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CORBY

CORBY SPIRIT AND WINE LIMITED
ANNUAL REPORT 2014

Financial Highlights

(as at and for the years ended June 30, 2014 and 2013) *(in thousands of Canadian dollars, except per share amounts)*	2014	2013
RESULTS		
Revenue	$ 137,279	$ 132,743
Earnings from operations	33,460	37,043
Earnings before income taxes	33,981	37,393
Net earnings	24,983	27,014
Cash flows from operating activities	31,418	32,828
FINANCIAL POSITION		
Working capital	$ 158,901	$ 158,771
Total assets	253,960	246,859
Shareholders' equity	209,141	201,311
PER COMMON SHARE		
Earnings from operations	$ 1.18	$ 1.30
Net earnings	0.88	0.95
Dividends declared and paid	0.71	1.20
Shareholders' equity	7.35	7.07
FINANCIAL RATIOS		
Working capital	6.9	7.6
Return on average shareholders' equity	12.0	13.2
Pre-tax return on average capital employed	16.7	18.0

REVENUE

(in thousands of Canadian dollars)

In 2014, revenue growth of 3.4% reflects the introduction of J.P. Wiser's in the US, which more than offset small declines in the domestic market.

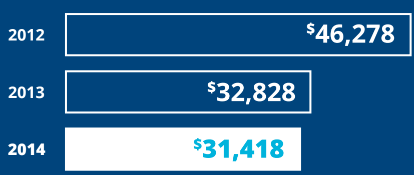
NET EARNINGS

(in thousands of Canadian dollars)

The dip in earnings is reflective of Corby's decision to invest ahead of margin to develop potential future growth streams.

CASH FLOW FROM OPERATING ACTIVITIES

(in thousands of Canadian dollars)



Cash inflows were similar to the prior year despite our investment in the ABSOLUT representation rights and in our US opportunity.

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

(2) *Net earnings for 2012 have not been adjusted to reflect the adoption of IAS 19R.*

HOME IS WHERE THE HEART IS. AND AFTER MORE THAN 150 YEARS, OUR PASSION FOR OUR COUNTRY AND OUR COMPANY IS STRONGER THAN EVER: IT'S IN THE CRAFT THAT SHAPES OUR PREMIUM BRANDS; IT'S IN THE MARKET INSIGHT THAT DISTINGUISHES OUR CUSTOMER RELATIONSHIPS; AND IT'S IN THE COMMITMENT OF OUR PEOPLE FROM COAST TO COAST.

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Dear Shareholders,

THESE ARE EXCITING TIMES TO BE PART OF CORBY. WHILE OUR COMPANY IS MORE THAN 150 YEARS OLD, IN SOME WAYS IT FEELS LIKE WE'RE JUST GETTING STARTED. OUR NEW IDENTITY IS ONLY ONE SIGN OF THE CHANGES UNDERWAY. HERE ARE A FEW MORE:

Corby gained value market share in a challenging Canadian spirits category that posted overall volume declines in fiscal 2014. Our spirits market share rose 0.1%. In wine, we held our share in the dynamic categories in which we compete. Most importantly, we achieved leading growth in premium whisky and vodka, and many of our priority wine brands outstripped category trends. We also added several national and regional on-premise account listings, providing new opportunities to bring our brands to life. It's clear to us that our investments in premium brands and organizational capabilities are making a difference. What's more, our ability to leverage our relationship with our majority shareholder, Pernod Ricard, gives us a significant competitive advantage.

We're making a solid push into the United States, riding on the surging popularity of premium North American whisky. In September 2013, we launched two premium Canadian whiskies under the J.P. Wiser's® name at retail and on-premise outlets throughout the country, in addition to introducing our Pike Creek® and Lot 40® brands at select on-premise accounts. We've met key objectives so far and our US exports are helping drive the Company's revenue and margin improvement. While we expect that it will take two to three years of strategic investment to establish Corby brands in the US, the long-term growth potential in the world's most profitable spirits market – in terms of volume and margin – inspires us.

Never before have we been so quick to convert consumer insights into new and relevant products and strategies. There's no better example than the launch of Criollo, a chocolate liqueur designed for women. Women are an emerging market for our industry and Criollo offers them indulgence in a meaningful way. The brand went from idea to store shelves in less than 15 months. In the wine market, we're using our consumer insights to drive our wine partners to innovate in line with Canadian opportunities. Buried Hope is a case in point. We're currently testing this premium collection of wines from around the world that was developed specifically for the Canadian market.

Corby is right on top of the digital revolution that's shaking up our industry. We're rolling out best-in-class strategies, using digital tools and social media to their full potential. Look no further than our success with Jacob's Creek Moscato wine, where we used broadcast and social media during the recent season of *The Bachelorette* reality TV show to insert the brand into the conversations of Canadian women. It also helps that we can leverage the world-class tools and digital platforms of Pernod Ricard to reach customers in new ways. Today, we can offer Google Hangouts with the master distiller of The Glenlivet or virtual tours of heritage distilleries to satisfy consumer interest in our brands. The results are exceeding expectations.

UNWAVERING COMMITMENT TO CANADA

While the domestic spirits and wine market is expected to remain challenging in the near future, we believe that Corby has a unique advantage over our competitors – and that's our unwavering commitment to Canada. This commitment expresses itself in everything from our tailored product development and in-depth understanding of the needs of Canadian customers and consumers to our highly engaged workforce and our innovative corporate social responsibility (CSR) practices.

THE NEW CORBY

What better way to tell the world that we've changed than to adopt a new name and identity. In 2014, we became Corby Spirit and Wine Limited and redesigned our corporate branding and logo to create a distinctive identity that acknowledges our heritage and brings clarity to our core business as brand builders of spirits and wine. The word "Spirit", in singular form, emphasizes our sense of spirit, dynamism and conviviality.

20%

CORBY'S PORTFOLIO ACCOUNTS FOR 20% OF SPIRITS AND 3% OF WINE VOLUME SALES IN CANADA

Our employees live and work across our great nation and they're deeply committed to serving their local business and community needs. You can see the difference it makes in some of our grassroots marketing initiatives. Or in the resolve of our sales team to understand and add value to their Canadian customers' business. In 2014, they completed more than 15,000 informal surveys of retail and on-premise customers! For the third straight year, Corby was recognized as one of Canada's best workplaces, a company that develops Canadian talent and creates rewarding jobs. We were also recognized for an innovative partnership with the Toronto Transit Commission (TTC) in which we committed to pay the New Year's Eve fares for TTC riders for three years in a row as a means of promoting responsible consumption. You can read more about these stories throughout this report.

OPTIMISM FOR THE FUTURE

Corby is well positioned for future growth and we're confident in our ability to deliver strong value to our shareholders, customers, employees and communities. Our five-pronged strategy has proven successful and we see no reason to change course.

This strategy is focused on: (1) strategically prioritizing our portfolio and focusing our investment; (2) building effective channel strategies for both on-premise and retail channels; (3) driving a dynamic and relevant innovation pipeline; (4) optimizing organizational structure and increasing efficiencies; and (5) positioning the Company to exploit growth opportunities outside Canada. What changes is the execution, as we respond to dynamic trends, opportunities and challenges.

In conclusion, I'd like to thank our Board of Directors for their invaluable guidance and our management team and employees for the passion they bring to their jobs each and every day. It's a joy to work with them as, together, we seek to establish Corby as the leading spirits and wine company in Canada.

