

From Purpose to Performance

CORBY SPIRIT AND WINE LIMITED
2017 ANNUAL REPORT



CORBY

For our full 2017 Annual Report,
please visit reports.corby.ca

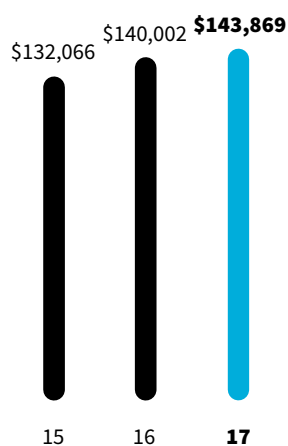
FINANCIAL HIGHLIGHTS

As at and for the years ended June 30, 2017 and 2016
(in thousands of Canadian dollars, except per share amounts)

	2017	2016
RESULTS		
Revenue	\$ 143,869	\$ 140,002
Earnings from operations	35,057	34,623
Earnings before income taxes	34,955	34,764
Net earnings	25,634	25,435
Cash flow from operating activities	27,834	33,264
FINANCIAL POSITION		
Working capital	\$ 132,738	\$ 136,647
Total assets	227,822	228,503
Shareholders' equity	177,278	170,785
PER COMMON SHARE		
Earnings from operations	\$ 1.23	\$ 1.22
Net earnings	0.90	0.89
Dividends declared and paid	0.82	1.38
Shareholders' equity	6.23	6.00
FINANCIAL RATIOS		
Working capital	5.1	5.1
Return on average shareholders' equity	14.7	14.2
Pre-tax return on average capital employed	20.1	19.5

REVENUE

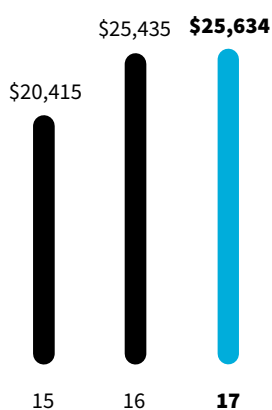
(in thousands of Canadian dollars)



Revenue growth was primarily attributable to the performance of the newly acquired Ungava Spirits Brands.

NET EARNINGS

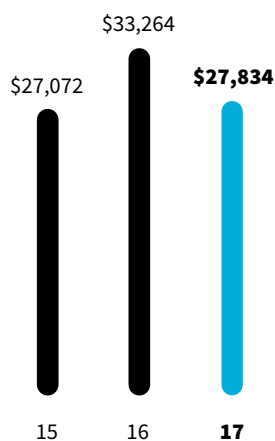
(in thousands of Canadian dollars)



Net earnings were largely driven by solid growth in commissions on sales of Pernod Ricard brands and reduced advertising and promotional investment in the US market.

CASH FLOW FROM OPERATING ACTIVITIES

(in thousands of Canadian dollars)



Increased tax payments in the current year lowered net cash from operating activities.

DEAR SHAREHOLDERS,

From the get-go, fiscal 2017 was a remarkable year for Corby as we set out to bring our company purpose to life and zero in on the actions needed to win in our markets and accelerate our growth. Our clarity of focus inspired and empowered us to step out boldly, and to respond quickly and decisively, as new opportunities arose.

Our acquisition of the spirits business of Domaines Pinnacle set the tone early in the year. The transaction added a variety of uniquely Canadian, and highly complementary, brands to our portfolio, as well as an entrepreneurial team and a manufacturing base in Cowansville, Québec. With our strong balance sheet, we wanted to acquire a company where our critical mass and expertise could be used to scale up its operations at a faster pace than would be possible on its own. Domaines Pinnacle ticked all the right boxes. Its portfolio included premium products, like Ungava premium gin, that we were missing and that would support our efforts to revitalize and premiumize our stable of Corby-owned brands. We also believed that, given additional sales and marketing support, these brands could take off – and they did. In a matter of months, we expanded distribution of the new brands across the country and obtained national account listings. In May 2017, Ungava became the number one super-premium gin in Canada by case volume.

With equal urgency, we jumped on the opportunity to sell wine in Ontario grocery stores when the provincial government opened this new retail channel. Through the collaborative efforts of our sales, trade and brand marketing teams, Corby developed great partnerships with two of the largest grocery retailers. At year end, three of our wines, Jacob's Creek Shiraz Cabernet, Jacob's Creek Moscato and Stoneleigh Sauvignon Blanc, ranked among the 10 top-selling imported wines in the Ontario grocery channel. Jacob's Creek Moscato was the number one white wine by volume and value, and Stoneleigh Sauvignon Blanc was the number one New Zealand wine by volume and value.

I highlight these two stories both because they were headline news and because they exemplify the core behaviours of boldness, creativity and collaboration that we're working to instill in our organization. There were, in fact, several areas where we built on existing strengths and reached new heights in fiscal 2017.

Building on Our Strengths

Our premium Canadian whiskies earned high praise once again, winning six awards at the World Whiskies Awards and four awards at the Canadian Whisky Awards. Corby is a pioneer of Canadian whisky, and we are getting better and better at leveraging our core competencies to drive the renaissance of the category, capitalize on classic cocktail and rye trends, and create future growth drivers. In fiscal 2017, this included introducing our highly acclaimed craft whiskies in France, Germany and the UK. I encourage you to read more about our achievements in premium Canadian whisky in our online annual report on the Corby website.

Among the Pernod Ricard brands Corby represents, Jacob's Creek wines continued their exceptional momentum, with shipment volumes increasing by 15% to 554,000 cases. We've grown Jacob's Creek from being the number five brand by value in the Australian wine category in Canada to the number one position by both volume and value. Our success has been achieved through a combination of strategic insight into how to recruit new wine drinkers, seamless collaboration with the brand owner in Australia, customer involvement, and strong innovation on product, price, promotion and place.

In a year when Canadians came together to celebrate our country's 150th birthday, several of our brands, including J.P. Wiser's Canadian whisky and Absolut vodka, released limited edition bottles commemorating the occasion. Others, like Polar Ice vodka and Royal Reserve Canadian whisky, both of which are firmly anchored in Canada, found distinctly different ways to support our great country through relevant social causes.

Behind our brands, we invested time and money in ensuring our organization is competitively superior – by this, we mean being strategically aligned, having the right tools and processes in place to make better and faster decisions, and having the competencies and capabilities to do what's needed to accelerate growth. This work started in fiscal 2016 when we articulated our company purpose and core behaviours, which helped us identify who we are naturally and what we can build on to drive competitive advantage. Throughout fiscal 2017, we worked to embed these core behaviours into our culture and processes. Parallel projects focused on defining our strategic priorities and the business battlegrounds that we need to win.

From Purpose to Performance

With the groundwork laid in fiscal 2017, our focus is shifting to execution. It's time to translate our purpose and strategic priorities into top-tier performance, as the title of this year's annual report suggests. Our fiscal 2017 financial results were solid, with revenue up \$3.9 million over fiscal 2016, but we aspire to accelerate further growth.

There's a great deal of optimism across our organization. While we recognize that there will always be challenges, the economic outlook is generally favourable across our domestic markets. What's more, we've only just begun to exploit a number of promising areas: it's been less than a year that we've owned the Ungava Spirits brands and there's still tremendous potential for growth; the number of Ontario grocery stores licensed to sell wines is set to increase from 70 to 300 over the next few years; and we've only just scratched the surface of our craft whisky export opportunity.

After fiscal year end, we announced an agreement to acquire The Foreign Affair Winery, a Niagara, Ontario-based VQA wine producer. The acquisition, which is expected to close at the end of September 2017, includes Foreign Affair's portfolio of premium, award-winning Ontario red, white and rosé wines, as well as related production assets and inventory. Foreign Affair's uniquely differentiated, premium Canadian wines, such as The Conspiracy, Enchanted, Amarosé and Temptress, will complement our portfolio of represented international wines. We look forward to growing these brands in much the same way as we've done with the Ungava Spirits brands.

I could not be more excited about where Corby is headed, or more proud of what we have achieved. My heartfelt thanks go to our Board of Directors for their invaluable guidance and to our employees for rallying behind our purpose and strategy. Our success would not be possible without them. I would also like to thank all of our shareholders for their continued support and confidence in our future.

Sincerely,



Patrick O'Driscoll

President & Chief Executive Officer

Visit our online annual report at reports.corby.ca to learn more about Corby's fiscal 2017 performance and how we're bringing our company purpose to life.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

The following Management's Discussion and Analysis ("MD&A") dated September 6, 2017, should be read in conjunction with the audited consolidated financial statements and accompanying notes as at and for the year ended June 30, 2017, prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information for the three months ended June 30, 2017 and 2016 were not audited or reviewed by the Company's external auditors, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of unaudited financial statements by an entity's auditor.

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

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of September 6, 2017. 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 2017 (three months ended June 30, 2017) are against results for the fourth quarter of fiscal 2016 (three months ended June 30, 2016). All dollar amounts are in Canadian dollars unless otherwise stated.

Business Overview

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

The Company derives its revenues from the sale of its owned-brands ("Case Goods"), as well as earning commission income from the representation of selected non-owned brands in Canada ("Commissions"). The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees and from time to time bulk whisky sales to rebalance its maturation inventories. Revenue from Corby's owned-brands predominantly consists of sales made to each of the provincial liquor boards ("LBs") in Canada, and also includes sales to international markets.

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

when they fit within the Company's strategic direction and, thus, complement Corby's existing brand portfolio. On September 30, 2016, Corby acquired certain brands, including Ungava® Premium Canadian gin, Chic Choc® Spiced rum, Cabot Trail maple cream liqueur (Coureur des Bois, in Québec), and a range of maple-based products (collectively, the "Ungava Spirits Brands").

PR produces the majority of Corby's owned-brands at HWSL's production facility in Windsor, Ontario. Under an administrative services agreement, Corby manages PR's business interests in Canada, including HWSL's production facility. The agreement reflecting these arrangements was scheduled to expire September 29, 2016. On November 11, 2015, the parties entered into new agreements (a distillate supply agreement, a co-pack agreement and an administrative services agreement) each for a 10-year term commencing September 30, 2016, thus extending these arrangements to September 30, 2026.

Corby sources more than 90% of its spirits production requirements from HWSL at its production facility in Windsor, Ontario. Ungava Spirits Co. Ltd. produces the Ungava Spirits Brands and operates the Cowansville, Québec, production facility acquired on September 30, 2016. The Company's remaining production requirements have been outsourced to various third-party vendors including a third-party manufacturer in the United Kingdom ("UK"). The UK site blends and bottles Lamb's products destined for sale in countries located outside North America.

In most provinces, Corby's route to market in Canada entails shipping its products to government-controlled LBs. The LBs then sell directly, or control the sale of, beverage alcohol products to end consumers. Exceptions to this model include 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. Other provinces have aspects of both government-controlled and private retailing, including British Columbia, Saskatchewan and Québec.

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 in volume (measured in nine-litre case equivalents). In the past, the Company was also able to provide retail value information (measured in Canadian dollars). The Company has reintroduced retail level of analysis starting this quarter due to the province of British Columbia cycling their move to wholesale pricing. Current retail value information as discussed in this MD&A is based on available pricing information as provided by the ACD and the LBs.

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

For the UK market in fiscal 2016, Corby utilized a third-party contract bottler and distribution company for the production and distribution of Lamb's rum. These arrangements terminated on June 30, 2016. Effective July 1, 2016, Corby entered into a distribution agreement with a related party with respect to which more information is provided in the "Related Party Transactions" section of this MD&A; and, also effective as of July 1, 2016, a new co-packing agreement was entered into with Angus Dundee Distillers PLC, a third-party manufacturer.

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

Strategies and Outlook

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

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

Pursuing new growth opportunities outside of Canada is also a key strategic priority. Our primary goal is to leverage our Canadian whisky expertise and expand our business into markets where we believe there is growth potential in both volume and margin.

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

In addition, management is convinced that innovation is essential to seizing new profit and growth opportunities. Successful innovation can be delivered through a structured and efficient process as well as consistent investment in consumer insight and research and development. Corby benefits from having access to leading-edge practices at PR's North American hub, which is located in Windsor, Ontario, where most of its products are manufactured.

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. As an example, Corby has an agreement in place to continue its successful partnership with the Toronto Transit Commission to provide free transit on New Year's Eve until 2019.

Significant Events

Acquisition of the Shares, Winery and Assets of The Foreign Affair Winery

On August 25, 2017, Corby announced that it had entered into an agreement to acquire all of the shares of Vinnova Corporation and substantially all of the assets of the Crispino Estate Vineyard partnership, which together operate as The Foreign Affair Winery, a Niagara, Ontario-based wine producer, for a purchase price of \$6.2 million. The purchase price will be funded from the Company's deposits in cash management pools. The transaction will result in Corby's acquisition, through a wholly-owned subsidiary, of Foreign Affair's portfolio of premium, award-winning Ontario red, white and rosé wines, including Temptress, Enchanted, AmaroSé and The Conspiracy brands, as well as related production assets and inventory. The transaction is expected to close on September 29, 2017.

