,853	\$ –	\$ 43,470	\$ –
Present value of defined benefit obligation				
Defined benefit obligation, beginning of year	\$ 53,830	\$ 10,477	\$ 48,279	\$ 11,613
Current service cost	1,601	262	1,534	286
Interest cost	2,179	421	2,358	532
Curtailment	–	(638)	(1,231)	(1,525)
Settlement	–	–	(2,435)	–
Plan participants' contributions	154	–	205	–
Actuarial loss (gain)	554	94	7,968	239
Benefits paid	(3,671)	(616)	(2,848)	(668)
Present value of the defined benefit obligations, end of year	\$ 54,647	\$ 10,000	\$ 53,830	\$ 10,477
Present value of funded status	10,794	10,000	10,360	10,477
Unrecognized actuarial (losses)/gains	(11,445)	(36)	(11,399)	58
Unrecognized past service costs	–	1,136	–	1,054
Net defined benefit (asset)/liability	\$ (651)	\$ 11,100	\$ (1,039)	\$ 11,589

Company contributions to the pension plans are expected to be \$1,623 for the fiscal year ended June 30, 2014.

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

	2013	2012
Defined benefit liability		
Net defined benefit liability, beginning of year	\$ 10,550	\$ 12,670
Expenses for the period	2,192	2,407
Curtailment and settlement	—	(2,168)
Employer contributions	(1,629)	(1,637)
Benefits paid directly by the employer	(664)	(722)
Net defined benefit liability, end of year	\$ 10,449	\$ 10,550

The 2012 curtailment and settlement was recognized as part of the sale of the Montréal manufacturing facility as described in Note 20 to these financial statements and included in earnings from operations under “Disposal transactions”.

Significant actuarial assumptions adopted for the year ended June 30, 2013 and 2012 are as follows:

	2013		2012	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Accrued benefit obligation, end of year				
Discount rate	4.1%	4.1%	4.2%	4.2%
Compensation increase	3.0–3.5%	n/a	3.0–3.5%	n/a
Benefit expense, for the year				
Discount rate	4.2%	4.2%	5.2%	5.2%
Expected long-term return on assets	3.5–6.5%	n/a	3.5–6.5%	n/a
Compensation increase	3.0–3.5%	n/a	3.5–4.0%	n/a

The medical cost trend rate used was 6.1% for 2013 (2012 – 8.0%), with 4.6% being the ultimate trend rate for 2026 and years thereafter. The dental cost trend rate used was 5.0% for 2013 (2012 – 5.0%).

The present value of obligations, fair value of plan assets, and experience adjustments over the last three years are as follows:

	2013	2012	2011
Present value of obligations, end of period	\$ (64,647)	\$ (64,307)	\$ (59,892)
Fair value of plan assets, end of period	43,853	43,470	46,380
Asset experience adjustments			
Asset gain/(loss) during the year	8	(1,795)	1,484
Liability experience adjustments			
Liability gain/(loss) during the year	184	(2,181)	893
Liability assumptions			
Liability gain/(loss) during the year	463	(6,027)	(4,951)

The expected long-term rate of return on plan assets is determined based on asset mix, active management and a review of historical returns. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the individual asset categories. The actual return on plan assets for 2013 was 11%.

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

	2013		2012	
	Increase	Decrease	Increase	Decrease
Service and interest cost	\$ 128	\$ (97)	\$ 155	\$ (121)
Accrued benefit obligation	1,228	(982)	1,197	(964)

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

	2013	2012
Net defined benefit pension expense recognized in profit and loss for the year		
Service cost	\$ 1,863	\$ 1,820
Interest costs	2,600	2,890
Expected return on plan assets	(2,230)	(2,336)
Amortization of past service cost	(556)	(103)
Amortization of actuarial losses	515	136
Net expense recognized in profit and loss	\$ 2,192	\$ 2,407

Plan assets by category were as follows:

	2013	2012
Equity	48.0%	48.0%
Fixed income	32.0%	42.0%
Other	20.0%	10.0%
	100.0%	100.0%

17. Income Taxes

	2013	2012
Current income tax expense		
Current period	\$ 10,034	\$ 13,101
Adjustments with respect to prior period tax estimates	359	(186)
	\$ 10,393	\$ 12,915
Deferred income tax expense		
Origination and reversal of temporary differences	\$ (70)	\$ 723
Change in tax rate	8	(73)
Impact of disposal transactions	—	449
Adjustments with respect to prior period tax estimates	132	140
	\$ 70	\$ 1,239
Total income tax expense	\$ 10,463	\$ 14,154