Sincerely,

R. PATRICK O'DRISCOLL
President & Chief Executive Officer

OUR EMPLOYEES LIVE AND WORK ACROSS OUR GREAT NATION AND THEY'RE DEEPLY COMMITTED TO SERVING THEIR LOCAL BUSINESS AND COMMUNITY NEEDS

The Numbers

CORBY'S FINANCIAL RESULTS CLEARLY REFLECT OUR STRATEGY OF GAINING MARKET SHARE IN OUR KEY PRIORITY AREAS OF THE DOMESTIC MARKET AND GROWING TOP-LINE REVENUES IN THE DYNAMIC US MARKET. WHILE PROFITABILITY WAS AFFECTED BY THE UPFRONT ADVERTISING AND PROMOTION INVESTMENT REQUIRED TO CREATE A SUSTAINABLE GROWTH PLATFORM IN THE US, THE BUSINESS ENJOYED SOLID UNDERLYING PERFORMANCE.

REVENUE FROM CORBY-OWNED BRANDS(1)

(in millions of Canadian dollars)

2012	$107.9
2013	$109.7
2014	$116.4

2014 revenue growth from Corby-owned brands of 6.1% reflects the growth of J.P. Wiser's in the US.

MARGIN QUALITY(2)

2012	53%
2013	57%
2014	59%

Margin quality continued to improve as we developed the better margin opportunities offered by the US market.

(1) *Revenue from Corby-owned brands represents Case Goods sales of Corby products in Canada and international markets.*
(2) *Gross margin from Case Goods and other services (excludes commissions).*

2014 Key Brand Shipment Volumes

OWNED-BRANDS

Volume shipped (in thousands of 9L cases)

861
WISER'S
Market share gains in domestic market and launch in US market deliver 14% in shipment value growth.

381
POLAR ICE
Satisfactory performance with market share gains in a tough category together with the recent launch of the 90 North premium brand extension.

522
LAMB'S RUM
Decline of white rum sub-category continues to impact performance; focus on the amber and spiced variants in both domestic and international markets.

183
McGUINNESS
Continues to perform relatively well in a category adversely impacted by the flavoured vodka trend.

8
LOT 40/ PIKE CREEK
Multi-award winning handcrafted Canadian whiskies continue to build a strong fan base with shipment volumes up 10% over last year.

3.5%

DIVIDEND YIELD ON CORBY'S VOTING CLASS A COMMON SHARES IN 2014

59%

MARGIN QUALITY HAS IMPROVED IN EACH OF THE LAST THREE YEARS, REACHING 59% IN 2014

EARNINGS PER SHARE, CORE BUSINESS

(in millions of Canadian dollars)

2012[1][2]	$0.92
2013	$0.95
2014	**$0.88**

Earnings per share is impacted by the upfront investment in advertising and promotions required to develop the US market.

CASH CONVERSION[3]

2012[2]	100%
2013	122%
2014	**126%**

The business continued to deliver strong cash generation despite the significant investment in the US market.

(1) *Core business in 2012 has been adjusted to exclude the results from the disposed bottling plant in Montréal, Québec, and the brands no longer owned by Corby as a result of the disposal transaction.*
(2) *2012 figures have not been adjusted to reflect the adoption of IAS 19R which impacts net earnings, earnings from operations and EPS.*
(3) *Cash from operating activities divided by net earnings.*

REPRESENTED BRANDS

Volume shipped (in thousands of 9L cases)

508

ABSOLUT

Volumes up 5% and the brand breaks through the 500k case over-the-counter sales milestone as the TRANSFORM campaign is rolled out.

60

THE GLENLIVET

Volumes up by 13% as we benefit from Canada's love affair with premium malt whisky. The brand now has 4,000 Guardian members in Canada.

112

JAMESON

Volumes up 23% as the brand breaks through the 100k case over-the-counter sales milestone on the back of a strong marketing campaign.

356

JACOB'S CREEK

Volumes up 11% in over-the-counter sales in an Australian category that registered a decline of 3%.

1,314

WINE

The addition of The Wine Group has helped further establish Corby as a key wine player, with a credible 3% market share in a fragmented market.

WE'RE A NATION THAT KNOWS

7.8km
THE RIDEAU CANAL IN OTTAWA IS A **UNESCO** WORLD HERITAGE SITE THAT DOUBLES AS THE WORLD'S LARGEST NATURALLY FROZEN ICE RINK IN WINTER

WHAT'S BETTER ON ICE

WHETHER IT'S A SURGICALLY PRECISE SLAP SHOT OR A PREMIUM RYE WHISKY AS SMOOTH AS THE SURFACE OF A FROZEN LAKE, CANADIANS APPRECIATE THE SKILL THAT CAN TAKE AN INSTANT – THE FINAL SECONDS OF A GAME OR THAT FIRST SIP – AND MAKE IT EXTRAORDINARY.

9

WE'VE WON MORE OLYMPIC GOLD MEDALS IN MEN'S ICE HOCKEY THAN ANY OTHER COUNTRY

PIONEERS OF CANADIAN WHISKY

We're proud of Corby's prominent role in the storied history of Canadian whisky. Whisky barons like Henry Corby, John Philip Wiser, Hiram Walker, William Gooderham and James Worts built the industry from nothing in the 1850s. The market exploded during the American Civil War when US production stopped but demand for whisky remained. The story goes that US troops were prescribed Canadian whisky as a painkiller. As their business and political influence expanded, the whisky pioneers were instrumental in developing Canada's roadways, railways and trading routes.

RYE IS THE BACKBONE OF CANADIAN WHISKY, GIVING IT A UNIQUE, SPICY CHARACTER

Their reputation as innovators and craftsmen was also solidified. Without the means for traditional processing, alternative distilling practices were adopted to give Canadian whisky its individual character. Double distillation made a light or pure spirit to compete against the harsh moonshine of the day. To protect its quality product and carve out an identity, Canada was the first country to implement a minimum ageing law in 1890. Rye, which proved to be the best grain to grow in the harsh agricultural conditions of the time, became the backbone of Canadian whisky, giving it a unique, spicy character, although corn remained the majority grain.

What's more, the time-honoured practice of fermenting, distilling and ageing grains separately and only then bringing them together led to the art of blending and to the role of the master blender in the Canadian whisky category. This in turn has given rise to an incredible array of distinct whiskies that are among the best in the world.

A commitment to quality and craftsmanship continues to guide the work at the Hiram Walker distillery, where our Wiser's and other Canadian whisky brands are made, and to define Corby products as we look to expand into new markets.

60%

SALES OF CANADIAN WHISKIES IN THE US HAVE INCREASED ALMOST 60% IN THE LUXURY AND CRAFT BRAND CATEGORIES IN THE LAST FIVE YEARS[1]

[1] *Source: Distilled Spirits Council of the United States*

DON LIVERMORE | Master Blender

There's so much room for creativity in the blending of Canadian whisky. We can change the grain, we can change the yeast, we can change the distillation, we can change the type of cask, or we can change the filtration. We can enhance or soften desired flavours and characteristics to appeal to all types of consumers. We are continuously experimenting with new ideas but sometimes we find gems in our archives for recipes developed by the original whisky barons, which shows how innovative they were – even 150 years ago.