Extension of US Distribution Agreement

On March 29, 2017, the Company entered into an amending agreement with PR USA, an affiliated company, to extend the term of the existing distribution agreement between the parties to June 30, 2018. The amended agreement was effective as of July 1, 2017, continues PR USA's exclusive rights to represent certain of the Company's brands, including its J.P. Wiser's, Lot No. 40 and Pike Creek Canadian whiskies and Polar Ice vodka in the US. 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 review, in accordance with Corby's related party transaction policy.

Acquisition of the Spirits Assets of Québec-Based Domaines Pinnacle Inc.

On September 30, 2016, Corby acquired the spirits assets of Domaines Pinnacle Inc. ("Domaines Pinnacle") for a purchase price of \$12 million, which was funded from the Company's deposits in cash management pools. The transaction included the Ungava Spirits Brands (Ungava® Premium Canadian gin, Chic Choc® Spiced rum and Cabot Trail® maple cream liqueur (Coureur des Bois®, in Québec) (collectively, the "Ungava Spirits Brands")), as well as production assets and related inventory. The brand portfolio and other assets acquired are operated by Ungava Spirits Co. Ltd. ("Ungava Spirits"), a wholly-owned subsidiary of Corby based in Cowansville, Québec.

Since the completion of the transaction on September 30, 2016, the Ungava Spirits Brands have contributed \$6.2 million to revenues and -\$0.1 million to net earnings. These results are impacted by seasonal fluctuations in sales and phasing of advertising and promotional efforts. More information regarding the transaction has been provided in Note 6 of the consolidated financial statements for the year ended June 30, 2017.

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.

<i>(in millions of Canadian dollars, except per share amounts)</i>	2017	2016	2015
Revenue	\$ 143.9	\$ 140.0	\$ 132.1
Earnings from operations	35.0	34.6	27.2
– Earnings from operations per common share	1.23	1.22	0.96
Net earnings	25.6	25.4	20.4
– Basic earnings per share	0.90	0.89	0.72
– Diluted earnings per share	0.90	0.89	0.72
Total assets	227.8	228.5	233.7
Total liabilities	50.5	57.7	45.6
Regular dividends paid per share	0.82	0.76	0.75
Special dividends paid per share	–	0.62	0.62

As depicted in the above chart, revenue and net earnings rose sharply in 2016 (when compared to 2015) and again in 2017 with further improvement when compared to 2016. The 2016 improvement was primarily the result of an increase in commissions, due to the negotiated commission rate increase on PR brands, following the amendment of the September 29, 2006 Canadian representation agreements with PR referred to under the “Related Party Transactions” section of this MD&A.

In 2017, revenue increased \$3.9 million over 2016, while net earnings remained relatively stable. This year-over-year improvement in revenues was primarily the result of the newly acquired Ungava Spirits Brands. Since the completion of the transaction on September 30, 2016, the Ungava Spirits Brands have contributed \$6.2 million to revenues. Conversely, international shipments resulting from our new strategy to focus on fewer US markets with a more premium portfolio showed a decrease compared to the prior year. In addition, the Company sold bulk whisky in 2017. The Company sells bulk whisky when needed to rebalance its maturation inventories and to align them with long-term strategies and forecasts. This is a normal industry practice and similar transactions also occurred in 2016, although the 2017 bulk sales were lower. The growth in revenues did not fully translate into net earnings as we invested behind our newly acquired brands and incurred one-off acquisition costs.

Net assets (i.e., total assets less total liabilities) increased in 2017 after a three-year declining trend. The decrease was primarily the result of Corby returning value to shareholders via a special dividend in each of 2015 and 2016 with a dividend of \$0.62 per share or \$17.7 million being paid each year. A special dividend was not declared in 2017.

Brand Performance Review

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

Shipment Volume and Shipment Value Performance

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

BRAND PERFORMANCE CHART – INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

(Volumes in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2017	June 30, 2016	Shipment Change		June 30, 2017	June 30, 2016	Shipment Change	
			Volume %	Value %			Volume %	Value %
BRAND								
J.P. Wiser's Canadian whisky	222	207	7%	6%	815	810	1%	(1%)
Lamb's rum	109	94	16%	8%	447	450	(1%)	(7%)
Polar Ice vodka	98	101	(3%)	1%	372	375	(1%)	(1%)
Mixable liqueurs	42	42	(0%)	2%	164	167	(2%)	(3%)
Ungava Spirits Brands ⁽¹⁾	20	–	N/A	N/A	67	–	N/A	N/A
Other Corby-owned brands	53	54	(1%)	(4%)	209	216	(3%)	(2%)
TOTAL CORBY BRANDS	544	498	9%	11%	2,074	2,018	3%	3%

⁽¹⁾ Comparative information has not been provided for Ungava Spirits Brands, as these brands were not owned by Corby prior to September 30, 2016.

Corby's owned-brands experienced strong fourth-quarter growth with a 9% increase in shipment volumes and an 11% increase in shipment value when compared to the same quarter last year. This increase was driven primarily by the performance of the newly acquired Ungava Spirits Brands, J.P. Wiser's Canadian whisky (Corby's flagship brand) and Lamb's rum.

On a year-over-year comparison basis, both shipment volumes and shipment value grew 3%, mostly due to the performance of the Ungava Spirits Brands which helped to balance declines in Corby brands competing in economy segments. Corby's brand portfolio continued to be significantly impacted by difficult economic conditions in Alberta.

Trends in Canada differ significantly from international markets as highlighted in the following table:

(Volumes in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2017	June 30, 2016	Shipment Change		June 30, 2017	June 30, 2016	Shipment Change	
			Volume %	Value %			Volume %	Value %
Domestic	493	451	9%	12%	1,877	1,819	3%	5%
International	51	47	7%	(7%)	197	199	(1%)	(16%)
TOTAL CORBY BRANDS	544	498	9%	11%	2,074	2,018	3%	3%

A strong fourth quarter in the domestic market, with both shipment volume and shipment value higher when compared to the same period last year, was mostly due to the contribution of J.P. Wiser's Deluxe, the Ungava Spirits Brands and Lamb's rum. J.P. Wiser's Canadian whisky, Corby's flagship brand, led the shipment performance during the quarter due to the impact of LCBO purchases in anticipation of a threatened strike, which was averted end of June 2017.

For the year ended June 30, 2017, Corby's domestic shipment volume was 3% higher on a year-over-year comparative basis as the performance of Ungava Spirits Brands, J.P. Wiser's Deluxe and premium craft whiskies helped offset declines experienced by Lamb's rum, Royal Reserve and Wiser's Special Blend. Economy variants have been particularly impacted by challenging economic conditions and aggressive competitor activity in Alberta. Over the same period, Corby's domestic shipment value increased 5% due primarily to the favourable mix effect of the premium Ungava Spirits Brands which are higher priced than most of the other Corby-owned brands.

In international markets, higher shipment volumes in the quarter were largely attributable to a change in Lamb's shipment patterns as Corby transitioned to a new UK distributor early in fiscal 2017 as well as the impact of the new Ungava export business. These positive contributions were partially offset by decreased US shipments for J.P. Wiser's which also impacted overall value. Value trailed volume for both the three months and year ended June 30, 2017 as the Company's underlying pricing model with the new UK distributor changed so that advertising and promotional spend is now included in the selling price. Value has also been impacted by a weakened UK pound sterling compared to the prior year.

For the year ended June 30, 2017, the decline in international shipments was largely attributable to a change in strategy for our Canadian whisky portfolio in the US. It was determined last fiscal year to change our US strategy as the expected consumer demand did not materialize and these products struggled against long-established brands in an increasingly price-competitive segment. Corby addressed this by reprioritizing its focus on a smaller number of markets in the US.

and on the more premium and differentiated craft range (Lot No. 40 and Pike Creek), both of which have achieved a small but growing base of business. As a result of this change, the Company is lapping volume activity on deprioritized variants in the comparative periods.

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

RETAIL SALES FOR THE CANADIAN MARKET ONLY (AS PROVIDED BY THE ACD)⁽¹⁾

(Volumes in 000s of 9L cases)	Three Months Ended				Year Ended			
	June 30, 2017	June 30, 2016	% Retail Volume Growth	% Retail Value Growth	June 30, 2017	June 30, 2016	% Retail Volume Growth	% Retail Value Growth
BRAND								
J.P. Wiser's Canadian whisky	164	161	2%	4%	734	726	1%	3%
Lamb's rum	81	85	(4%)	(2%)	350	374	(6%)	(4%)
Polar Ice vodka	83	83	(1%)	0%	350	351	(0%)	1%
Mixable liqueurs	34	35	(4%)	(2%)	161	165	(2%)	(1%)
Ungava Spirits Brands	15	10	45%	42%	67	48	40%	39%
Other Corby-owned brands	44	45	(3%)	(1%)	191	195	(2%)	0%
TOTAL	421	419	0%	2%	1,853	1,859	(0%)	2%

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

The Canadian spirits industry posted retail sales volume growth of 2% for the quarter ended June 30, 2017 and a modest 1% for the full year ended June 30, 2017. These trends were supported by double-digit retail sales volume growth in the Irish whiskey and cognac categories and volume growth in tequila and bourbon categories, which are categories in which Corby does not have owned-brands.

Corby's portfolio is heavily weighted in the Canadian whisky, rum and vodka categories; together they make up almost 88% of the Company's total retail volumes. The vodka category led retail volumes, increasing 1%, followed by the Canadian whisky category, which was essentially flat, while the rum category continued its decline, dropping 1% this year versus last. Gin, Corby's newest participating category, increased 6% compared to 2016.

Despite the industry performance of the categories in which the Company is most heavily weighted, Corby's brand portfolio performed well with retail value growing 2%, ahead of retail volume, which was essentially flat. J.P. Wiser's outperformed the industry in the key Canadian whisky category. The Ungava Spirits Brands experienced outstanding retail sales growth during the year. The following brand discussion provides a more detailed analysis of the performance of each of Corby's key brands relative to its respective industry category.

Summary of Corby's Key Brands

J.P. WISER'S CANADIAN WHISKY

J.P. Wiser's Canadian whisky, one of the top-selling whisky families in Canada, is Corby's flagship brand. The brand's retail volumes for the fourth quarter increased 2% with retail value growing 4% when compared to the same quarter last year. Retail sales volumes for the Canadian whisky category grew 1% while retail value grew 3% when compared to the same quarter last year.

The brand's retail volumes for the year increased 1% with retail value up 3% ahead of the Canadian whisky category when compared to the same period last year. Aggressive competitive retail activity in the economy segment remains as competitors focus on maintaining share within a challenging economic environment.

Within the range, positive growth posted by J.P. Wiser's Deluxe and J.P. Wiser's Double Still Rye was dampened by J.P. Wiser's Special Blend, which was impacted by an increase in competitive retail activity in the economy segments of Canadian whisky.

During fiscal 2017, Corby launched several innovative variants of the J.P. Wiser's family: J.P. Wiser's Apple, our newest flavour extension, J.P. Wiser's Union 52 and J.P. Wiser's Dissertation, super-premium limited editions, and J.P. Wiser's One Fifty, in honour of Canada's 150th birthday. The J.P. Wiser's brand was supported by a high-profile television campaign using the "J.P. Wiser's, Tastes Like Whisky, Since 1857" commercial, which significantly focused on sports broadcasts.

J.P. Wiser's variants continue to receive accolades including J.P. Wiser's Double Still Rye and J.P. Wiser's Dissertation, which were awarded Best Canadian Whisky and Best Blended Limited Release, respectively, at the World Whiskies Awards for 2017.

LAMB'S RUM

Lamb's rum, one of the top-selling rum families in Canada, was significantly impacted by unfavourable consumer trends and declining economic conditions in regional strongholds. Retail volumes for the overall rum category declined 2% for the quarter and 1% for the year, while retail values remained flat for both the quarter and the year when compared to the same periods last year. The economy rum category declined 3% in retail volumes and 2% in retail value on a quarterly comparable period.

Lamb's experienced a 6% decline in retail volumes and 4% in retail value when compared to the same period last year. The Lamb's rum product line is heavily weighted in the dark and white segments and has faced difficult economic conditions and increased competitor pressure in its key markets. Our strategy remains to defend its regional strongholds with new targeted campaigns, to focus on the most differentiated variants and to launch new flavour variants such as Lamb's Spiced Cherry rum (launched in the third quarter of the fiscal year ended June 30, 2017).

POLAR ICE VODKA

Polar Ice vodka is among the top-selling vodka brands in Canada. Retail volume remained relatively flat for both the quarter and the year ended June 30, 2017. This is primarily due to weak economic conditions and aggressive competitive retail activity in Alberta.