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

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

	2013		2012	
Net earnings for the financial year	\$	27,244	\$	46,048
Total income tax expense		10,463		14,154
Earnings before income tax expense	\$	37,707	\$	60,202
Income tax using the combined Federal and Provincial statutory tax rates	\$	10,011	26.6%	\$ 16,465 27.4%
Non-deductible expenses		170	0.5%	145 0.2%
Net capital gains		—	0.0%	(2,765) (4.6%)
Adjustments with respect to prior period tax estimates		491	1.3%	(46) (0.1%)
Other		(209)	(0.6%)	355 0.6%
Effective income tax rate	\$	10,463	27.7%	\$ 14,154 23.5%

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

	June 30, 2012	Recognized in		June 30, 2013
		Earnings	Equity	
Provision for pensions	\$ 3,014	\$ (44)	\$ —	\$ 2,970
Property, plant and equipment	(1,064)	(279)	—	(1,343)
Inventory	(539)	88	—	(451)
Intangibles	(2,607)	(10)	—	(2,617)
Other	213	175	—	388
	\$ (983)	\$ (70)	\$ —	\$ (1,053)

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

18. Share Capital

	June 30, 2013	June 30, 2012
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	24,274,320	24,274,320
Non-Voting Class B Common Shares	4,194,536	4,194,536
	28,468,856	28,468,856
Stated value	\$ 14,304	\$ 14,304

19. Revenue

The Company's revenue consists of the following streams:

	2013	2012
Case Goods sales	\$ 109,656	\$ 110,857
Commissions (net of amortization)	16,439	16,314
Other services	6,648	19,575
	\$ 132,743	\$ 146,746

Commissions for the year are shown net of amortization of long-term representation rights and non-refundable upfront fees of \$4,541 (2012 – \$4,531). Other services include revenues incidental to the manufacture of Case Goods, such as contract bottling revenues, logistics fees and miscellaneous bulk spirits sales.

20. Disposal Transaction

SALE OF MONTRÉAL MANUFACTURING FACILITY AND NON-CORE BRANDS

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

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

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

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

21. Other Income and Expense

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

	2013	2012
Foreign exchange gain	\$ 53	\$ 61
Gain on disposal of property and equipment	224	175
Amortization of actuarial gains (losses) under defined benefit plans	41	(34)
	\$ 318	\$ 202

22. Net Financial Income

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

	2013		2012	
Interest income	\$	1,707	\$	1,963
Interest expense		(76)		(58)
Net financial impact of pensions		(371)		(554)
	\$	1,260	\$	1,351

23. Earnings per Share

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

	2013		2012	
Numerator:				
Net earnings	\$	27,244	\$	46,048
Denominator:				
Weighted average shares outstanding		28,468,856		28,468,856

24. Expenses by Nature

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

	2013		2012	
Depreciation of property and equipment	\$	993	\$	1,157
Amortization of intangible assets		4,541		4,531
Salary and payroll costs		20,408		21,689
Expenses related to pensions and benefits		1,822		1,852
	\$	27,764	\$	29,229

25. Restricted Share Units Plan

	2013		2012	
	Restricted Share Units	Weighted Average Grant Date Fair Value	Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested, beginning of year	55,758	\$ 15.42	53,768	\$ 17.17
Granted	24,088	16.95	23,012	15.89
Reinvested dividend equivalent units	5,292	18.55	7,412	16.42
Vested	—	—	(28,434)	19.38
Non-vested, end of year	85,138	\$ 16.05	55,758	\$ 15.42

Compensation expense related to this plan for the year ended June 30, 2013, was \$691 (2012 – \$332).

26. Net Change in Non-Cash Working Capital Balances

	2013	2012
Accounts receivable	\$ 4,969	\$ 2,394
Inventories	(1,323)	5,677
Prepaid expenses	22	1,176
Income tax and other taxes recoverable/payable	(170)	(627)
Accounts payable and accrued liabilities	1,337	4,993
	\$ 4,835	\$ 13,613

27. Dividends

On August 28, 2013, subsequent to the year ended June 30, 2013, the Board of Directors declared its regular quarterly dividend of \$0.17 per common share, to be paid on September 30, 2013, to shareholders of record as at the close of business on September 13, 2013. This dividend is in accordance with the Company's dividend policy.