WHISKY MAKES A COMEBACK

There's a renaissance underway in the global whisky business. In its annual economic report, the Distilled Spirits Council of the United States (DISCUS) noted that the impact was evident in the US, where 2013 whisky sales grew at their fastest rate since the 1960s.

Within the North American segment, rye whisky and flavoured whisky are leading the charge. With its spicy flavours, quality rye whisky has made a comeback in classic cocktails, such as Old Fashioneds and Manhattans, and there's new interest in rye as a base grain. Flavoured whiskies are proving especially popular among the growing numbers of whisky drinkers under the age of 35 who are entering the category. Flavoured whisky sales grew from 300,000 cases to 3 million cases in just three years.

Among whisky aficionados, there's renewed interest in premium Canadian, small-batch and top-end deluxe whiskies. According to DISCUS, overall sales of Canadian whiskies in the US have increased 6% in the last five years but are up almost 60% in the luxury and craft brand categories.

All of this is a welcome situation for Corby. With established brands like Wiser's, the number one whisky family in Canada, and newer market entrants, like Lot 40 and Pike Creek, we're in a strong position to exploit the opportunities.

LOT 40, A 100% RYE-GRAIN WHISKY, WON CANADIAN WHISKY OF THE YEAR AT THE 2013 CANADIAN WHISKY AWARDS

2014 World Whiskies Awards

- Pike Creek – Gold, World's Best Canadian Whisky
- Lot 40 – Gold
- Wiser's 18 Year Old – Gold

INTRODUCING THE WORLD TO GREAT CANADIAN WHISKY

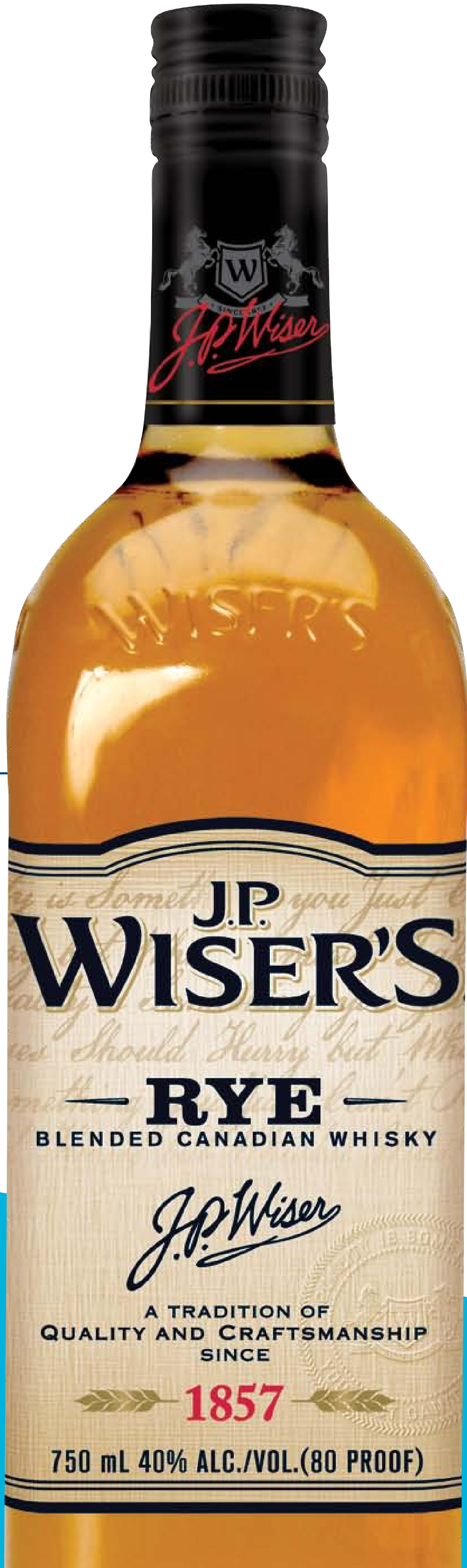
With over 150 years of heritage, it's hard to believe that most of the world has yet to be introduced to great Canadian whisky. Corby is determined to do something about it.

In July 2012, we signed a five-year agreement with Pernod Ricard USA to represent Corby brands in the United States, giving us access to one of the country's strongest spirits distribution networks. Recognizing specific whisky trends in the US, we subsequently built a portfolio of products to appeal to American consumers – tweaking existing brands and developing new ones in the space of eight months. In September 2013, two premium whiskies were launched in 16 US markets – J.P. Wiser's Rye and J.P. Wiser's Spiced. We also rebranded Wiser's Deluxe and Wiser's 18 Year Old under the J.P. Wiser brand name. Finally, Pike Creek and Lot 40 brands were also introduced to rave reviews at select on-premise accounts.

A collaborative approach with our partners is helping identify and refine ways to attract consumers. The Wiserhood television campaign and digital platform are resonating with Americans just as they have with Canadians. Building on the concept, we ran a successful, nationwide J.P. Wiser's Man Cave sweepstakes in 2014, in which contestants entered to win the components for a comfortable entertainment den.

The US market presents Corby with a dynamic, high-margin opportunity, at a time when the Canadian market is soft and demand for premium whisky is growing. Our 2014 financial results point to the merits of the strategy – US exports contributed significantly to Corby's top-line revenue and margin growth. We believe there's still room for growth in the US and we want to capitalize on it.

EXPORT SALES OF CORBY-OWNED BRANDS GREW BY CLOSE TO 28% IN 2014



ROSS HENDRY | Director of Exports

I feel quite passionate about introducing Canadian whisky to global markets. In the last 15 years, every major whisky region in the world has premiumized its product and carved out its own identity. We're doing the same thing with Canadian whisky, and the world is taking notice.

23%

SHIPMENT VOLUMES OF JAMESON GREW 23%, SURPASSING THE 100,000 9L CASE MILESTONE FOR THE FIRST TIME

THE GLENLIVET BENEFITS FROM THE TREND TO PREMIUM MALT WHISKY

HIGHEST-QUALITY IMPORTS

Of course, Canadians also appreciate the finest imported whiskies from around the world. Corby's portfolio of premium whiskies sold in Canada includes Jameson Irish whiskey and The Glenlivet Scotch whisky, two of the world's best-loved whisky brands.

Triple distilled and with a famously smooth taste, Jameson continues to win over Canadian whisky drinkers. Sales volume in fiscal 2014 grew 25%, surpassing the 100,000 9L case milestone for the first time. Meanwhile, sales of The Glenlivet rose by 7.9%, capitalizing on the trend to premium malt whisky and a growing interest among women.

In addition to traditional advertising, we're supporting these brands with marketing programs aimed at satisfying consumer interest in what they're drinking. They want to know the story behind the brands, how they're made and the best way to enjoy them. Dedicated brand ambassadors bring the brands to life through promotional activities, tastings and events, as well as their own blogging, while the brand websites offer a wealth of content to inform, educate, entertain and engage consumers directly.

13%

SHIPMENT VOLUMES OF THE GLENLIVET ROSE 13%

WE HAVE A CERTAIN
JE NE

CANADA IS MORE THAN THE SUM OF ITS PARTS – AND WE'VE GOT SOME GREAT PARTS. OLD WORLD TRADITIONS AND NEW WORLD OPTIMISM, INFUSED WITH CULTURE AND ENERGY FROM AROUND THE GLOBE – IT'S A MIX THAT LEADS TO NEW PERSPECTIVES AND FRESH IDEAS, TO OPEN MINDS AND TO OPENING MARKETS.