The overall vodka category in Canada grew 2% in both retail volumes and value when compared to the same three-month period last year and 1% in retail volume and 2% in retail value on a year-over-year comparable basis. Positive performance was driven by the premium segment of the category. The standard vodka category declined 2% on a rolling 12-month basis on retail volume and 1% on retail value.

The focus of advertising and promotion investment continues to be on driving overall brand awareness and trial especially behind the more premium Polar Ice 90° North. In a previous quarter, we launched a successful social cause campaign, including a limited edition "Bearless" bottle, to support the work done by Polar Bears International. Most recently, we launched a national *Not Your Ordinary Caesar* campaign in partnership with French's.

MIXABLE LIQUEURS

Corby's portfolio of mixable liqueur brands consists of McGuinness liqueurs (which is Canada's largest mixable liqueur brand family) and Meaghers liqueurs. Retail volume for Corby's mixable liqueurs portfolio lagged category trends with retail volume declining 4% and 2% for the quarter and year ended June 30, 2017 when compared to the same periods last year. Retail value declined 2% and 1% for the same comparable periods.

The liqueurs category grew 2% in retail volume and 3% in retail value for the three-month comparable period ended June 30, 2017 and was relatively flat at 1% volume growth and 2% value growth for the year. Category growth was led by new innovations and cream-based offerings with which McGuinness does not directly compete.

Our current strategy is to expand innovation and focus on strong programming in the retail environment, ensuring that our flavour offering is aligned to consumer trends. Two new flavours, McGuinness Simple Syrup and McGuinness Apple Whisky, were launched in the fourth quarter of 2016, followed by McGuinness Butterscotch at the end of September and the launch of an expanded range of flavour offerings in a 375mL format to encourage consumer trial.

UNGAVA SPIRITS BRANDS

Retail volume for the Ungava Spirits Brands increased 45% and 40%, respectively, for the three months and year ended June 30, 2017, when compared to the same periods last year. Retail value increased 42% and 39%, respectively, for the same comparable periods. The flagship brand, Ungava Gin, grew 44% and 43%, respectively, for the three-month period and year ended June 30, 2017, outperforming the Canadian gin category, which grew 6% in retail volume and 9% in retail value for the same periods. Retail value for Ungava Gin grew 41% and 42%, respectively, for the three-month and year-over-year comparable periods. Ungava Gin is now the number one super-premium gin in Canada.

Cabot Trail maple-based liqueurs (in Québec, Coureur des Bois) has performed well since its packaging upgrade. Retail volumes were 62% and 46% on the three months and year, respectively, while retail values were 63% and 47%, respectively.

OTHER CORBY-OWNED BRANDS

Innovation remains an important pillar for delivering new profit and growth opportunities to the Corby domestic business. Relatively new premium offerings in Canadian whisky such as Pike Creek®, Lot No. 40® and Gooderham & Worts® collectively grew retail volume 15% and 44% for the respective three-month period and year ended June 30, 2017, outperforming the Canadian whisky category in Canada, which grew 1% and remained essentially flat for the comparative three-month and 12-month periods ended June 30, 2017.

Lot No. 40 and Gooderham & Worts were both awarded Canadian Connoisseur Whisky of the Year at the seventh annual Canadian Whisky Awards for 2017. This is the third time Lot No. 40 has received a top honour in the last four years. Lot No. 40 was also named Best Canadian Rye Whisky at the 2016 San Francisco World Spirits Competition. Gooderham & Worts was also awarded World's Best Canadian Blended at the World Whiskies Awards for 2017.

Royal Reserve® retail volume declined 2% and 3% for the three-month period and year ended June 30, 2017, respectively, when compared to the same periods last year due to challenging economic conditions in Alberta and a significant increase in competitive retail activity in the economy segment of Canadian whisky.

Financial and Operating Results

The following table presents a summary of certain selected consolidated financial information of the Company for the years ended June 30, 2017 and 2016.

<i>(in millions of Canadian dollars, except per share amounts)</i>		2017	2016	\$ Change	% Change
REVENUE	\$	143.9	\$ 140.0	\$ 3.9	3%
Cost of sales		(51.9)	(49.4)	(2.5)	5%
Marketing, sales and administration		(57.0)	(55.6)	(1.4)	3%
Other income		–	(0.4)	0.4	(91%)
EARNINGS FROM OPERATIONS		35.0	34.6	0.4	1%
Financial income		0.9	1.1	(0.2)	(15%)
Financial expenses		(1.0)	(1.0)	(0.1)	8%
		(0.1)	0.1	(0.2)	(172%)
Earnings before income taxes		34.9	34.7	0.2	1%
Income taxes		(9.3)	(9.3)	–	0%
NET EARNINGS	\$	25.6	\$ 25.4	\$ 0.2	1%
Per common share					
– Basic net earnings	\$	0.90	\$ 0.89	\$ 0.01	1%
– Diluted net earnings	\$	0.90	\$ 0.89	\$ 0.01	1%

Overall Financial Results

Net earnings, largely driven by solid growth in commissions on PR brands, increased \$0.2 million or 1% when compared to last year. The improvement in net earnings was also impacted by the reduction in advertising and promotional investment in the US (related to the Company's change in strategy with respect to Canadian whisky in that market as previously mentioned in the "Brand Performance Review" section of this MD&A). This was offset by increased domestic advertising and promotional investment to defend market share in regional strongholds, lower bulk whisky sales in 2017 compared to 2016, and certain one-off administration expenses related to the acquisition of the Ungava Spirits Brands.

Revenue

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

<i>(in millions of Canadian dollars)</i>		2017	2016	\$ Change	% Change
REVENUE STREAMS					
Case Goods	\$	114.8	\$ 111.1	\$ 3.7	3%
Commissions		24.9	23.0	1.9	8%
Other services		4.2	5.9	(1.7)	(29%)
REVENUE	\$	143.9	\$ 140.0	\$ 3.9	3%

Case Goods revenue increased by \$3.7 million, or 3%, for the year ended June 30, 2017, when compared to the same period last year. The growth is primarily attributable to the performance of the Ungava Spirits Brands acquired on September 30, 2016, which have offset declines in US Case Goods shipments. As previously discussed, changes to Corby's strategy in the US market have impacted Case Goods sales during the current year.

Commissions increased by \$1.9 million, or 8%, attributable to strong performance from the PR brand portfolio. The PR brand portfolio continues to benefit from its positioning within the premium spirit and wine categories along with PR's investment to build these brands in Canada.

Other services represent ancillary revenue incidental to Corby's core business activities, such as logistical fees and from time to time bulk whisky sales. The reduced revenue for the year was mostly attributable to an underlying modification to the logistical activities Corby performs. While these modifications impact revenue, net earnings remain virtually unchanged, as the Company no longer bears the economic risks associated with these activities. As well, there was a decrease in bulk whisky sales as the Company continued to rebalance its maturation inventories.

Cost of Sales

Cost of sales was \$51.9 million for the year ended June 30, 2017, an increase of \$2.5 million, or 5%, when compared with last year. Overall gross margin on Case Goods was 56% this year, compared with 58% in the same period last year, impacted by changes to our distributor co-pack model in the UK (note: commissions are not included in the gross margin calculation).

Marketing, Sales and Administration

Marketing, sales and administration expenses increased by \$1.4 million, or 3%, when compared with last year. The change year over year is due to an increase in domestic advertising and promotional investment behind J.P. Wiser's Canadian whisky, Polar Ice vodka, craft whiskies and, as of the acquisition date, promotional efforts and overheads related to the Ungava Spirits Brands, partially offset by the previously mentioned change in advertising and promotional strategy in the US. In addition, higher overheads included certain one-off items related to employee costs as well as professional fees associated with the acquisition of the Ungava Spirits Brands.

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. On an annual basis, net financial income is consistent on a comparative basis.

Income Taxes

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

	2017	2016
Combined basic federal and provincial tax rates	26.8%	26.8%
Other	(0.1%)	0.0%
EFFECTIVE TAX RATE	26.7%	26.8%

Liquidity and Capital Resources

Corby's sources of liquidity are its deposits in cash management pools of \$74.3 million as at June 30, 2017, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities, which totalled \$31.3 million as at June 30, 2017, and are all due to be paid within one year. The Company does not have any liabilities under short- or long-term debt facilities.

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

CASH FLOWS

<i>(in millions of Canadian dollars)</i>	2017	2016	\$ Change
OPERATING ACTIVITIES			
Net earnings, adjusted for non-cash items	\$ 41.4	\$ 41.2	\$ 0.2
Net change in non-cash working capital	(4.1)	(3.7)	(0.4)
Net payments for interest and income taxes	(9.5)	(4.2)	(5.3)
	27.8	33.3	(5.5)
INVESTING ACTIVITIES			
Additions to capital assets	(3.5)	(3.1)	(0.4)
Proceeds from disposition of capital assets	0.1	–	0.1
Business acquisition	(11.9)	–	(11.9)
Deposits in cash management pools	10.8	9.1	1.7
	(4.5)	6.0	(10.5)
FINANCING ACTIVITIES			
Dividends paid	(23.3)	(39.3)	16.0
	(23.3)	(39.3)	16.0
NET CHANGE IN CASH	\$ –	\$ –	\$ –

Operating Activities

Net cash from operating activities was \$27.8 million during the year ended June 30, 2017, compared to \$33.3 million last year, representing a decrease of \$5.5 million. This decrease is largely a result of increased tax payments in the current year. Cash flows from operating activities for the year ended June 30, 2016 included a refund received upon filing of the 2015 taxation returns. As well, fiscal 2016 tax instalments, as prescribed by the Canadian tax authorities, were lower as they were based on 2015 taxable income.

Investing Activities

During the year ended June 30, 2017, \$4.5 million was used in investing activities compared to \$6.0 million generated from investing activities last year.

The Company's completion of the acquisition of the Ungava Spirits Brands and additions to capital assets were funded by withdrawals from cash management pools during the year ended June 30, 2017. Cash management pools represent cash on deposit with Citibank NA via Corby's Mirror Netting Service Agreement with PR. Corby has daily access to these funds and earns a market rate of interest from PR on its deposits. Changes in cash management pools reflect amounts either deposited in or withdrawn from these bank accounts and are simply a function of Corby's cash requirements during the period of time being reported on. For more information related to these deposits please refer to the "Related Party Transactions" section of this MD&A.

Financing Activities

Cash used for financing activities was \$23.3 million for the year ended June 30, 2017, compared to \$39.3 million last year, and represents payment of the Company's regular dividend to shareholders. The comparative period included a special dividend of \$17.7 million or \$0.62 per common share.

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

For	Declaration Date	Record Date	Payment Date	\$/Share
2017 – Q4	August 23, 2017	September 15, 2017	September 29, 2017	\$ 0.21
2017 – Q3	May 10, 2017	May 26, 2017	June 14, 2017	0.21
2017 – Q2	February 8, 2017	February 24, 2017	March 10, 2017	0.21
2017 – Q1	November 9, 2016	November 25, 2016	December 9, 2017	0.21
2016 – Q4	August 24, 2016	September 15, 2016	September 30, 2016	0.19
2016 – Q3	May 4, 2016	May 27, 2016	June 15, 2016	0.19
2016 – Q2	February 3, 2016	February 26, 2016	March 11, 2016	0.19
2016 – special	November 11, 2015 (special dividend)	December 11, 2015	January 8, 2016	0.62
2016 – Q1	November 11, 2015	November 27, 2015	December 11, 2015	0.19
2015 – Q4	August 26, 2015	September 16, 2015	September 30, 2015	0.19
2015 – Q3	May 6, 2015	May 29, 2015	June 12, 2015	0.19

Outstanding Share Data

As at August 23, 2017, 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, 2017:

	Payments During 2018	Payments Due in 2019 and 2020	Payments Due in 2021 and 2022	Payments Due after 2022	Obligations with No Fixed Maturity	Total
Operating lease obligations	\$ 1.6	\$ 2.6	\$ 1.6	\$ 2.2	\$ –	\$ 8.0
Employee future benefits	–	–	–	–	18.3	18.3
	\$ 1.6	\$ 2.6	\$ 1.6	\$ 2.2	\$ 18.3	\$ 26.3

Related Party Transactions

Transactions with Parent, Ultimate Parent and Affiliates

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

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

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

On July 1, 2012, the Company entered into a five-year agreement with PR USA, an affiliated company, which provides PR USA the exclusive right to represent J.P. Wiser's Canadian whisky and Polar Ice vodka in the US (the "US Representation Agreement"). The US Representation 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. This agreement ended June 30, 2017. On March 29, 2017, the Company entered into an amending agreement with PR USA to extend the term of the US Representation Agreement to June 30, 2018 (the "Amending Agreement"). The US Representation Agreement and the Amending Agreement with PR USA are related party transactions between Corby and PR USA; as such, the agreements were approved by the Independent Committee of the Board of Directors of Corby following review, in accordance with Corby's related party transaction policy.