28. Related Party Transactions

TRANSACTIONS WITH PARENT, ULTIMATE PARENT AND AFFILIATES

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

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

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

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

Effective as of July 1, 2012, the Company entered into a five-year agreement with Pernod Ricard USA, LLC ("PR USA"), an affiliated company, which provides PR USA the exclusive rights to represent Wiser's Canadian whisky and Polar Ice vodka in the US. Previously, Wiser's Canadian whisky and Polar Ice vodka were represented by an unrelated third party in this market. The agreement is effective for a five-year period ending June 30, 2017. Since the agreement with PR USA is a related party transaction between Corby and PR USA, the agreement was approved by the Independent Committee of the Board of Directors of Corby following an extensive review, in accordance with Corby's related party transaction policy.

On June 25, 2013, the Company entered into an assignment agreement with another PR affiliate to settle amounts outstanding from PR Argentina. Collection of accounts receivable from PR Argentina was complicated due to Argentinean currency regulations. There were no balances outstanding with PR Argentina at June 30, 2013.

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

	2013	2012
Sales to related parties		
Commissions – parent, ultimate parent and affiliated companies	\$ 18,006	\$ 17,680
Blending and bottling services – parent	–	217
Products for resale at an export level – affiliated companies	3,171	450
Bulk spirits – parent	23	174
	\$ 21,200	\$ 18,521
Cost of goods sold, purchased from related parties		
Distilling, blending and production services – parent	\$ 20,310	\$ 18,562
Bulk spirits – parent	–	700
	\$ 20,310	\$ 19,262
Administrative services purchased from related parties		
Marketing, selling and administration services – parent	\$ 2,044	\$ 2,044

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

Corby has a number of defined benefit pension plans; for the year ending June 30, 2013, contributions to these plans totalled \$1,629 (2012 – \$1,637).

During the year ended June 30, 2013, Corby sold casks to its parent company for net proceeds of \$480 (2012 – \$277).

DEPOSITS IN CASH MANAGEMENT POOLS

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

As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 28, 2013, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Services Agreement by paying interest to Corby based upon the 30-day Canadian Dealer Offered Rate ("CDOR") plus 0.40%. During the year ended June 30, 2013, Corby earned interest income of \$1,630 from PR (2012 – \$1,759). Corby has the right to terminate its participation in the Mirror Netting Services Agreement at any time, subject to five days' written notice.

KEY MANAGEMENT PERSONNEL

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

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

Key management personnel compensation is comprised of:

	2013	2012
Wages, salaries and short-term employee benefits	\$ 3,643	\$ 4,054
Other long-term benefits	467	344
Share-based payment transactions	382	363
	\$ 4,492	\$ 4,761

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

29. Segment Information

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

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

The Commissions segment's financial results are fully reported as "Commissions" in Note 19 of these consolidated statements. Therefore, a table detailing operational results by segment has not been provided as no additional meaningful information would result.

Geographic information regarding the Company is as follows:

						2013
	Canada	United States of America	United Kingdom	Rest of World		Total
Revenue	\$ 124,880	\$ 3,328	\$ 3,793	\$ 742	\$	132,743
Capital assets and goodwill	9,960	—	1,410	—		11,370

						2012
	Canada	United States of America	United Kingdom	Rest of World		Total
Revenue	\$ 137,438	\$ 4,555	\$ 4,291	\$ 462	\$	146,746
Capital assets and goodwill	9,392	—	1,410	—		10,802

In 2013, revenue to three major customers accounted for 34%, 18% and 15%, respectively (2012 – 32%, 17% and 14%).

30. Commitments

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

2014	\$	1,793
2015		1,496
2016		1,154
2017		805
2018		630
Thereafter		155
	\$	6,033

Total lease payments recognized as an expense during the year amounted to \$2,274 (2012 – \$2,312).

In addition, the Company has agreed to pay the sum of \$10.3 million to PR for the right to represent ABSOLUT vodka and Plymouth gin in Canada for an eight-year term. The payment is due September 30, 2013. For more information regarding this agreement, please see Note 28 – Related Party Transactions.