1971
WE WERE THE FIRST COUNTRY IN THE WORLD TO ADOPT MULTICULTURALISM AS AN OFFICIAL POLICY

1981
CANADARM MADE ITS DEBUT IN SPACE, CLEARING THE WAY FOR THOSE LIKE OUR BELOVED CHRIS HADFIELD

SAIS QUOI

ON TOP OF OUR GAME

Corby is on top of its game when it comes to understanding the idiosyncrasies and opportunities of the Canadian marketplace. Our significant investment in our people, brands and tools over the past couple of years has started to produce results. Where we've focused, we've delivered – as measured by market share gains in key categories; strong volume and share growth among private retailers; and the number of new on-premise account listings. Not to mention how it has invigorated our relationships with our Canadian customers, putting us in a much better position to give them the market data, insights and support they need to build their business.

Within our sales organization, a new customer relationship management tool has fundamentally altered how our sales team is run. The tool gives us key competitive intelligence and action-oriented data, helps us set relevant objectives and track performance against them, and enables better alignment between strategy and resource allocation. Case in point: 35% of the 45,147 objectives achieved by our sales force related to new listings, retail displays and menu placements of priority brands such as Wiser's, ABSOLUT and Jacob's Creek.

WISER'S FACEBOOK COMMUNITY GREW 12%, SURPASSING 100,000 FANS

The digital revolution is shaking up our industry, and Corby is at the forefront. An increasing percentage of our media investment is through digital channels. Our people are working with key customers to collaborate on groundbreaking digital strategies. We've realigned our marketing team to help drive innovation and maximize opportunities in the digital space. We now use Twitter, Facebook, Google Hangouts and more to dialogue directly with consumers – and change forever the way spirits and wine are marketed.

45K

OUR NEW CUSTOMER RELATIONSHIP MANAGEMENT TOOL DROVE THE ACHIEVEMENT OF OVER 45,000 NEW LISTINGS, DISPLAYS AND MENU PLACEMENTS

RESTORING VODKA'S COOL FACTOR

Corby continues to solidify its position in vodka, the largest segment in the Canadian spirits category. In fiscal 2014, we extended our exclusive right to represent ABSOLUT vodka in Canada through to 2021, ensuring that the number one premium vodka brand worldwide remains in our portfolio for the long term.

While the Canadian market for vodka was challenging in fiscal 2014, ABSOLUT shipment volumes grew by 5% and Polar Ice volume remained essentially flat.

The ABSOLUT brand has an image built around creativity and innovation. It started some 30 years ago when Andy Warhol created the first commissioned artwork used in ABSOLUT advertising. Today, we're bringing back the creative heritage of the brand and linking up with emerging art communities in high-energy, artistic events geared to 25- to 35-year-olds. The first big event kicked off at the Art Gallery of Ontario and was followed by gatherings across Canada throughout the summer.

Polar Ice 90° North is a premium product line extension for Polar Ice vodka that hit store shelves in 2014. The vodka is quadruple distilled and chill-filtered in small batches to further improve its purity and smoothness. Leveraging consumer insights, we developed a cold-activated label and implemented a strong digital/social media plan (with party music playlists, party tips and more) to attract "party people".

3rd

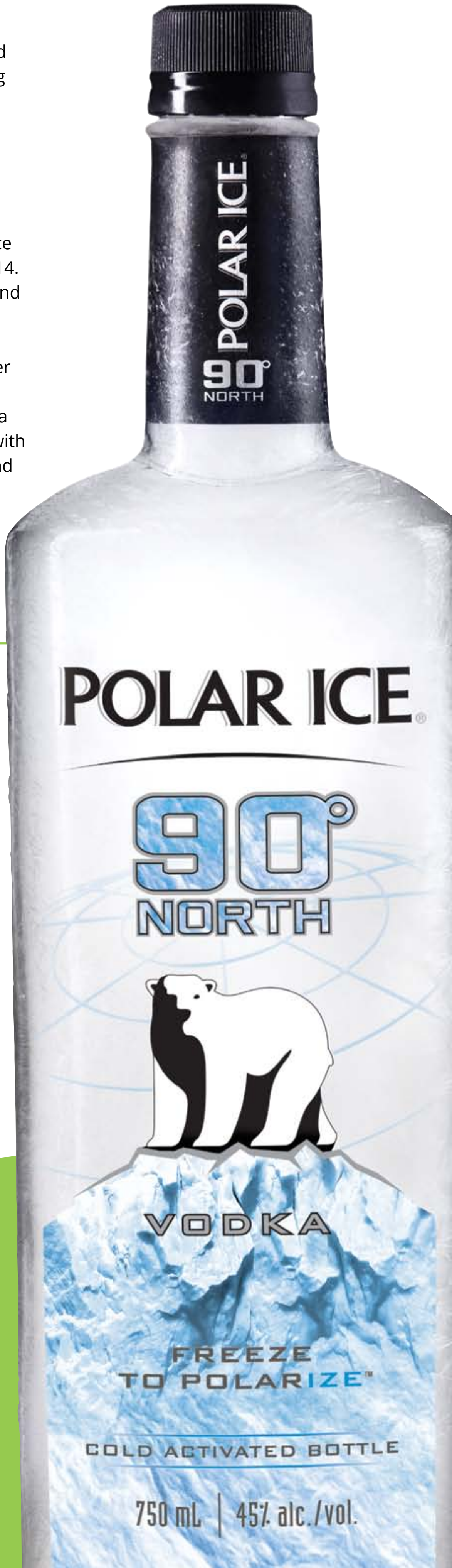
POLAR ICE VODKA IS THE NUMBER THREE TOP-SELLING SPIRIT BRAND IN THE ON-PREMISE MARKET IN CANADA

505K

ABSOLUT VODKA SURPASSED THE 500,000 CASE OVER-THE-COUNTER SALES MILESTONE

POLAR ICE 90° NORTH

Capitalizing on consumer insight which showed that people like to chill their vodka in the freezer before serving, we came up with a cool idea to make things easier for them. Polar Ice 90° North has a cold-activated label that turns icy blue after 20 minutes in the freezer. And, in case you forget to watch the time, there's an app that sends a text once the bottle is *polarized.*



39%

CAMPO VIEJO SHIPMENTS GREW ALMOST 40% IN FY14 TO 43,000 9L CASES

WINES FOR EVERY PALATE

Performance in our wine portfolio was driven by the Jacob's Creek range of wines. While the Australian wine category as a whole posted a 3% decline, Jacob's Creek bucked the trend and grew by 11%. Jacob's Creek Moscato was a particularly strong performer, tapping into the interest among young, female wine drinkers. We used broadcast and social media during a recent season of *The Bachelorette* to insert the brand into the conversations of Canadian women. Retail sales volumes of Jacob's Creek Moscato rose 114% in fiscal 2014. Volumes were up 33% for Jacob's Creek Semillon Chardonnay and up 8% for Jacob's Creek Shiraz Cabernet.

It was also a good year for our Campo Viejo and Stoneleigh brands. Shipments of Campo Viejo wines grew 39%, with Tempranillo and Reserva leading the way in the super-premium segment of the Spanish category. Stoneleigh shipments rose 11%, driven by a partnership with HGTV that included contests, brand spots and show integration, and the release of the Latitude range, Stoneleigh's premium tier.