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

Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement, together with PR's other Canadian affiliates, the terms of which are administered by Citibank N.A. effective July 17, 2014. The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at September 6, 2017, as published by Standard & Poor's and Moody's, was BBB- and Baa2, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day Canadian Dealer Offered Rate ("CDOR") plus 0.40%. Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

Results of Operations – Fourth Quarter of Fiscal 2017

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2017 and 2016:

(in millions of Canadian dollars, except per share amounts)	Three Months Ended			
	June 30, 2017	June 30, 2016	\$ Change	% Change
REVENUE	\$ 40.2	\$ 37.2	\$ 3.0	8%
Cost of sales	(13.8)	(12.1)	(1.7)	14%
Marketing, sales and administration	(14.6)	(12.1)	(2.5)	21%
Other income (expense)	(0.0)	(0.2)	0.2	(92%)
EARNINGS FROM OPERATIONS	11.8	12.8	(1.0)	(8%)
Financial income	0.2	0.2	(0.0)	(12%)
Financial expenses	(0.3)	(0.2)	(0.0)	10%
	(0.0)	0.0	(0.1)	(510%)
Earnings before income taxes	11.7	12.8	(1.1)	(8%)
Income taxes	(3.0)	(3.4)	0.4	(12%)
NET EARNINGS	\$ 8.7	\$ 9.3	\$ (0.6)	(7%)
Per common share				
– Basic net earnings	\$ 0.30	\$ 0.33	\$ (0.03)	(9%)
– Diluted net earnings	\$ 0.30	\$ 0.33	\$ (0.03)	(9%)

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, 2017	June 30, 2016	\$ Change	% Change
REVENUE STREAMS				
Case Goods	\$ 31.7	\$ 28.6	\$ 3.0	11%
Commissions	6.6	5.9	0.6	11%
Other services	2.0	2.6	(0.7)	(25%)
REVENUE	\$ 40.2	\$ 37.2	\$ 3.0	8%

Total revenue increased 8% on a quarter-over-quarter comparison basis, or \$3.0 million. This was driven by Corby's Case Goods business (up \$3.0 million) and a significant 9% improvement in shipment volumes, which were largely attributable to the Ungava Spirits Brands and order timing in Ontario due to the impact of LCBO purchases in anticipation of a threatened strike. Case Goods revenue also benefited from improved pricing and portfolio mix. Commissions compared to the same period last year were up \$0.6 million due to increased volumes and general price increases from represented brands.

Other services represent ancillary revenue incidental to Corby's core business activities, such as logistical fees and from time to time bulk whisky sales. The reduced revenue for the quarter was mostly attributable to the modification to the logistical activities Corby performs and decreased bulk whisky sales, as the Company continued to rebalance its maturation inventories.

Cost of Sales

Cost of goods sold was \$13.8 million, representing a \$1.7 million, or 14%, increase this period when compared with the same three-month period last year. Gross margin was 59% for the current year quarter compared to 61% the same quarter last year impacted by changes to our distributor co-pack model in the UK (note: commissions are not included in the gross margin calculation).

Marketing, Sales and Administration

Marketing, sales and administration expenses increased \$2.5 million, or 21%, over the same quarter last year. The increase is the combination of increased domestic advertising and promotional investment behind J.P. Wiser's Canadian whisky in support of a packaging upgrade and new advertising creative development; Polar Ice vodka and Lamb's rum to maintain market share in regional strongholds; as well as promotional efforts and overheads related to the Ungava Spirits Brands.

Increased advertising and promotional spend has been invested behind craft whiskies in international markets.

Net Earnings and Earnings per Share

Net earnings for the fourth quarter were \$8.7 million, or \$0.30 per share, which is a decrease of \$0.6 million over the same quarter last year. As discussed previously, increased promotional investment, administration costs related to the management of the Ungava Spirits Brands and decreased bulk sales offset strong Case Goods performance and higher commissions from PR brands.

Selected Quarterly Information

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in millions of Canadian dollars, except per share amounts)	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Revenue	\$ 40.2	\$ 28.8	\$ 40.3	\$ 34.6	\$ 37.2	\$ 28.0	\$ 38.3	\$ 36.4
Earnings from operations	11.7	4.6	9.8	8.8	12.8	5.0	8.2	8.6
Net earnings	8.7	3.3	7.2	6.4	9.3	3.7	6.1	6.3
Basic EPS	0.30	0.12	0.25	0.23	0.33	0.13	0.22	0.22
Diluted EPS	0.30	0.12	0.25	0.23	0.33	0.13	0.22	0.22

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.

Revenues for the second, third and fourth quarters of 2017 include Case Goods sales for the Ungava Spirits Brands. The Ungava Spirits Brands were acquired on September 30, 2016 and, since the completion, the acquired Ungava Spirits Brands have contributed \$6.2 million to revenues and -\$0.1 million to net earnings.

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 ended June 30, 2017 and, accordingly, have not been applied in preparing these consolidated financial statements:

(i) REVENUE

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

(ii) FINANCIAL INSTRUMENTS

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

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

(iii) LEASES

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

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, 2017, 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.

In accordance with the provisions of National Instrument 52-109 – *Certification of disclosure in Issuers' Annual and Interim Filings*, the Company has limited the design of its disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Ungava Spirits. Corby acquired the Ungava Spirits Brands on September 30, 2016, and the brand portfolio and other assets acquired are currently operated by Corby's wholly-owned subsidiary, Ungava Spirits.

Further details related to the acquisition of the Ungava Spirits Brands is disclosed under "Significant Event – Acquisition of the spirits assets of Québec-based Domaines Pinnacle Inc." in this MD&A and in Note 6 in the Notes to the Company's consolidated financial statements for the year ended June 30, 2017.

Since the completion of the Ungava Spirits Brands transaction on September 30, 2016, the acquired Ungava Spirits Brands have contributed \$6.2 million to revenues and -\$0.1 million to net earnings. These results are impacted by seasonal fluctuations in that the retail holiday season generally results in an increase in consumer purchases over the course of October, November and December. The purchase price has been allocated as described in Note 6 to the consolidated financial statements for the year ended June 30, 2017.

The scope limitation discussed under this section is primarily based on the time required to assess Ungava Spirits' disclosure controls and procedures and internal controls over financial reporting in a manner that is consistent with the Company's other operations. Subsequent to the acquisition on September 30, 2016, the Company began and is now well underway on the integration of Ungava Spirits into our systems and control structures. The assessment on the design effectiveness of disclosure controls and procedures and internal controls over financial reporting is on track for completion by the first quarter of 2018 and the assessment of operating effectiveness thereafter.

Except for the preceding changes, there were no changes in internal control over financial reporting during the Company's most recent annual 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.

Additionally, as the Company becomes more reliant on international product sales in the US, UK and other countries, exposure to changes in the laws and regulations (including on matters such as regulatory requirements, import duties and taxation) in those countries could also adversely affect the operations, financial performance or reputation of the Company.

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

Consumer Consumption Patterns

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

Distribution/Supply Chain Interruption

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

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

Inherent to producing maturing products there is a potential for shortages or surpluses in future years if demand and supply are materially different from long-term forecasts. Additionally, the loss through contamination, fire or other natural disaster of the stock of maturing products may result in significant reduction in supply and as a result, Corby may not be able to meet customer demands. The Company monitors category trends and regularly reviews maturing inventory levels.

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 largely outsources its production, including all of its storage and handling of maturing alcohol, the risk of environmental liabilities is considered minimal. Corby currently has no significant recorded or unrecorded environmental liabilities.

Industry Consolidation

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

Corby's Ability to Properly Complete Acquisitions and Subsequently Integrate Them May Affect Its Results

Corby monitors growth opportunities that may present themselves to Corby, including by way of acquisitions. While we believe that an acquisition may create the opportunity to realize certain benefits, achieving these benefits will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in an efficient manner, as well as our ability to realize any anticipated growth opportunities or cost savings from combining the target's assets and operations with our existing brands and operations. Integration efforts following any acquisition may require the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. In addition, Corby may be required to assume greater-than-expected liabilities due to liabilities that are undisclosed at the time of completion of an acquisition. A failure to realize, in whole or in part, the anticipated benefits of an acquisition may have a negative impact on the results or financial position of Corby.

Competition

The Canadian and international beverage alcohol industry is extremely competitive. Competitors may take actions to establish and sustain a competitive advantage through advertising and promotion and pricing strategies in an effort to maintain market share, which may negatively affect our sales, revenues and profitability. Corby constantly monitors the market and adjusts its own advertising, promotion and pricing strategies as appropriate.

Competitors may also affect Corby's ability to attract and retain high-quality employees. The Company's long heritage attests to Corby's strong foundation and successful execution of its strategies. Its role as a leading Canadian beverage alcohol company helps facilitate recruitment efforts.

Credit Risk

Credit risk arises from deposits in cash management pools held with PR via Corby's participation in the Mirror Netting Service Agreement (as previously described in the "Related Party Transactions" section of this MD&A), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the Company's financial assets. The objective of managing 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.

Exposure to Interest Rate Fluctuations

The Company does not have any short- or long-term debt facilities. Interest rate risk exists, as Corby earns market rates of interest on its deposits in cash management pools. An active risk management 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 and advertising and promotion expenses exceeding that of the Company's USD sales. Therefore, decreases in the value of the Canadian dollar ("CAD") relative to the USD will have an unfavourable impact on the Company's earnings.

GBP EXPOSURE

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

Third-Party Service Providers

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

Brand Reputation and Trademark Protection

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

Additionally, although the Company registers trademarks, as applicable, it cannot be certain that trademark registrations will be issued with respect to all of the Company's applications. Also while Corby constantly watches for and responds to competitive threats, as necessary, the Company cannot predict challenges to, or prevent a competitor from challenging, the validity of any existing or future trademark issued or licensed to Corby.

Information Technology and Cyber Security

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

Valuation of Goodwill and Intangible Assets

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

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

Associated Brand	Associated Market	Carrying Values as at June 30, 2017		
		Goodwill	Intangibles	Total
Various PR brands	Canada	\$ –	\$ 24.6	\$ 24.6
Lamb's rum	United Kingdom ⁽¹⁾	1.4	11.8	13.2
Ungava brands ⁽²⁾	Canada	5.1	3.2	8.3
Other domestic brands	Canada	1.9	–	1.9
		\$ 8.4	\$ 39.6	\$ 48.0

⁽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.

⁽²⁾ The Ungava brands include trademarks related to Ungava Premium Canadian gin, Chic Choc Spiced rum and Cabot Trail maple-based liqueurs.

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 of the consolidated financial statements for the year ended June 30, 2017.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Corby Spirit and Wine 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.



Patrick O'Driscoll
President & Chief Executive Officer



Antonio Sánchez
Vice-President & Chief Financial Officer

September 15, 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Corby Spirit and Wine Limited

We have audited the accompanying consolidated financial statements of Corby Spirit and Wine Limited, which comprise the consolidated balance sheets as at June 30, 2017 and June 30, 2016, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flow for the years ended June 30, 2017 and June 30, 2016, 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 Spirit and Wine Limited as at June 30, 2017 and June 30, 2016, and its financial performance and its cash flows for the years ended June 30, 2017 and June 30, 2016 in accordance with International Financial Reporting Standards.