31. Guarantees

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

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

32. Contingencies

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

Ten-Year Review

	Year Ended June 30						Year Ended August 31			
	2013	2012	2011 ⁽¹⁾	2010 ⁽²⁾	2009 ⁽²⁾	2008 ⁽²⁾	2007 ⁽²⁾	2006 ⁽²⁾⁽³⁾	2005 ⁽²⁾	2004 ⁽²⁾
Revenue	132.7	146.7	159.6	162.2	169.3	163.3	153.6	110.8	129.4	118.7
Earnings from operations	36.4	58.9	40.5	43.0	43.4	44.6	39.2	28.5	40.0	36.9
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on										
Disposed Brands	27.2	28.4	30.6	30.1	30.4	31.9	100.4	29.2	39.9	32.5
Net earnings	27.2	46.0	28.9	20.7	30.4	31.9	100.4	28.0	39.9	32.5
Cash provided from operations	32.8	46.3	35.4	28.6	23.9	31.0	33.4	21.5	28.4	36.2
Working capital	158.8	161.6	170.0	148.0	128.5	113.1	91.2	144.0	103.2	84.2
Total assets	244.6	253.4	271.5	271.2	270.2	253.5	238.0	180.3	313.2	295.3
Long-term debt	—	—	—	—	—	—	—	—	—	—
Shareholders' equity	208.9	215.8	239.2	241.0	236.2	221.8	203.5	158.3	142.7	119.9
Per common share ⁽⁴⁾ :										
Earnings from operations	1.28	2.07	1.42	1.51	1.52	1.57	1.38	1.00	1.41	1.30
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on										
Disposed Brands	0.96	1.00	1.07	1.06	1.07	1.12	3.53	1.03	1.41	1.15
Net earnings	0.96	1.62	1.01	0.73	1.07	1.12	3.53	0.99	1.41	1.15
Cash provided from operations	1.15	1.63	1.24	1.00	0.84	1.09	1.18	0.76	1.00	1.28
Shareholders' equity	7.34	7.58	8.40	8.46	8.30	7.79	7.15	5.57	5.03	4.23
Special dividend paid	0.54	1.85	—	—	—	—	1.50	—	—	—
Dividends paid	0.66	0.59	0.56	0.56	0.56	0.56	0.56	0.41	0.55	0.50
Market value per voting common share:										
High	21.25	18.44	18.50	16.11	20.60	27.00	28.40	28.00	20.46	17.50
Low	16.25	14.90	15.00	14.55	13.16	16.10	22.00	17.75	15.81	14.44
Close at end of year	19.81	16.65	16.20	15.75	15.65	17.80	24.50	22.90	18.13	16.50
Working capital ratio	7.6	7.2	9.7	9.1	7.3	6.6	4.6	9.1	1.6	5.6
Pre-tax return on average capital employed	17.7	26.4	16.8	12.9	18.9	21.4	63.1	40.7	38.8	38.6
Return on average shareholders' equity	12.8	20.2	12.1	8.7	13.3	15.0	55.0	31.0	30.2	29.5
Number of shareholders	551	557	555	575	593	616	630	666	684	716
Number of shares outstanding (000s)	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,451	28,414	28,332

⁽¹⁾ 2011 figures have been restated for IFRS.

⁽²⁾ Results reported under the previous Canadian GAAP.

⁽³⁾ Reflects a 10-month period ended as the Company changed its fiscal year end from August 31 to June 30, effective as of June 30, 2006.

⁽⁴⁾ References to per share figures have been restated to reflect the impact of the March 15, 2006 stock split.

Board of Directors



George F. McCarthy
Director & Chairman of the
Board, Corby



Claude Boulay
Director, Corby



Philippe A. Dréano
Chairman & Chief Executive
Officer, Pernod Ricard
Americas



John K. Leburn
Vice-President & Chief
Financial Officer, Corby



Robert L. Llewellyn
Director, Corby



Donald V. Lussier
Director, Corby



Patricia L. Nielsen
President & Chief
Executive Officer,
Canadian Automobile
Association, Niagara



R. Patrick O'Driscoll
President & Chief Executive
Officer, Corby



Thierry R. Pourchet
Vice-President & Chief
Financial Officer,
Pernod Ricard Americas



McGUINNESS BLUEBERRY PANCAKE

Evoking memories of Sunday breakfasts, Blueberry Pancake is one of the newest flavours in the McGuinness line of dessert liqueurs.