Since the agreement signed with The Wine Group (TWG) in May 2013, Corby has a large wine portfolio with strong breadth and scale across multiple price points. We integrated TWG products into our portfolio in fiscal 2014 and, in partnership with TWG, started to build a premium strategy behind their portfolio focused on two key US brands – Cupcake Vineyards and Big House.

Cupcake and Big House offer consumers a range of unique blends and popular varietals – a perfect fit for the growing legions of millennial wine drinkers. Marketing is being done through targeted influencer programs, ongoing social media engagement and music festival activations.

As we seek to maximize the potential of wine, Corby is working with Pernod Ricard and TWG to bring new wine concepts to the table. In 2014, we added Kenwood wines to our portfolio, subsequent to Pernod Ricard's acquisition of this prominent California winery. We are currently testing Buried Hope wines, a premium, regionalized collection of wines from around the world that was developed specifically for the Canadian market. In addition, Deadbolt, a full-bodied Californian red blend, was launched in select provinces in fiscal 2014.

OUR 2013 SOCIAL MEDIA CAMPAIGNS GARNERED FACEBOOK FANS AND TWITTER FOLLOWERS FOR CUPCAKE AND BIG HOUSE

JACOB'S CREEK #MOSCATOMONDAY EFFECTIVELY RECRUITED AND ENGAGED NEW, YOUNGER CONSUMERS INTO THE BRAND, ATTRACTING 3,300 TWITTER FOLLOWERS AND 2,200 TWEETS CONTAINING #MOSCATOMONDAY

WOMEN MAKE THEIR MARK

While the spirits industry has traditionally marketed to men, women are starting to take a more active role in the marketplace and have emerged as a powerful consumer group with distinct needs.

In September 2013, Corby launched Criollo chocolate liqueur, designed specifically for women. In earlier consumer interviews, we learned that there was very little in the category that offered women indulgence in a way that was meaningful and relevant today. They were looking for a liqueur that was sophisticated, great tasting and could be enjoyed together with other women.

Months later, Criollo Chocolate Raspberry Truffle and Criollo Chocolate Sea Salted Caramel liqueurs graced the shelves of select liquor stores. The Criollo brand was recognized as one of Shari's Holiday Best Picks at the Liquor Control Board of Ontario (LCBO) and at the LCBO's Elsie Awards. Criollo is a premium chocolate made from the rare criollo cocoa bean resulting in a distinctive and complex array of flavours.

Criollo's launch was supported by a strong marketing program that included retail visibility through Mother's Day daisies and holiday bows, trial packs and tastings, as well as public relations and social media campaigns.

BEST IN CLASS

CRIOLLO WON TWO OF THE LCBO'S 2014 ELSIE AWARDS FOR BEST NEW PRODUCT LAUNCH: SPIRITS & READY-TO-DRINK AND BEST FOOD & DRINK AD

5%

THE CRIOLLO BEAN ACCOUNTS FOR ONLY 5% OF COCOA BEANS GROWN IN THE WORLD

ANNA SEYMOUR | Director, Strategic Planning, Insights and Innovation (aka Trendmeister)

The way I see it, our industry is privileged to be part of people's celebrations, indulgences and rewards. At Corby, we make it a point to connect with consumers, understand what drives their behaviour and turn that insight into new and creative solutions for their special moments.

IT'S HAPPY HOUR

SIX TA

7

IT TAKES SEVEN DAYS TO DRIVE FROM HALIFAX TO VANCOUVER

75%

MOST OF US LIVE WITHIN 200 KM OF THE CANADA/US BORDER

IMES DAY

5,514 KILOMETRES FROM EAST TO WEST WITH SIX TIME ZONES IN BETWEEN. OUR LARGEST CITY IS ALSO ONE OF THE WORLD'S MOST DIVERSE. WE'VE GOT PEOPLE, IDEAS AND ENERGY FROM ALMOST EVERYWHERE AND MORE WAYS TO GET TOGETHER – FOR A GOOD CAUSE OR A GOOD TIME – THAN ALMOST ANYWHERE.

WHEREVER CANADIANS GATHER

Corby's portfolio of spirits and wines plays a part in the events and celebrations of communities across Canada, thanks largely to our dedicated field marketing teams. Here's a sampling of what we've been up to:

Newfoundland and Labrador – Over half of Lamb's Palm Breeze rum sold in Canada is sold here. To commemorate 30 years as the number one rum brand in Newfoundland and Labrador, we gathered photos of our loyal fans living life in Lamb's Nation. Their photos are being featured on a new limited edition Lamb's Palm Breeze bottle in the summer of 2014.

Québec – Tapping into its artistic roots, ABSOLUT's "Transform Today" campaign celebrates creative expression and transformation in art, music, fashion, design and technology. At Apt 200 in Montréal, guests at the MakerFest event were dazzled by interactive art and installations and amazing 3D prints and robotics. Similar events were held in Toronto, Calgary and Vancouver.

Ontario – Torontonians got to experience Spanish culture in their own backyard in the summer of 2014. The Campo Viejo Streets of Spain brought them authentic Spanish street food and wine, music and urban art by Madrid natives Okuda and Remed.

Manitoba – Winnipeg hosted the 2014 JUNO Music Awards in April, and Wiser's Canadian whisky and Polar Ice vodka were the official whisky and vodka sponsors of this event.

2%

WHILE THEY REPRESENT ONLY 2% OF CANADA'S POPULATION, NEWFOUNDLAND AND LABRADOR ACCOUNT FOR OVER HALF THE CANADIAN SALES OF LAMB'S PALM BREEZE RUM

A SPECIAL EDITION SASKATCHEWAN ROUGHRIDERS WISER'S DELUXE BOTTLE CELEBRATED THE 2013 GREY CUP CHAMPIONS

Saskatchewan – As a longtime Saskatchewan Roughriders football club sponsor, we developed a special edition Saskatchewan Roughriders Wiser's Deluxe bottle to celebrate the club's success as 2013 Grey Cup champions.

British Columbia – To mark National Cupcake Day on February 24, our BC team organized a Cupcake wine checkout display at 60 stores, offered wine samples from the Cupcake truck and raised $5,000 to support animal welfare through the BC SPCA.

THE CUPCAKE TRUCK TRAVELS THE ROAD, CREATING FUN CONSUMER EXPERIENCES AND ENCOURAGING TRIAL

LOCAL SOURCING, LOCAL IMPACT

Corby manages the Hiram Walker & Sons Limited (HWSL) production and bottling facility in Windsor, Ontario, on behalf of Pernod Ricard, and sources more than 80% of our spirits from the site. With more than 280 employees, the facility is one of Windsor's largest employers and has been part of the local manufacturing community for over 150 years. The quadruple ISO certified facility is North America's largest grain-to-glass distillery and a centre of Canadian whisky expertise.

In February 2014, HWSL announced an $8 million investment in the site, including a $1 million Rural Economic Development (RED) Program grant from the Government of Ontario. The investment will allow the plant to manufacture smaller quantities of brands and provide flexibility for new product innovations. It's important to Corby because it enables us to transfer production of our liqueur portfolio from a third-party bottler to HWSL and it supports our innovation platform.