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants

Licensed Public Accountants

September 15, 2017

Toronto, Ontario, Canada

CONSOLIDATED BALANCE SHEETS

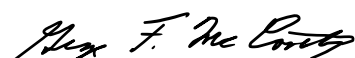
As at June 30, 2017 and 2016

(in thousands of Canadian dollars)

	Notes	June 30, 2017	June 30, 2016
ASSETS			
Deposits in cash management pools		\$ 74,253	\$ 85,031
Accounts receivable	8	34,828	30,045
Inventories	9	55,359	54,173
Prepaid expenses		527	476
TOTAL CURRENT ASSETS		164,967	169,725
Deferred income taxes	10	–	2,099
Property, plant and equipment	11	14,777	11,003
Goodwill	12	8,403	3,278
Intangible assets	13	39,675	42,398
TOTAL ASSETS		\$ 227,822	\$ 228,503
LIABILITIES			
Accounts payable and accrued liabilities	15	\$ 31,317	\$ 30,719
Income and other taxes payable		912	2,359
TOTAL CURRENT LIABILITIES		32,229	33,078
Provision for employee benefits	16	18,249	24,640
Deferred income taxes	10	66	–
TOTAL LIABILITIES		50,544	57,718
SHAREHOLDERS' EQUITY			
Share capital	17	14,304	14,304
Accumulated other comprehensive loss	18	(6,017)	(10,220)
Retained earnings		168,991	166,701
TOTAL SHAREHOLDERS' EQUITY		177,278	170,785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 227,822	\$ 228,503

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

Approved by the Board of Directors



George F. McCarthy
Director



Robert L. Llewellyn
Director

CONSOLIDATED STATEMENTS OF EARNINGS

<i>For the years ended June 30, 2017 and 2016</i> <i>(in thousands of Canadian dollars, except per share amounts)</i>			June 30, 2017	June 30, 2016
	Notes			
REVENUE	19	\$	143,869	\$ 140,002
Cost of sales			(51,899)	(49,344)
Marketing, sales and administration			(56,877)	(55,635)
Other expenses	20		(36)	(400)
EARNINGS FROM OPERATIONS			35,057	34,623
Financial income	21		937	1,102
Financial expenses	21		(1,039)	(961)
			(102)	141
EARNINGS BEFORE INCOME TAXES			34,955	34,764
Current income taxes	10		(8,915)	(8,983)
Deferred income taxes	10		(406)	(346)
Income taxes			(9,321)	(9,329)
NET EARNINGS		\$	25,634	\$ 25,435
Basic earnings per share	22	\$	0.90	\$ 0.89
Diluted earnings per share	22	\$	0.90	\$ 0.89
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic			28,468,856	28,468,856
Diluted			28,468,856	28,468,856

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended June 30, 2017 and 2016
(in thousands of Canadian dollars)

	Notes	June 30, 2017	June 30, 2016
NET EARNINGS		\$ 25,634	\$ 25,435
OTHER COMPREHENSIVE INCOME			
Amounts that will not be subsequently reclassified to earnings:			
Net actuarial gains (losses)	16	5,752	(4,767)
Income taxes	10	(1,549)	1,280
		4,203	(3,487)
TOTAL COMPREHENSIVE INCOME		\$ 29,837	\$ 21,948

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended June 30, 2017 and 2016
(in thousands of Canadian dollars)

	Share Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance as at June 30, 2016	\$ 14,304	\$ (10,220)	\$ 166,701	\$ 170,785
Total comprehensive income	–	4,203	25,634	29,837
Dividends	–	–	(23,344)	(23,344)
BALANCE AS AT JUNE 30, 2017	\$ 14,304	\$ (6,017)	\$ 168,991	\$ 177,278
Balance as at June 30, 2015	\$ 14,304	\$ (6,733)	\$ 180,553	\$ 188,124
Total comprehensive income	–	(3,487)	25,435	21,948
Dividends	–	–	(39,287)	(39,287)
BALANCE AS AT JUNE 30, 2016	\$ 14,304	\$ (10,220)	\$ 166,701	\$ 170,785

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

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended June 30, 2017 and 2016
(in thousands of Canadian dollars)

	Notes	June 30, 2017	June 30, 2016
OPERATING ACTIVITIES			
Net earnings		\$ 25,634	\$ 25,435
Adjustments for:			
Amortization and depreciation	23	8,039	7,611
Net financial income	21	102	(141)
Gain on disposal of property and equipment		(33)	99
Income tax expense		9,321	9,329
Provision for employee benefits		(1,676)	(1,136)
		41,387	41,197
Net change in non-cash working capital balances	25	(4,127)	(3,668)
Interest received		936	1,102
Income taxes paid		(10,362)	(5,367)
NET CASH FROM OPERATING ACTIVITIES		27,834	33,264
INVESTING ACTIVITIES			
Additions to property and equipment	11	(3,477)	(3,074)
Proceeds from disposition of property and equipment		136	28
Business acquisition	6	(11,927)	-
Deposits in cash management pools		10,778	9,069
NET CASH FROM INVESTING ACTIVITIES		(4,490)	6,023
FINANCING ACTIVITY			
Dividends paid		(23,344)	(39,287)
NET CASH USED IN FINANCING ACTIVITY		(23,344)	(39,287)
NET INCREASE IN CASH		-	-
Cash, beginning of year		-	-
CASH, END OF YEAR		\$ -	\$ -

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended June 30, 2017 and 2016

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

1. General Information

Corby Spirit and Wine Limited (“Corby” or the “Company”) is a leading Canadian marketer of spirits and importer of wines. The Company derives its revenues from the sale of its owned-brands in Canada and other international markets, as well as earning commissions from the representation of selected non-owned brands in the Canadian marketplace. Revenues predominantly consist of sales made to each of the provincial liquor boards in Canada. The Company also supplements these primary sources of revenue with other ancillary activities incidental to its core business, such as logistics fees.

Corby is controlled by Hiram Walker & Sons Limited (“HWSL”), which is a wholly-owned subsidiary of Pernod Ricard, S.A. (“PR”), a French public limited company that controls 51.6% of the outstanding Voting Class A Common Shares of Corby as at June 30, 2017.

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 September 6, 2017.

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.

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.

Estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Estimates are made on the assumption the Company will continue as a going concern and are based on information available at the time of preparation. Estimates may be revised where the circumstance on which they were based changes or where new information becomes available. Future outcomes can 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.

Critical judgments, estimates and assumptions are used in applying accounting policies and have the most significant effect on the following:

(i) IMPAIRMENT

The Company uses judgment in determining the grouping of assets to identify its Cash-Generating Units (“CGUs”) for purposes of testing for impairment of goodwill, intangible assets and property, plant and equipment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Intangible assets and property, plant 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). Judgment has been used in determining whether there has been an indication of impairment.

The Company uses estimates to determine a CGU’s or group of CGUs’ recoverable amount based on the higher of fair value less costs to sell and value in use (“VIU”), which involves estimating future cash flows before taxes. The process of determining the recoverable amount requires the Company to make estimates and assumptions of a long-term nature regarding discount rates, projected revenues, royalty rates and margins, as applicable, derived from past experience, actual operating results and budgets. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

(ii) PURCHASE PRICE ALLOCATION

The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair values at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgments regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company’s reported assets and liabilities and future net earnings due to the impact on future depreciation and amortization expense and impairment tests. In addition, due to the timing and complexities related to business combinations, adjustments to provisional amounts recorded are expected subsequent to the reporting period until the allocation is finalized.

(iii) INCOME AND OTHER TAXES

In calculating current and deferred income and other taxes, the Company uses judgment when interpreting the tax rules in jurisdictions where the Company operates. The Company also uses judgment in classifying transactions and assessing probable outcomes of claimed deductions, which considers expectations of future operating results, the timing and reversal of temporary differences, and possible audits of income tax and other tax filings by tax authorities.

Deferred income tax assets require management judgment in order to determine the amounts to be recognized. This includes assessing the timing of the reversal of temporary differences to which deferred income tax rates are applied.

(iv) POST-EMPLOYMENT BENEFITS

The accounting for the Company’s post-employment benefit plan requires the use of estimates and assumptions. The accrued benefit liability is calculated using actuarial determined data and the Company’s best estimates of future salary escalations, retirement ages of employees, employee turnover, mortality rates, market discount rates, and expected health and dental care costs.

(v) OTHER

Other estimates include determining the useful lives of property, plant and equipment and intangible assets for the purpose of depreciation and amortization, as well as measuring items such as allowances for uncollectible accounts receivable and inventory obsolescence and certain fair value measures including those related to the valuation of share-based payments and financial instruments.

3. Adoption of New and Revised Standards and Interpretations

Recent Accounting Pronouncements

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year ended June 30, 2017, and accordingly, have not been applied in preparing these consolidated financial statements:

(i) REVENUE

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

(ii) FINANCIAL INSTRUMENTS

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

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

(iii) LEASES

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

4. 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

The consolidated financial statements include the accounts of Corby Spirit and Wine Limited and its subsidiaries, collectively referred to as “Corby” or the “Company”.

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

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

Deposits in Cash Management Pools

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

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 that 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, Plant and Equipment

Property, plant 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. Useful life and depreciation methods are reviewed at each reporting date. Items of property, plant and equipment are written down when impaired.

The ranges of depreciable lives for the major categories of property, plant and equipment are as follows:

Buildings	25 years
Leasehold improvements	5 to 10 years
Machinery and equipment	3 to 12 years
Casks	12 years
Other capital assets	3 to 20 years

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

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

Fully depreciated items of property, plant 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, plant 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, plant 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 finance leases.

Business Combinations

The Company applies the acquisition method in accounting for business combinations. The cost of an acquisition is the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition related costs are expensed as incurred.

Goodwill represents the excess of the consideration transferred over the fair value of identifiable assets acquired and liabilities assumed in business combinations, all measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (not greater than one year from acquisition date) to reflect new information about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that time.

Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. 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.

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 term of their respective agreements. Representation rights are scheduled to expire on September 30, 2021. Amortization is recognized as a reduction to commission revenue earned from the representation of PR brands.

(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 revenue.

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.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in earnings.

(ii) NON-FINANCIAL ASSETS

The carrying amounts 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, plant 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 impairment 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 employee benefits (Note 16) and provisions for uncertain tax positions (Note 10).

Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. The Company recognizes a liability and an expense for short-term benefits such as bonuses if the Company has a present legal obligation or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reasonably estimated.

The Company maintains registered defined benefit pension plans under which benefits are available to certain employee groups. The Company 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 cost of providing benefits is determined using the projected unit credit method. The measurement is made at each balance sheet date and the personnel data concerning employees is revised at least every three years. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service costs (including current service costs, past service costs, and gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

Service costs are presented in marketing, sales and administration in the consolidated statement of earnings.

Curtailment gains and losses are accounted for as past service costs. Net interest cost is included in net financial income and expenses.

The provision for employee benefits recognized in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(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.

(iii) TERMINATION BENEFITS

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Income Taxes

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

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

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

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

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

Revenue Recognition

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

(i) COSTS OF SERVICES RENDERED IN CONNECTION WITH SALES

In accordance with IAS 18 – Revenue (“IAS 18”), certain costs of services rendered in connection with sales, such as advertising 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 earned by the Company. Commissions are reported net of amortization of long-term representation rights and non-refundable upfront fees. 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 term of their respective agreements.

(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, and are settled in cash. The related compensation expense is recognized over the three-year vesting period. Accrued RSUs are valued at the closing market price of the Company’s Voting Class A Common Shares at each balance sheet date.

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, at the market closing price of the Company’s Voting Class A Common Shares as at the vesting date. 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 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. Diluted 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, 2017.

Classification of Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial instruments are classified into one of the following 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	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Loans and receivables	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.

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 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 27), as well as credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the 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.

Management believes that the Company's credit risk relating to accounts receivable is at an acceptably low level. Over 85% of Corby's trade receivable balances are collectible from government-controlled liquor boards. The remaining trade receivable balances relate to agency sales and sales generated from export sales. Receivables that are neither past due nor impaired are considered credit of high quality.

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.

LIQUIDITY RISK

Corby's sources of liquidity are its deposits in cash management pools of \$74,253 and its cash generated by operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities balances, which totalled \$32,229 as at June 30, 2017, 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.

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.

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

FOREIGN CURRENCY RISK

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

USD EXPOSURE

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

GBP EXPOSURE

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

COMMODITY RISK

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

Fair Value of Financial Instruments

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

The fair value hierarchy has the following levels:

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

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

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

6. Business Acquisition

On September 30, 2016, the Company acquired the spirits assets of Québec-based Domaines Pinnacle for a purchase price of \$11,927. The transaction includes Domaines Pinnacle's spirits portfolio, including the Ungava® Premium Canadian gin brand, Chic Choc® Spiced rum, a range of maple-based liqueur products as well as production assets and related working capital. The acquired brand portfolio and other assets are operated as Ungava Spirits Co. Ltd., ("Ungava Spirits") a new, wholly-owned subsidiary of Corby.

The acquisition added the Ungava Spirits Brands, which include the Ungava® Premium Canadian gin brand, Chic Choc® Spiced rum, and a range of maple-based liqueurs including Coureur des Bois® and Cabot Trail®, complementing Corby's existing Canadian portfolio. The acquisition was accounted for using the acquisition method and was funded from the Company's deposits in cash management pools.

Acquisition costs of \$625 arose as a result of the transaction. These costs have been recognized as part of marketing, sales and administration expenses in the statement of earnings, of which \$422 was recognized in the year ended June 30, 2017.

The total purchase consideration of \$11,927 was allocated to net tangible assets acquired based on their fair value of \$3,642, identifiable intangible assets (trademarks) of \$3,160 and \$5,125 to goodwill. The fair values of the identifiable intangible assets related to trademarks were based on the relief from royalty method, using Level 3 inputs within the fair value hierarchy, which included forecasted future cash flows, long-term revenue growth rates, royalty rates and discount rates.

Assets acquired and liabilities recognized at the date of acquisition are as follows:

FAIR VALUE OF CONSIDERATION TRANSFERRED		
Cash	\$	10,632
Working capital adjustment		1,295
	\$	11,927
IDENTIFIABLE NET ASSETS ACQUIRED		
Trade receivables		405
Inventory		1,267
Property, plant and equipment		2,557
Trademarks		3,160
Trade payables		(377)
Deferred tax liabilities		(210)
	\$	6,802
EXCESS ALLOCATED TO GOODWILL	\$	5,125

Goodwill arising from this transaction is expected to be deductible for tax purposes and represents expected synergies, revenue growth and future market development. The benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Since the transaction date, the acquired brands and assets have contributed \$6,224 to revenues and a net loss of \$124. These results are impacted by seasonal fluctuations in that the retail holiday season generally results in an increase in consumer purchases over the course of October, November and December. Revenues are included in case goods sales in Note 19.