General Corporate Information

Executive Office

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(416) 479-2400

Sales Offices

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(780) 442-9000

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Unit 202
Regina, SK S4T 1H3
(306) 586-6546

13353 Commerce Parkway
Unit 2168
Richmond, BC V6V 3A1
(778) 296-4500

Distillery

Hiram Walker & Sons Limited
2072 Riverside Drive East
Windsor, ON N8Y 4S5
(519) 254-5171

International Enquiries

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

IN THE US:

Pernod Ricard USA, LLC
100 Manhattanville Road
Purchase, New York 10577
(914) 848-4800
www.pernod-ricard-usa.com

IN THE UK, EUROPE, ASIA AND AFRICA:

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

Auditors

Deloitte LLP
www.deloitte.ca

Registrar & Transfer Agent

Computershare Investor Services Inc.
www.investorcentre.com

Electronic Delivery of Shareholder Documents

If you would like to receive your shareholder and financial documents electronically, please enrol in Computershare's electronic delivery program at www.investorcentre.com.

Shares

Corby's Voting Class A Common Shares and Non-Voting Class B Common Shares are traded on the Toronto Stock Exchange.

Investor Relations Enquiries

E-mail:
investors.corby@pernod-ricard.com
www.corby.ca

Annual Meeting

On Wednesday, November 6, 2013, at 11:00 a.m. (Toronto time), at the TIFF Bell Lightbox, Reitman Square, 350 King Street West, Toronto, Ontario, in Cinema 3.

Brand Portfolio



BROWN SPIRITS

CANADIAN WHISKY

Wiser's Deluxe
Wiser's Small Batch
Wiser's Special Blend
Wiser's Spiced
Wiser's (18)
Wiser's Legacy
Lot No. 40
Pike Creek
Royal Reserve
Hiram Walker Special Old

BLENDED SCOTCH WHISKY

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

SINGLE MALT WHISKY

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

IRISH WHISKEY

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

COGNAC AND BRANDY

Martell VS
Martell VSOP
Martell XO
Martell Cordon Bleu
Barclays

WHITE SPIRITS

VODKA

ABSOLUT
ABSOLUT ELYX
ABSOLUT NATURALS
(*BERRI AÇAÍ, APEACH, CITRON, CHERRYKRAN, GRĂPEVINE, MANDRIN, MANGO, ORIENT APPLE, ORIGINALITY, PEARS, PEPPAR, RASPBERRI, VANILIA, 100*)
Polar Ice
Stolichnaya
Stolichnaya flavours (*Razberi, Vanil, Blueberi, Ohranj*)
Stolichnaya elit
Moskovskaya
Wyborowa

RUM

Lamb's White
Lamb's Navy
Lamb's Palm Breeze
Lamb's Black Sheep
Havana Club Añejo Blanco
Havana Club Añejo Reserva
Havana Club Dry 3 Year Old
Havana Club Dry 7 Year Old
Havana Club Selección de Maestros

GIN

Beefeater
Beefeater 24
Plymouth

TEQUILA

Olmecca Gold
Olmecca Blanco
Avion Silver
Avion Reposado
Avion Añejo



LIQUEURS

McGuinness

(Amaretto Dell' Amorosa, Peach Schnapps, Peppermint Schnapps, Blue Curacao, Crème de Banane, Crème de Cacao White, Crème de Cacao Brown, Orange & Brandy, Cherry Brandy, Crème de Menthe Green, Crème de Menthe White, Apricot Brandy, Cherry Whisky, Melon, Triple Sec, Glazed Donut, Whipped Cream, Blueberry Pancake)

Meaghers

(Crème de Menthe White, Crème de Menthe Green, Apricot Brandy, Crème de Cacao White, Crème de Cacao Brown, Cherry Brandy, Triple Sec)

Kahlúa

Malibu Black

Malibu Coconut

Malibu flavours

(Mango, Tropical Banana, Passion Fruit)

Soho

Sour Puss

Ramazzotti Amaro

Ramazzotti Black Sambuca

Ramazzotti Sambuca

Ricard Pastis

Pernod

Pernod Absinthe

Becherovka

Midori

READY TO DRINK

Kahlúa Mudslide

Kahlúa White Russian

Malibu Piña Colada

Malibu Strawberry Punch

WINES

Jacob's Creek

Wyndham Estate

Stoneleigh

Brancott Estate

Campo Viejo

Etchart

Graffigna

Reál Sangria

Cupcake Vineyards

Gray Fox Vineyards

Big House Wine Company

Concannon Vineyard

Franzia

Mogen David

CHAMPAGNES AND SPARKLING WINES

G.H. Mumm

Perrier-Jouët

Mumm Napa

APERITIFS

Dubonnet

Lillet



McGU



McGUINNESS

Blueberry Pancake
Bleuet crêpes

Liquor - Boisson alcoolique
750 ml | 17% alc./vol.



 **CORBY**

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