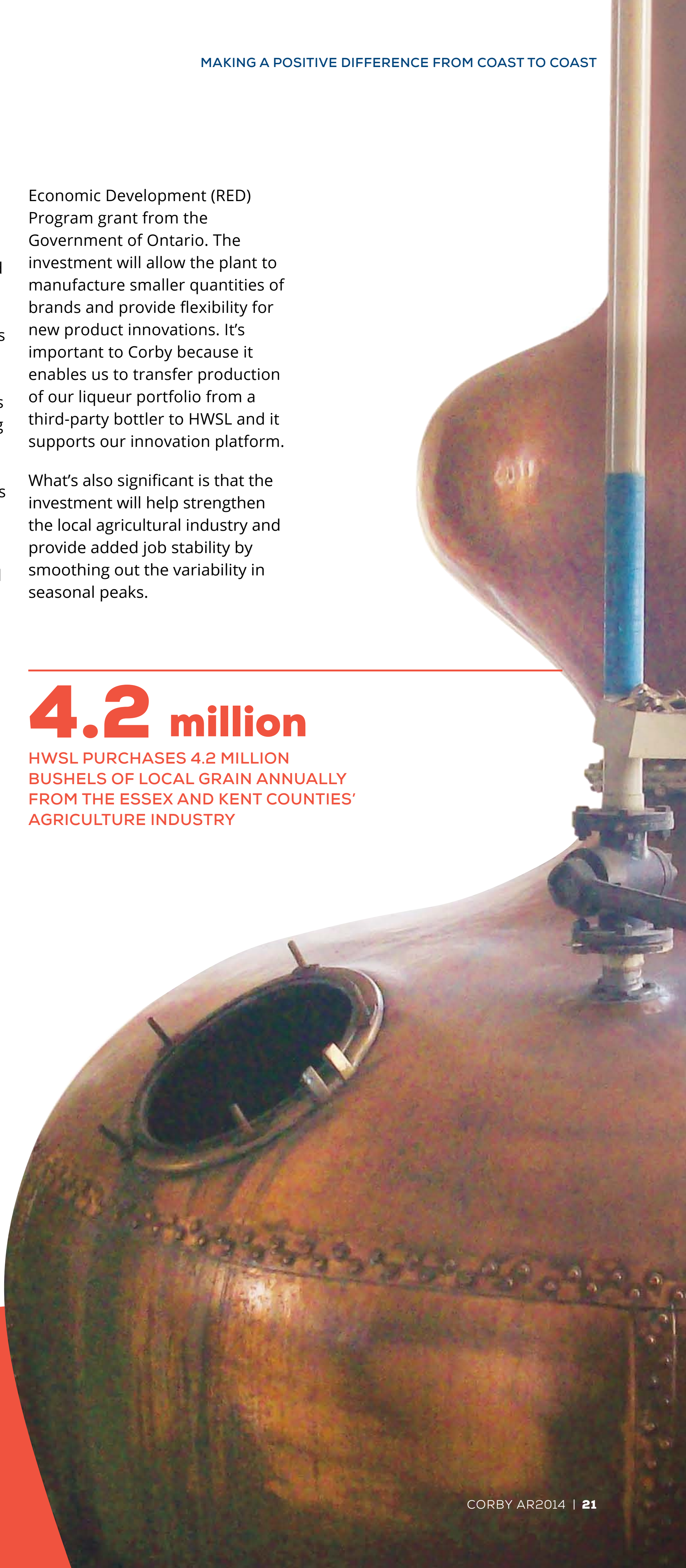
What's also significant is that the investment will help strengthen the local agricultural industry and provide added job stability by smoothing out the variability in seasonal peaks.

4.2 million

HWSL PURCHASES 4.2 MILLION BUSHELS OF LOCAL GRAIN ANNUALLY FROM THE ESSEX AND KENT COUNTIES' AGRICULTURE INDUSTRY

80%

WE SOURCE MORE THAN 80% OF OUR SPIRITS FROM THE HWSL FACILITY IN WINDSOR, ONTARIO



ACTIONS SPEAK LOUDER THAN WORDS

We've taken to heart the five key "global action" commitments undertaken by the spirits and wine industry. These commitments include: reducing under-age drinking; strengthening and expanding marketing codes of practice; providing consumer information and developing responsible product innovation; reducing drinking and driving; and enlisting the support of retailers to reduce harmful drinking.

New Year's Eve 2013 was the first of our three-year commitment to pay the fares of all Toronto Transit Commission (TTC) subway, streetcar and bus riders from 7:00 p.m. December 31st to 7:00 a.m. January 1st. Our Don't Pay the Price campaign was aimed at raising awareness about drinking and driving in Canada's largest city. The initiative drew national attention and was a big hit on social media, with numerous "thank you" tweets and Facebook posts from Torontonians and local personalities.

In May 2014, on the occasion of our fourth annual Responsib'ALL Day, when Corby and Pernod Ricard employees stop business for the day to promote responsible drinking, we announced a new sponsorship program to support golf tournaments hosted by our on-premise partners. In a novel twist for a spirits and wine company, we committed to sponsoring a responsible drinking hole, where we share responsible drinking tips and information with golfers.

We also teamed up with Alcohoot to offer a smartphone breathalyzer. Alcohoot enables drinkers to track their blood alcohol levels and supports their decision to enjoy alcohol responsibly. We provided the device to each of our employees on Responsib'ALL Day and showcased it at our partners' golf tournaments.

Responsib'ALL Day

OVER 450 CANADIAN-BASED CORBY AND PERNOD RICARD EMPLOYEES AND MORE THAN 19,000 GLOBAL COLLEAGUES PARTICIPATED IN THE FOURTH ANNUAL RESPONSIB'ALL DAY

DON'T PAY THE PRICE EARNS KUDOS

We were thrilled to be a recipient of the Ontario Ministry of Transportation's 2013 Road Safety Achievement Award in the category of Corporate Leadership for our Don't Pay the Price New Year's Eve partnership with the Toronto Transit Commission.

GREAT PLACE TO WORK

Our employees are located across the country – in sales offices in Toronto, Halifax, Montréal, Regina, Edmonton and Richmond and in the HWSL distillery in Windsor. They're passionate about their work and they live and breathe our core values of conviviality, straightforwardness, commitment, integrity and entrepreneurship. In return, we strive to provide them with unique and rewarding career opportunities where they can make a real and immediate impact.

Based on employee survey results and an audit of workplace excellence and people management practices, Corby was named one of Canada's Best Workplaces in 2014 by The Great Place to Work® Institute Canada. This was the third straight year in which we received this recognition.

We survey our people regularly to ensure that we're meeting their needs. Engagement scores have been consistently high compared to overall Canadian company benchmarks and global consumer packaging benchmarks. We take action in response to identified needs. In fiscal 2014, we rolled out "I Thank", a digital, peer-based recognition program that applauds exemplary behaviour in the categories of innovation, teamwork, responsible spirit, environmental stewardship and leadership.

We have also ramped up our employee training and communications in the last couple of years. In fiscal 2014, we continued to focus on upgrading sales capabilities at every level of the sales organization and bringing new rigour to our processes. Within the Company, Chatter, our enterprise social network, has transformed for the better the way we communicate with one another.

I Thank

DIGITAL EMPLOYEE RECOGNITION PROGRAM

CORBY WAS NAMED ONE OF CANADA'S BEST WORKPLACES FOR THE THIRD STRAIGHT YEAR

AMANDINE ROBIN | Director, Communications, Public Relations and CSR

I have the pleasure of introducing the outside world to the great culture we have inside Corby. What makes it fun is that management is open to testing innovative and different ways of communicating. It's that kind of attitude that spawns great ideas such as our TTC and Alcohoot partnerships.