7. 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, 2017	June 30, 2016
Share capital	\$ 14,304	\$ 14,304
Accumulated other comprehensive loss	(6,017)	(10,220)
Retained earnings	168,991	166,701
NET CAPITAL UNDER MANAGEMENT	\$ 177,278	\$ 170,785

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 85% 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.

8. Accounts Receivable

	June 30, 2017	June 30, 2016
Trade receivables	\$ 17,246	\$ 15,342
Due from related parties	15,619	13,055
Other	2,153	1,838
	35,018	30,235
Allowance for uncollectible amounts	(190)	(190)
	\$ 34,828	\$ 30,045

9. Inventories

	June 30, 2017	June 30, 2016
Raw materials	\$ 3,137	\$ 2,088
Work-in-progress	44,487	44,005
Finished goods	7,735	8,080
	\$ 55,359	\$ 54,173

The cost of inventory recognized as an expense and included in cost of goods sold during the year ended June 30, 2017 was \$42,585 (2016 – \$39,605). During the year, there were write-downs of \$199 (2016 – \$178) on inventory as a result of net realizable value being lower than cost. No inventory write-downs recognized in previous years were reversed. Inventory write-downs are included in cost of goods sold.

10. Income Taxes

	2017	2016
CURRENT INCOME TAX EXPENSE		
Current period	\$ 9,196	\$ 8,970
Change in provisions for uncertain tax positions	(150)	–
Adjustments with respect to prior period tax estimates	(131)	13
	\$ 8,915	\$ 8,983
DEFERRED INCOME TAX EXPENSE		
Origination and reversal of temporary differences	\$ 282	\$ 475
Change in tax rate	–	(1)
Adjustments with respect to prior period tax estimates	124	(128)
	\$ 406	\$ 346
TOTAL INCOME TAX EXPENSE	\$ 9,321	\$ 9,329

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

The Company's effective tax rates comprise the following items:

	2017	2016
Net earnings for the financial year	\$ 25,634	\$ 25,435
Total income tax expense	9,321	9,329
Earnings before income tax expense	\$ 34,955	\$ 34,764
Income tax using the combined federal and provincial statutory tax rates	\$ 9,358	26.8%
Non-deductible expenses	121	0.3%
Adjustments with respect to prior period tax estimates	(8)	(0.0%)
Other	(150)	(0.4%)
EFFECTIVE INCOME TAX RATE	\$ 9,321	26.7%

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

	June 30, 2016	Recognized in				June 30, 2017
		Earnings	OCI	Equity	Acquisitions	
Provision for pensions	\$ 6,730	\$ 8	\$ (1,549)	\$ –	\$ –	\$ 5,189
Property, plant and equipment	(2,051)	(309)	–	–	–	(2,360)
Inventory	(182)	91	–	–	–	(91)
Intangibles	(2,642)	(221)	–	–	(210)	(3,073)
Other	244	25	–	–	–	269
	\$ 2,099	\$ (406)	\$ (1,549)	\$ –	\$ (210)	\$ (66)

	June 30, 2015	Recognized in				June 30, 2016
		Earnings	OCI	Equity	Acquisitions	
Provision for pensions	\$ 5,525	\$ (75)	\$ 1,280	\$ –	\$ –	\$ 6,730
Property, plant and equipment	(1,676)	(375)	–	–	–	(2,051)
Inventory	(273)	91	–	–	–	(182)
Intangibles	(2,642)	–	–	–	–	(2,642)
Other	231	13	–	–	–	244
	\$ 1,165	\$ (346)	\$ 1,280	\$ –	\$ –	\$ 2,099

Income taxes payable includes a provision for uncertain tax risks in the amount of \$636 at June 30, 2017 (\$786 – June 30, 2016).

11. Property, Plant and Equipment

	June 30, 2016	Acquisition	Additions	Depreciation	Disposals	June 30, 2017
Land	\$ –	\$ 27	\$ –	\$ –	\$ –	\$ 27
Building	–	1,800	–	–	–	1,800
Leasehold improvements	1,002	–	220	–	–	1,222
Machinery and equipment	6,795	730	753	–	–	8,278
Casks	10,649	–	1,542	–	(178)	12,013
Other	2,162	–	962	–	–	3,124
Gross value	20,607	2,557	3,477	–	(178)	26,463
Building	–	–	–	(58)	–	(58)
Leasehold improvements	(760)	–	–	(114)	–	(874)
Machinery and equipment	(3,751)	–	–	(672)	–	(4,423)
Casks	(4,286)	–	–	(891)	74	(5,103)
Other	(807)	–	–	(421)	–	(1,228)
Accumulated depreciation	(9,604)	–	–	(2,156)	74	(11,686)
PROPERTY, PLANT AND EQUIPMENT	\$ 11,003	\$ 2,557	\$ 3,477	\$ (2,156)	\$ (104)	\$ 14,777

	June 30, 2015	Acquisition	Additions	Depreciation	Disposals	June 30, 2016
Leasehold improvements	\$ 1,002	\$ –	\$ –	\$ –	\$ –	\$ 1,002
Machinery and equipment	6,323	–	838	–	(366)	6,795
Casks	9,068	–	1,605	–	(24)	10,649
Other	1,531	–	631	–	–	2,162
Gross value	17,924	–	3,074	–	(390)	20,607
Leasehold improvements	(646)	–	–	(114)	–	(760)
Machinery and equipment	(3,488)	–	–	(523)	260	(3,751)
Casks	(3,525)	–	–	(765)	3	(4,286)
Other	(481)	–	–	(326)	–	(807)
Accumulated depreciation	(8,140)	–	–	(1,728)	264	(9,604)
PROPERTY, PLANT AND EQUIPMENT	\$ 9,784	\$ –	\$ 3,074	\$ (1,728)	\$ (127)	\$ 11,003

12. Goodwill

Changes to the carrying amount of goodwill are as follows:

	June 30, 2017	June 30, 2016
Balance, beginning of year	\$ 3,278	\$ 3,278
Acquisitions during the year (Note 6)	5,125	–
BALANCE, END OF YEAR	\$ 8,403	\$ 3,278

There have been no impairment losses recognized with respect to goodwill during 2017 (2016 – \$nil).

13. Intangible Assets

							2017
	Opening Book Value	Movements in the Year					Ending Book Value
		Additions	Amortization	Impairments	Disposals		
Long-term representation rights	\$ 30,412	\$ –	\$ (5,780)	\$ –	\$ –	\$	24,632
Trademarks and licences	11,801	3,160	–	–	–		14,961
Non-refundable upfront fees	185	–	(103)	–	–		82
	\$ 42,398	\$ 3,160	\$ (5,883)	\$ –	\$ –	\$	39,675

							2016
	Opening Book Value	Movements in the Year					Ending Book Value
		Additions	Amortization	Impairments	Disposals		
Long-term representation rights	\$ 36,192	\$ –	\$ (5,780)	\$ –	\$ –	\$	30,412
Trademarks and licences	11,801	–	–	–	–		11,801
Non-refundable upfront fees	288	–	(103)	–	–		185
	\$ 48,281	\$ –	\$ (5,883)	\$ –	\$ –	\$	42,398

14. 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, 2017, along with the data and assumptions applied to the Cash-Generating Units (“CGUs”) of the Case Goods segment are as follows:

	Carrying Value of Goodwill	Carrying Value of Trademarks and Licences	Discount Rate	Terminal Growth Rate
Case Goods segment	\$ 8,403	\$ 14,961	7.4% to 9.5%	2.0%

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 that represent the lowest level within the group at which the goodwill is monitored for internal management purposes.

During the financial year ended June 30, 2017, the Company performed impairment testing on goodwill and indefinite-lived intangible assets in accordance with its accounting policy and identified no impairment.

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

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

15. Accounts Payable and Accrued Liabilities

	June 30, 2017	June 30, 2016
Trade payables and accruals	\$ 22,937	\$ 22,570
Due to related parties	6,747	6,657
Other	1,633	1,492
	\$ 31,317	\$ 30,719

16. Provision for Employee Benefits

The Company provides pension benefits to its employees through defined contribution pension plan and defined benefit pension plans. 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 to join the defined contribution pension plan, most employees must first accrue one year of service. For the year ended June 30, 2017, the Company recognized contributions of \$360 as expense (2016 – \$323) with respect to the defined contribution pension plan.

The Company has two defined benefit pension plans for executives and salaried employees (the “registered pension plans”), two supplementary executive retirement plans for retired and current senior executives of the Company (the “non-registered pension plans”), and a post-retirement benefit plan (“other 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 registered pension plans are registered under the *Pension Benefits Act (Ontario)* (the “Act”) with regulatory oversight by the Financial Services Commission of Ontario. The latest valuations completed for these plans are dated December 31, 2016. The next required valuations must be completed with an effective date no later than December 31, 2019. The Act requires funding valuations for the registered pension plans to be performed at least once every three years and plan deficits must be funded over a period of up to five years. The registered pension plans are funded through a combination of employee and employer contributions.

The Company is under no obligation to make any funding in respect to the benefits accruing under the non-registered pension plans. However, the Company has adopted a funding policy to make periodic contributions to the non-registered pension plans to provide security for the benefits accrued by the members. Such funding policy may be reviewed and amended at any time by the Company.

The post-retirement benefit plan is unfunded.

As at June 30, 2017, the average duration of the defined benefit obligation for the registered and non-registered pension plans and the post-retirement benefit plan is 13.8 years.

Company contributions to the registered and non-registered pension plans are expected to be \$2,469 for the fiscal year ended June 30, 2018.

The Company maintains a Canadian Pension Committee, which provides oversight of the Company’s pension benefit policies, investment policies and plan administration. The Company uses the service of third parties to provide investment management services such as managing the pension plan assets in accordance with the established investment policies.

The Company is subject to certain risks as a result of the existence of its registered and non-registered pension plans and its post-retirement benefit plan. These risks include actuarial risks such as investment risk, interest rate risk as this impacts the discount rate, longevity risk and compensation risk.

The present value of the defined benefit obligation is calculated using a discount rate. If the return on plan assets is below this rate, a plan's surplus is reduced or a plan deficit occurs. The Company mitigates this investment risk by establishing an investment policy to be followed by the registered pension plans' investment managers and providing oversight to the Canadian Pension Committee. The Company's investment policy requires the registered pension plans' assets be invested in a diversified portfolio that does not concentrate investment in any one security or bond.

An increase in interest rates will increase the discount rate, which will subsequently decrease the present value of the defined benefit obligation. An increase in longevity and compensation will increase the present value of the defined benefit obligation. Longevity risk is impacted by mortality assumptions, which are based on the 2014 Private Canadian Pensioners Mortality tables as prepared by the Canadian Institute of Actuaries.

The significant actuarial assumptions are as follows:

	2017			2016		
	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan
ACCRUED BENEFIT OBLIGATION, END OF YEAR						
Discount rate	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Compensation increase	3.0–3.5%	3.5%	N/A	3.0–3.5%	3.5%	N/A
Inflation	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
BENEFIT EXPENSE, FOR THE YEAR						
Discount rate	3.4%	3.4%	3.4%	3.9%	3.9%	3.9%
Compensation increase	3.0%	3.0%	N/A	3.0–3.5%	3.5%	N/A
Inflation	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

The discount rate has been set based on current market rates at the end of the Company's financial year, assuming a rate of return comparable to high-quality fixed income securities of equivalent currency and term that approximate the terms of the pension plan liabilities. A 50 basis point ("bp") increase in the assumed discount rate would decrease the amount of the Company's provision for pensions and pension expense in respect of its registered and non-registered defined benefit plans by \$4,513 and \$175, respectively. Conversely, a 50bp decrease in the assumed discount rate would increase the amount of the Company's provision for pensions and pension expense in respect of its registered and non-registered defined benefit plans by \$4,914 and \$199, respectively. The method used to determine the impact of the discount rate changes is consistent with the method used to determine the amounts recognized in the financial statements.

The medical cost trend rate used was 5.8% for 2017 (2016 – 5.8%), with 4.7% being the ultimate trend rate for 2026 and years thereafter. The dental cost trend rate used was 5.0% for 2017 (2016 – 5.0%). Assumed health care cost trend rates have a significant effect on the amounts reported for the other benefit plans. A 1% increase in the assumed medical cost trend rate would increase the amount of the Company's provision for pensions and pension expense by \$1,487 and \$122, respectively. Conversely, a 1% decrease in the medical cost trend rate would decrease the amount of the Company's provision for pensions and pension expense by \$1,187 and \$92, respectively. The method used to determine the impact of compensation rate changes is consistent with the method used to determine the amounts recognized in the financial statements.