Management Team

R. PATRICK O'DRISCOLL
President & Chief Executive Officer

JOHN LEBURN
Vice-President & Chief Financial Officer

STÉPHANE CÔTÉ
Vice-President, Sales

PAUL G. HOLUB
Vice-President, Human Resources

MAXIME KOUCHNIR
Vice-President, Marketing

JIM STANSKI
Vice-President, Production

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

FINANCIAL TABLE OF CONTENTS

Management's Discussion and Analysis

June 30, 2014

The following Management's Discussion and Analysis ("MD&A") dated August 27, 2014, should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended June 30, 2014, prepared in accordance with International Financial Reporting Standards ("IFRS").

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

This document has been reviewed by the Audit Committee of Corby's Board of Directors and contains certain information that is current as of August 27, 2014. 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 2014 (three months ended June 30, 2014) are against results for the fourth quarter of fiscal 2013 (three months ended June 30, 2013). All dollar amounts are in Canadian dollars unless otherwise stated.

BUSINESS OVERVIEW

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

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

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

The Company expanded its agency portfolio, particularly with regard to our strategic priority of wines, through an agreement (which began April 2013) with The Wine Group LLC ("The Wine Group" or "TWG"), providing Corby with the exclusive rights to represent The Wine Group brands in Canada until May 15, 2018. The agreement complements Corby's owned and represented brands and expands Corby offerings in the premium wine sector. Corby now represents all The Wine Group brands, including Cupcake Vineyards, Big House Wine Co., Concannon Vineyard, Gray Fox Vineyards and Mogen David Wine Co.

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

Corby sources more than 80% of its spirits production requirements from HWSL at the production facility in Windsor. The Company's remaining production requirements have been outsourced to various third-party vendors, including a bottling plant in Montréal, Québec, and a third-party manufacturer in the United Kingdom ("UK"). The UK site blends and bottles Lamb's rum products destined for sale in countries located outside North America.

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

Corby's shipment patterns to the LBs will not always exactly match short-term consumer purchase patterns. However, given the importance of monitoring consumer purchasing 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 to its industry members consumer purchase information it receives from the LBs. Corby refers to this data throughout this MD&A as "retail sales", which are measured both in volume (measured in 9L-case equivalents) and in retail value (measured in Canadian dollars).

Corby's international business is concentrated in the United States ("US") and UK and the Company has a different route to market for each. For the US market, Corby manufactures the majority of its products in Canada and ships to its US distributor, Pernod Ricard USA, LLC ("PR USA"), an affiliated company. For the UK market, Corby utilizes a third-party contract bottler and distribution company for the production and distribution of Lamb's rum. Distributors sell to various local wholesalers and retailers which in turn sell directly to the consumer.

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

STRATEGIES AND OUTLOOK

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

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

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

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

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

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

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

SIGNIFICANT EVENTS

Corby Distilleries Limited Changes Its Name to Corby Spirit and Wine Limited

Effective November 7, 2013, Corby Distilleries Limited began operating under the name Corby Spirit and Wine Limited. The new name was approved at the Company's annual and special meeting held November 7, 2013, and reflecting the change, Corby now trades on the TSX under the symbols CSW.A and CSW.B. The new name coincided with completely redesigned corporate branding and logos. The new name and branding better reflect Corby's growing activities with a strong focus on product, service and marketing.

Corby Launches J.P. Wiser's Rye and J.P. Wiser's Spiced Whisky in the US Market

In July 2012, the Company reached a new agreement with PR USA to represent Corby brands in the United States for a five-year period, giving Corby access to one of the strongest spirits distribution networks in the US market.

Since signing the agreement, Corby and PR USA have readied Corby's whisky portfolio for a national launch which began in the first quarter of this fiscal year. Specifically, Corby developed two new Wiser's brand extensions under the names J.P. Wiser's Rye and J.P. Wiser's Spiced Whisky. Given this is the first year of the launch, Corby invested heavily into the market. The launch has had a significant impact on our financial results and as such will be discussed throughout this MD&A.

Corby Continues Its Exclusive Canadian Representation of the Iconic ABSOLUT Vodka Brand

On September 30, 2013, Corby paid $10.3 million to continue its exclusive rights to represent the ABSOLUT vodka brand in Canada for an eight-year period ending September 29, 2021. The previous representation period expired September 29, 2013. The terms of this agreement are further described in the "Related Party Transactions" section of this MD&A. The transaction was accounted for as an increase in intangible assets and the purchase price is being amortized, straight-line, over the eight-year term of the agreement. Amortization expense is recorded net of commission revenues. The payment was funded from the Company's deposits in cash management pools.

THREE-YEAR REVIEW OF SELECTED FINANCIAL INFORMATION

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

(in millions of Canadian dollars, except per share amounts)	**2014**	2013	2012[1]
Revenue	**$ 137.3**	$ 132.7	$ 146.7
Earnings from operations	**33.5**	37.0	58.8
– Earnings from operations per common share	**1.18**	1.30	2.07
Net earnings	**25.0**	27.0	46.0
– Basic earnings per share	**0.88**	0.95	1.62
– Diluted earnings per share	**0.88**	0.95	1.62
Net earnings adjusted excluding effect of disposal transaction[2]	**25.0**	27.0	26.3
– Adjusted basic earnings per share[2]	**0.88**	0.95	0.92
– Adjusted diluted earnings per share[2]	**0.88**	0.95	0.92
Total assets	**254.0**	246.9	255.9
Total liabilities	**44.8**	45.5	47.6
Regular dividends paid per share	**0.71**	0.66	0.59
Special dividends paid per share	**–**	0.54	1.85

(1) *Earnings from operations and net earnings presented for 2012 do not reflect the impact of the adoption of the amendments to IAS 19, "Employee Benefits".*

(2) *Net earnings are adjusted in 2012 to remove the net after-tax gain from the sale of the Montréal plant and non-core brands of $17.7 million and the financial impact of the brands disposed and the contract bottling activities.*

The past three years have seen significant changes for Corby. The overall Canadian spirits market in 2012 was growing at a robust rate of 3% while 2013 and 2014 experienced only modest levels of growth (approximately 1% in each of those years). So while the Canadian market in general has been soft, Corby has taken actions to streamline its Canadian business allowing greater focus on its key brands, while preparing for growth via its flagship Wiser's Canadian whisky brand in the US market.

Key actions taken in each of the following fiscal years:

In 2012, Corby refocused its business away from the lower margin contract bottling and bulk whisky business by disposing of its Montréal production facility and various smaller non-strategic brands, generating a significant one-time gain and cash infusion. Due to this cash position, Corby paid a special dividend of $0.54 per share to shareholders in January 2013. While top-line revenue has decreased since 2012, gross margins have improved and the Company was able to better focus its intellectual capital and financial resources behind its key brands.

In 2013, Corby forged a new five-year strategic distribution agreement with its affiliate PR USA, allowing the Company to access an extensive national distribution network in addition to the benefits of being complemented by PR USA's premium brand portfolio. The Corby Board of Directors also revised the Company's dividend policy which has since resulted in a steady increase to the regular quarterly dividend rate (growing from $0.59 per share in 2012 to $0.71 per share in 2014, a compound annual growth rate of over 6%).