A summary of the Company's defined benefit obligation and plan assets is as follows:

	June 30, 2017	June 30, 2016
Present value of defined benefit obligation of unfunded plans	\$ (11,056)	\$ (11,068)
Present value of defined benefit obligation of partially funded plans	(10,840)	(10,682)
Present value of defined benefit obligation of fully funded plans	(45,955)	(48,733)
Total present value of defined benefit obligation	(67,851)	(70,483)
Fair value of plan assets	49,602	45,843
NET DEFINED BENEFIT LIABILITY	\$ (18,249)	\$ (24,640)

Information about the Company's pension and other benefit plans for the year ended June 30, 2017 is as follows:

	2017			
	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan	Total
FAIR VALUE OF PLAN ASSETS				
Fair value of plan assets, beginning of year	\$ 36,291	\$ 9,552	\$ -	\$ 45,843
Interest income	1,214	322	-	1,536
Actuarial gains	2,670	519	-	3,189
Company contributions	2,294	303	-	2,597
Plan participants' contributions	151	-	-	151
Benefits paid	(2,976)	(498)	-	(3,474)
Administrative costs	(200)	(40)	-	(240)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	\$ 39,444	\$ 10,158	\$ -	\$ 49,602
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION				
Defined benefit obligation, beginning of year	\$ 48,733	\$ 10,682	\$ 11,068	\$ 70,483
Current service cost	1,044	208	246	1,498
Interest cost	1,614	354	366	2,334
Plan participants' contributions	151	-	-	151
Actuarial (gains) losses:				
Experience (gains) and losses	(1,860)	255	(92)	(1,697)
Losses due to financial assumption changes	64	78	-	142
Gains due to demographic assumption changes	(815)	(193)	-	(1,008)
Benefits paid	(2,976)	(544)	(532)	(4,052)
PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION, END OF YEAR	\$ 45,955	\$ 10,840	\$ 11,056	\$ 67,851
NET DEFINED BENEFIT LIABILITY	\$ 6,511	\$ 682	\$ 11,056	\$ 18,249

The actual return on plan assets for the financial year ended June 30, 2017 was \$4,725, which was composed of interest income and actuarial gains and losses included in the reconciliation of the fair value of plan assets above.

Information about the Company's pension and other benefit plans for the year ended June 30, 2016 is as follows:

	2016			
	Registered Pension Plans	Non-Registered Pension Plans	Other Benefit Plan	Total
FAIR VALUE OF PLAN ASSETS				
Fair value of plan assets, beginning of year	\$ 36,268	\$ 9,791	\$ –	\$ 46,059
Interest income	1,381	373	–	1,754
Actuarial losses	(226)	(384)	–	(610)
Company contributions	1,550	303	–	1,853
Plan participants' contributions	170	–	–	170
Benefits paid	(2,562)	(491)	–	(3,053)
Membership transfers	(90)	–	–	(90)
Administrative costs	(200)	(40)	–	(240)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	\$ 36,291	\$ 9,552	\$ –	\$ 45,843
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION				
Defined benefit obligation, beginning of year	\$ 45,650	\$ 10,019	\$ 10,438	\$ 66,107
Current service cost	898	184	210	1,292
Interest cost	1,709	376	390	2,475
Past service cost, including curtailments	–	–	–	–
Plan participants' contributions	170	–	–	170
Actuarial (gains) losses:				
Experience (gains) and losses	8	16	(83)	(59)
Losses due to financial assumption changes	2,949	624	643	4,216
Losses due to demographic assumption changes	–	–	–	–
Membership transfers	(90)	–	–	(90)
Benefits paid	(2,561)	(537)	(530)	(3,628)
PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION, END OF YEAR	\$ 48,733	\$ 10,682	\$ 11,068	\$ 70,483
NET DEFINED BENEFIT LIABILITY	\$ 12,442	\$ 1,130	\$ 11,068	\$ 24,640

The actual return on plan assets for the financial year ended June 30, 2016 was \$1,144, which was composed of interest income and actuarial gains and losses included in the reconciliation of the fair value of plan assets above.

Amounts recognized in comprehensive income in respect to the defined benefit plans are as follows:

	2017	2016
NET DEFINED BENEFIT PENSION (INCOME) EXPENSE RECOGNIZED IN TOTAL COMPREHENSIVE INCOME		
Current service costs	\$ 1,498	\$ 1,292
Interest costs	1,038	961
Net expense recognized in net earnings	2,536	2,253
Net actuarial (gains) losses recognized in other comprehensive income	(5,752)	4,767
TOTAL NET (INCOME) EXPENSE RECOGNIZED IN TOTAL COMPREHENSIVE INCOME	\$ (3,216)	\$ 7,020

The assets of the registered pension plans consist of cash, contributions receivable and investments held in the Hiram Walker & Corby Canadian Pooled Fund Trust. As at June 30, 2017, the fair value of the Trust's assets totalled \$337,221, of which the Company's registered pension plans hold approximately 12% of the total Trust assets.

The fair values of assets held on behalf of the Company's registered pension plans are categorized in the fair value hierarchy as at June 30 as follows:

	June 30, 2017	June 30, 2016
Cash and Canadian equities – Level 1	\$ 8,205	\$ 8,184
Bond funds – Level 2	12,367	12,329
Foreign equities and foreign equity funds – Level 2	10,707	9,105
Infrastructure and real estate funds – Level 3	8,165	6,673
	\$ 39,444	\$ 36,291

The assets of the non-registered pension plan consist of cash, investments and refundable taxes on account with Canada Revenue Agency. The investments held by the non-registered pension plan are invested in a limited number of pooled funds. The assets, based on market values at June 30, are as follows:

	June 30, 2017	June 30, 2016
Canadian equity pooled funds	\$ 2,049	\$ 1,957
Foreign equity pooled funds	3,223	3,035
Refundable tax on account with Canada Revenue Agency	4,886	4,560
	\$ 10,158	\$ 9,552

The fair values of the investments held by the non-registered plan as at June 30, 2017 are categorized as Level 2 in the fair value hierarchy.

17. Share Capital

	June 30, 2017	June 30, 2016
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

18. Accumulated Other Comprehensive Loss

	June 30, 2017	June 30, 2016
Actuarial losses on pension obligations	\$ 8,269	\$ 14,021
Less: Income taxes	(2,252)	(3,801)
ACCUMULATED OTHER COMPREHENSIVE LOSS	\$ 6,017	\$ 10,220

19. Revenue

The Company's revenue consists of the following streams:

	2017	2016
Case Goods sales	\$ 114,784	\$ 111,105
Commissions (net of amortization)	24,908	23,029
Other services	4,177	5,868
	\$ 143,869	\$ 140,002

Commissions for the year are shown net of amortization of long-term representation rights and non-refundable upfront fees of \$5,883 (2016 – \$5,883). Other services include revenues incidental to the manufacture of case goods, such as logistics fees and miscellaneous bulk spirit sales.

20. Other Expenses

The Company's other expenses consist of the following amounts:

	2017	2016
Foreign exchange loss	\$ (68)	\$ (301)
Gain (loss) on disposal of property and equipment	32	(99)
	\$ (36)	\$ (400)

21. Net Financial Income and Expense

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

	2017	2016
Interest income	\$ 937	\$ 1,102
Net financial impact of pensions	(1,039)	(961)
	\$ (102)	\$ 141

22. Earnings per Share

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

	2017	2016
Numerator:		
Net earnings	\$ 25,634	\$ 25,435
Denominator:		
Weighted average shares outstanding	28,468,856	28,468,856

23. Expenses by Nature

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

	2017	2016
Depreciation of property and equipment	\$ 2,156	\$ 1,728
Amortization of intangible assets	5,883	5,883
Salary and payroll costs	25,380	22,518
Expenses related to pensions and benefits	1,498	1,292
	\$ 34,917	\$ 31,421

24. Restricted Share Units Plan

	2017		2016	
	Restricted Share Units	Weighted Average Grant Date Fair Value	Restricted Share Units	Weighted Average Grant Date Fair Value
Non-vested, beginning of year	42,115	\$ 19.75	62,154	\$ 19.49
Granted	18,790	22.69	21,359	18.96
Reinvested dividend-equivalent units	2,102	22.15	2,775	18.54
Performance adjustments	1,238	22.74	(19,025)	20.84
Vested	(8,888)	21.55	(25,148)	17.47
NON-VESTED, END OF YEAR	55,357	\$ 20.62	42,115	\$ 19.75

Compensation expense related to this plan for the year ended June 30, 2017 was \$424 (2016 – \$40).

25. Net Change in Non-Cash Working Capital Balances

	2017	2016
Accounts receivable	\$ (4,403)	\$ (5,282)
Inventories	82	(3,315)
Prepaid expenses	(27)	(250)
Accounts payable and accrued liabilities	221	5,179
	\$ (4,127)	\$ (3,668)

26. Dividends

On August 23, 2017, subsequent to the year ended June 30, 2017, the Board of Directors declared its regular quarterly dividend of \$0.21 per common share, to be paid on September 29, 2017, to shareholders of record as at the close of business on September 15, 2017. This dividend is in accordance with the Company's dividend policy.

27. Related Party Transactions

Transactions with Parent, Ultimate Parent and Affiliates

The majority of Corby's issued and outstanding voting Class A shares are owned by HWSL. HWSL is a wholly-owned subsidiary of PR. Therefore, HWSL is Corby's parent and PR is Corby's ultimate parent. Affiliated companies are subsidiaries that 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 North American entities, as approved by Corby's Board of Directors. In 2015, the production and administrative agreements were each renewed for a further 10-year term, commencing October 2016.

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

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

On July 1, 2012, the Company entered into a five-year agreement with PR USA, an affiliated company, which provides PR USA the exclusive right to represent J.P. Wiser's Canadian whisky and Polar Ice vodka in the US (the "US Representation Agreement"). The US Representation 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. This agreement ended June 30, 2017. On March 29, 2017, the Company entered into an amending agreement with PR USA to extend the term of the US Representation Agreement to June 30, 2018 (the "Amending Agreement"). The US Representation Agreement and the Amending Agreement with PR USA are related party transactions between Corby and PR USA; as such, the agreements were approved by the Independent Committee of the Board of Directors of Corby following review, in accordance with Corby's related party transaction policy.

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

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

	2017	2016
SALES TO RELATED PARTIES		
Commissions – parent, ultimate parent and affiliated companies	\$ 28,953	\$ 26,613
Products for resale at an export level – affiliated companies	6,279	6,061
	\$ 35,232	\$ 32,674
COST OF GOODS SOLD, PURCHASED FROM RELATED PARTIES		
Distilling, blending and production services – parent	\$ 20,766	\$ 22,853
ADMINISTRATIVE SERVICES PURCHASED FROM RELATED PARTIES		
Marketing, sales and administration services – parent	\$ 2,612	\$ 2,550
Marketing, sales and administration services – affiliate	1,207	4,708

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

During the year ended June 30, 2017, Corby sold casks to its parent company for net proceeds of \$136 (2016 – \$27).

During the year ended June 30, 2017, Corby entered into a transaction with its parent whereby Corby exchanged certain vintages and varieties of bulk whisky inventory with a fair value of \$1,305 for differing vintages and varieties of bulk whisky with an equivalent fair value in an effort to balance each company's future inventory requirements. The exchange was not a culmination of the earnings process and as such did not impact Corby's net earnings nor its financial position.

Deposits in Cash Management Pools

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

As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at September 6, 2017, as published by Standard & Poor's and Moody's, was BBB- and Baa2, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Services Agreement by paying interest to Corby based upon the 30-day CDOR rate plus 0.40%. During the year ended June 30, 2017, Corby earned interest income of \$980 from PR (2016 – \$1,127). 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).

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

Key management personnel compensation comprises:

	2017	2016
Wages, salaries and short-term employee benefits	\$ 4,140	\$ 4,075
Other long-term benefits	715	702
Share-based payment transactions	387	398
	\$ 5,242	\$ 5,175

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

28. Segment Information

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

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

The Commissions segment's financial results are fully reported as "Commissions" in Note 19 of the consolidated financial 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:

	2017				
	Canada	United States of America	United Kingdom	Rest of World	Total
Revenue	\$ 134,135	\$ 4,191	\$ 3,101	\$ 2,442	\$ 143,869
Capital assets and goodwill	21,580	–	1,600	–	23,180

	2016				
	Canada	United States of America	United Kingdom	Rest of World	Total
Revenue	\$ 128,251	\$ 6,861	\$ 3,567	\$ 1,323	\$ 140,002
Capital assets and goodwill	12,577	–	1,704	–	14,281

In 2017, revenue to three major customers accounted for 44%, 17% and 14%, respectively (2016 – 39%, 17% and 14%). These major customers are located in Canada and revenues are derived from the Case Goods segment.

29. Commitments

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

2018	\$ 1,608
2019	1,391
2020	1,240
2021	854
2022	786
Thereafter	2,181
	\$ 8,060

Total lease payments recognized as an expense during the year total \$1,980 (2016 – \$2,147). The Company has commitments of \$455 (2016 – \$268) as at June 30, 2017 for the acquisition of capital assets.

30. Subsequent Event

Subsequent to the year ended June 30, 2017, on August 25, 2017, the Company announced that it had entered into an agreement to acquire all of the shares of Vinnova Corporation and substantially all of the assets of the Crispino Estate Vineyard partnership, which together operate as The Foreign Affair Winery, a Niagara, Ontario-based wine producer, for a purchase price of \$6.2 million. The purchase price will be funded from the Company's deposits in cash management pools. The transaction will result in Corby's acquisition, through a wholly-owned subsidiary, of Foreign Affair's portfolio of wines as well as related production assets and inventory. The transaction is expected to close on September 29, 2017.

TEN-YEAR REVIEW

(in millions of Canadian dollars, except per share amounts)	Year Ended June 30									
	IFRS							Canadian GAAP		
	2017	2016	2015	2014	2013 ⁽¹⁾	2012	2011 ⁽²⁾	2010 ⁽³⁾	2009 ⁽³⁾	2008 ⁽³⁾
Revenue	\$ 143.9	\$ 140.0	\$ 132.1	\$ 137.3	\$ 132.7	\$ 146.7	\$ 159.6	\$ 162.2	\$ 169.3	\$ 163.3
Earnings from operations	35.1	34.6	27.2	33.5	37.0	58.9	40.5	43.0	43.4	44.6
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on disposed brands	25.6	25.4	20.4	25.0	27.0	28.4	30.6	30.1	30.4	31.9
Net earnings	25.6	25.4	20.4	25.0	27.0	46.0	28.9	20.7	30.4	31.9
Cash provided from operations	27.8	33.3	27.1	31.4	32.8	46.3	35.4	28.6	23.9	31.0
Working capital	\$ 132.7	\$ 136.6	\$ 145.7	\$ 158.9	\$ 158.8	\$ 161.6	\$ 170.0	\$ 148.0	\$ 128.5	\$ 113.1
Total assets ⁽⁴⁾	227.8	228.5	233.7	254.9	247.8	253.4	271.5	271.2	270.2	253.5
Long-term debt	–	–	–	–	–	–	–	–	–	–
Shareholders' equity	177.3	170.8	188.1	209.1	201.3	215.8	239.2	241.0	236.2	221.8
Per common share:										
Earnings from operations	\$ 1.23	\$ 1.22	\$ 0.96	\$ 1.18	\$ 1.30	\$ 2.07	\$ 1.42	\$ 1.51	\$ 1.52	\$ 1.57
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on disposed brands	0.90	0.89	0.72	0.88	0.95	1.00	1.07	1.06	1.07	1.12
Net earnings	0.90	0.89	0.72	0.88	0.95	1.62	1.01	0.73	1.07	1.12
Cash provided from operations	0.98	1.17	0.95	1.10	1.15	1.63	1.24	1.00	0.84	1.09
Shareholders' equity	6.23	6.00	6.61	7.35	7.07	7.58	8.40	8.46	8.30	7.79
Special dividend paid	–	0.62	0.62	–	0.54	1.85	–	–	–	–
Dividends paid	0.82	0.76	0.75	0.71	0.66	0.59	0.56	0.56	0.56	0.56
Market value per voting common share										
High	\$ 24.59	\$ 21.49	\$ 24.69	\$ 22.21	\$ 21.25	\$ 18.44	\$ 18.50	\$ 16.11	\$ 20.60	\$ 27.00
Low	19.84	17.50	19.50	19.07	16.25	14.90	15.00	14.55	13.16	16.10
Close at end of year	21.21	20.30	21.33	21.24	19.81	16.65	16.20	15.75	15.65	17.80
Working capital ratio	5.1	5.1	6.7	6.7	7.3	7.2	9.7	9.1	7.3	6.6
Pre-tax return on average capital employed (%)	20.2	19.5	14.1	16.7	18.0	26.4	16.8	12.9	18.9	21.4
Return on average shareholders' equity (%)	14.7	14.2	10.2	12.0	13.0	20.2	12.1	8.7	13.3	15.0
Number of shareholders	482	497	508	532	551	557	555	575	593	616
Number of shares outstanding (000s)	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,469

⁽¹⁾ Results adjusted for retrospective application of amendments to IAS 19, "Employee Benefits".

⁽²⁾ 2011 figures restated for IFRS.

⁽³⁾ Results reported under the previous Canadian GAAP.

⁽⁴⁾ 2013 and 2014 total assets adjusted for retrospective application of amendments to IAS 32, "Financial Instruments – Presentation".

BOARD OF DIRECTORS

GEORGE F. McCARTHY

Chair, Board of Directors

CLAUDE BOULAY

Member, Board of Directors

PAUL C. DUFFY

Member, Board of Directors

ROBERT L. LLEWELLYN

Chair, Audit Committee

Chair, Independent Committee

DONALD V. LUSSIER

Chair, Management Resources
Committee

PATRICIA L. NIELSEN

Chair, Corporate Governance
& Nominating Committee

PATRICK O'DRISCOLL

President & Chief Executive Officer

ANTONIO SÁNCHEZ

Vice-President & Chief Financial
Officer

KATE THOMPSON⁽¹⁾

Member, Board of Directors

⁽¹⁾ Effective March 8, 2017, Thierry R. Pourchet retired from his position as a Director of Corby and Kate Thompson was appointed as his successor, acting as one of Pernod Ricard's nominees.

MANAGEMENT TEAM

PATRICK O'DRISCOLL

President & Chief Executive Officer

STÉPHANE CÔTÉ

Vice-President, Sales

PAUL G. HOLUB⁽²⁾

Vice-President, Human Resources

ANNE MARTIN⁽³⁾

Vice-President, Marketing

ANTONIO SÁNCHEZ

Vice-President &
Chief Financial Officer

JIM STANSKI⁽⁴⁾

Vice-President, Production

MARC A. VALENCIA

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

⁽²⁾ Effective July 1, 2017, Paul G. Holub was also appointed Senior Vice-President, Human Resources, Pernod Ricard North America.

⁽³⁾ Effective September 1, 2017.

⁽⁴⁾ Effective July 1, 2016, Jim Stanski was also appointed Vice-President, Operations, Pernod Ricard North America.

GENERAL CORPORATE INFORMATION

EXECUTIVE OFFICE

225 King Street West, Suite 1100
Toronto, ON M5V 3M2
(416) 479-2400

SALES OFFICES

225 King Street West, Suite 1100
Toronto, ON M5V 3M2
(416) 479-2400

84 Chain Lake Drive, Suite 405
Halifax, NS B3S 1A2
(902) 445-0705

4858 Levy Street
Montréal, QC H4R 2P1
(514) 856-4320

2816 – 11th Street NE
Westview Building, Suite 200
Calgary, AB T2E 7S7
(403) 463-3687

395 Park Street, Unit 14
Regina, SK S4N 5B2
(306) 201-9746

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

DISTILLERIES

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

Ungava Spirits Co. Ltd.
Les Spiritueux Ungava Cie Ltée
291, rue Miner
Cowansville, QC J2K 3Y6
(450) 263-5835

WINERY

The Foreign Affair Winery Limited
4890 Victoria Avenue North
Vineland Station, ON L0R 2E0
(905) 562-9898

INTERNATIONAL INQUIRIES

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

In the US:

Pernod Ricard USA, LLC
250 Park Avenue
New York, NY 10177
(212) 372-5400
www.pernod-ricard-usa.com

In the UK:

Pernod Ricard UK, Ltd.
Building 12, Chiswick Park
566 Chiswick High Road
London W4 5AN
+44 (0)20 8538 4484
www.pernod-ricard-uk.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 enroll 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 under the symbols CSW.A and CSW.B, respectively.

INVESTOR RELATIONS INQUIRIES

Email:
investors.corby@pernod-ricard.com
www.corby.ca

ANNUAL MEETING

November 8, 2017
at 11:00 a.m. (Toronto time)
at McCarthy Tétrault LLP
66 Wellington Street West
Suite 5300, Toronto, ON

BRAND PORTFOLIO

BROWN SPIRITS

Canadian

J.P. Wiser's Apple
J.P. Wiser's Deluxe
J.P. Wiser's Dissertation
(*Limited Edition*)
J.P. Wiser's One Fifty
(*Limited Edition*)
J.P. Wiser's Red Letter
J.P. Wiser's Rye
(*Export only – US*)
J.P. Wiser's Triple Barrel
J.P. Wiser's Last Barrels
(*Limited Edition*)
J.P. Wiser's Union 52
(*Limited Edition*)
J.P. Wiser's Vanilla
J.P. Wiser's 15 Years Old
J.P. Wiser's 18 Years Old
J.P. Wiser's 35 Years Old
Wiser's Special Blend
Lot No. 40
Lot No. 40 12 Years Old
Cask Strength
Pike Creek
Pike Creek 21 Years Old
Gooderham & Worts
Gooderham & Worts Little
Trinity 17 Years Old
Royal Reserve
Hiram Walker Special Old
Cabot Trail Maple
Coureur des Bois Maple

Blended Scotch

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

Single Malt

Aberlour (10, 12, 16, 18,
A'bunadh)
The Glenlivet (*Founder's
Reserve, 12, 15, 18, 21, XXV,
Nàdurra First Fill, Nàdurra
Oloroso, Nàdurra Peated,
Cipher*)
The Glenlivet Single
Cask Edition
Longmorn (16, 23)
Longmorn Distiller's Choice
Strathisla (12)
Scapa Glansa
Scapa Skiren

Irish

Jameson
Jameson Black Barrel
Jameson Caskmates
Jameson Crested
Jameson Whiskey Makers Series
(*The Cooper's Croze,
The Blender's Dog,
The Distiller's Safe*)
Powers Gold Label
Powers Signature
Redbreast (12, 12 Cask
Strength, Lustau, 15, 21)
Midleton Barry Crockett
Midleton Dair Bluebell
Midleton Dair Ghaelach
Midleton Very Rare
Green Spot
Green Spot Leoville Barton
Green Spot Montelena
Yellow Spot

Cognac and Brandy

Martell VS
Martell VSOP
Martell XO
Martell Cordon Bleu
Barclays
Maciera

WHITE SPIRITS

Vodka

Absolut
Absolut Mix Limited Edition
Absolut Reveal Limited Edition
(*Holiday*)
Absolut Elyx
Absolut Flavours (*Apeach,
Berri Açai, Cherrys, Citron,
Lime, Mandrin, Raspberri,
Vanilia*)
Polar Ice
Polar Ice 90 Degrees North

Rum

Lamb's Classic
Lamb's Navy
Lamb's Palm Breeze
Lamb's Pineapple
Lamb's Spiced
Lamb's Spiced Cherry
Havana Club 3 Year Old
Havana Club 7 Year Old
Havana Club Añejo Reserva
Chic Choc Spiced

Gin

Beefeater
Beefeater 24
Beefeater Burroughs Reserve
Plymouth
Ungava

Tequila

Olmecca Altos Plata
Olmecca Altos Reposado
Olmecca Blanco
Olmecca Gold
Del Maguey Mezcal

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, Apple Whisky, Simple
Syrup, Butterscotch*)
Meaghers (*Crème de Menthe
White, Crème de Menthe Green,
Apricot Brandy, Crème de
Cacao White, Crème de Cacao
Brown, Cherry Brandy,
TripleSec*)
Kahlúa
Kahlúa Chili Chocolate
(*holiday flavour*)
Kahlúa Peppermint Mocha
(*holiday flavour*)
Kahlúa Pumpkin Spice
(*fall flavour*)
Kahlúa Salted Caramel
(*Limited Edition*)
Malibu Coconut
Malibu Flavours (*Mango,
Tropical Banana*)
Ramazzotti Amaro
Ramazzotti Black Sambuca
Ramazzotti Sambuca
Ricard Pastis
Pernod
Pernod Absinthe
SOHO
Cabot Trail Maple Cream
Coureur des Bois Maple Cream

Ready to Drink

Kahlúa Mudslide
Kahlúa White Russian

WINES

Foreign Affair (*including
The Conspiracy, Enchanted,
Amarosé, Temptress*)
Jacob's Creek
George Wyndham
Stoneleigh
Brancott Estate
Buried Hope
Campo Viejo
Deadbolt
Etchart
Graffigna
Kenwood
Reál Sangria
Cupcake
Big House
Concannon
Flip Flop
Franzia
Mogen David
Slow Press
Chloe
Gray Fox
Benziger

Champagne and Sparkling Wine

G.H. Mumm
Perrier-Jouët
Mumm Napa

Aperitif

Dubonnet
Lillet

Please enjoy our products responsibly.

www.corby.ca

For our full 2017 Annual Report,
please visit reports.corby.ca



IN SPIRIT AND WINE
CORBY

Affiliated with  Pernod Ricard