In 2014, the Company changed its name from Corby Distilleries Limited to Corby Spirit and Wine Limited to better reflect its strong focus on product, service and marketing. With the new name and clear focus, Corby leveraged its strategic relationship with PR USA and launched J.P. Wiser's Rye and J.P. Wiser's Spiced Whisky in the US market.

These two new brand extensions were based on Corby's highly successful Canadian flagship brand Wiser's Canadian whisky. The launch is mostly responsible for the top-line revenue growth experienced in 2014 versus 2013 given the significant distribution fill required. While revenue grew, the advertising and promotional investment required to support the launch was substantial and as such reduced earnings levels when compared with 2013. In an effort to mitigate the earnings impact and ensure its cost base was right-sized for difficult market conditions in Canada, Corby underwent a cost reduction program which resulted in severance and termination payments to certain employees. As well, Corby made amendments to certain of the Company's employee benefit pension plans that reduced early retirement provisions and included an increase in employee contribution levels.

BRAND PERFORMANCE REVIEW

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

Shipment Volume and Shipment Value Performance

The following table summarizes the performance of Corby's owned-brands (i.e., Case Goods) in terms of both shipment volume (as measured by shipments to customers in 9L-case equivalents) and shipment value (as measured by the change in gross sales revenue). The chart includes results for sales in both Canada and international markets. Specifically, the Wiser's, Lamb's and Polar Ice brands are also sold to international markets, particularly in the US and UK.

BRAND PERFORMANCE – INCLUDES BOTH CANADIAN AND INTERNATIONAL SHIPMENTS

	Three Months Ended				Year Ended			
Volumes (in 000s of 9L cases)	**June 30, 2014**	June 30, 2013	Shipment % Volume Change	Shipment % Value Change	**June 30, 2014**	June 30, 2013	Shipment % Volume Change	Shipment % Value Change
BRAND								
Wiser's Canadian whisky	**200**	200	0%	4%	**861**	809	6%	14%
Lamb's rum	**131**	134	(2%)	(1%)	**522**	543	(4%)	(3%)
Polar Ice vodka	**92**	94	(2%)	(3%)	**381**	385	(1%)	1%
Mixable liqueurs	**41**	42	(2%)	0%	**183**	178	3%	5%
Total key brands	**464**	470	(1%)	1%	**1,947**	1,915	2%	6%
All other Corby-owned brands	**48**	60	(20%)	(13%)	**215**	222	(3%)	8%
TOTAL CORBY BRANDS	**512**	530	(3%)	0%	**2,162**	2,137	1%	6%

Overall, Corby owned-brands experienced growth in both shipment volume and shipment value on a year-over-year comparative basis. However, trends in Corby's domestic market (i.e., Canada – in which 86% of the Company's brands are sold) differ significantly from international markets as highlighted in the following chart:

	Three Months Ended				Year Ended			
Volumes (in 000s of 9L cases)	**June 30, 2014**	June 30, 2013	Shipment % Volume Change	Shipment % Value Change	**June 30, 2014**	June 30, 2013	Shipment % Volume Change	Shipment % Value Change
Domestic	**458**	474	(3%)	(2%)	**1,879**	1,915	(2%)	0%
International	**54**	56	(4%)	20%	**283**	222	27%	94%
TOTAL CORBY BRANDS	**512**	530	(3%)	0%	**2,162**	2,137	1%	6%

During fiscal year 2014, Corby's shipments benefited most significantly from the launch of J.P. Wiser's Canadian whisky brand into the US market. Internationally, shipment volume increased 27% over the prior year. International shipment value increased at an even higher rate, reflecting the more premium nature of this brand. However, domestic shipment volumes fell 2% on a year-over-year comparative basis. The Canadian spirit industry continues to experience soft market conditions, especially in key spirit categories (i.e., Canadian whisky, rum and vodka).

Corby's shipment value performance continued to track ahead of volume as a result of our premiumization strategy, price increases and effective management of our promotional programming. Corby continues to gain market share in its key spirit categories (Canadian whisky and vodka). A more in-depth discussion of Corby's key brands in the Canadian market is provided in the "Summary of Corby's Key Brands" section of this MD&A.

During the fourth quarter ended June 30, 2014, Corby's domestic shipments pulled back after aggressive phasing of promotional activity in Western Canada during the third quarter (most significantly impacting Polar Ice vodka and Royal Reserve Canadian whisky). In international markets, Corby's key brands remained steady; however, the comparative period included a one-time shipment into Europe. Excluding this impact, key brands (J.P. Wiser's and Lamb's) increased in shipment volumes when compared to the same quarter last year.

Retail Volume and Retail Value Performance

It is of critical importance to understand the performance of Corby's brands at the retail level in Canada. Analysis of performance at the retail level provides insight with regard to consumers' current purchasing patterns and trends. Retail sales data, as provided by the ACD, is set out in the following table and is discussed throughout this MD&A. It should be noted that the retail sales information presented does not include international retail sales of Corby-owned brands:

RETAIL SALES FOR THE CANADIAN MARKET ONLY[1]

	Three Months Ended				Year Ended			
Volumes (in 000s of 9L cases)	**June 30, 2014**	June 30, 2013	% Retail Volume Change	% Retail Value Change	**June 30, 2014**	June 30, 2013	% Retail Volume Change	% Retail Value Change
BRAND								
Wiser's Canadian whisky	**161**	164	(2%)	(1%)	**717**	725	(1%)	1%
Lamb's rum	**89**	95	(6%)	(5%)	**413**	427	(3%)	(2%)
Polar Ice vodka	**78**	81	(4%)	(2%)	**355**	356	0%	1%
Mixable liqueurs	**37**	39	(5%)	(4%)	**172**	176	(2%)	(1%)
Total key brands	**365**	379	(4%)	(2%)	**1,657**	1,684	(2%)	0%
All other Corby-owned brands	**46**	49	(7%)	(4%)	**208**	208	0%	2%
TOTAL	**411**	428	(4%)	(2%)	**1,865**	1,892	(1%)	0%

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

The Canadian spirits industry continued to remain soft as industry retail sales volume declined 1% on an annual basis, while industry retail sales value increased 1% during the same 12-month period. As illustrated in the above table, Corby's portfolio of owned-brands has performed consistently with the total spirits market in retail volume and is consistent with the market performance for whisky, rum, vodka and liqueur categories (which were flat compared to the prior year). These categories make up over 80% of our portfolio and typically perform slightly below the Canadian spirits industry as a whole. The following brand summary provides a more detailed discussion of how each of Corby's key brands performed relative to their respective industry category.

Summary of Corby's Key Brands

WISER'S CANADIAN WHISKY

Corby's flagship brand, Wiser's Canadian whisky, continued to outperform the Canadian whisky category and gained market share as its retail value grew 1% on a year-over-year comparison basis. The Canadian whisky category declined 2% in retail volume and 1% in retail value when compared to last year. Corby continued its strong investment behind the brand, with a new version of its highly successful *Welcome to the Wiserhood* television commercial. In addition, Wiser's Spiced launched last year in Canada in the new innovative spiced whisky category, and continued to be supported by the *That's Spiced Up* campaign.

LAMB'S RUM

Lamb's rum, one of the top-selling rum families in Canada, experienced a 3% decline in retail volume and a 2% decline in retail value when compared to last year. The rum category in Canada decreased 2% in retail volume and was off only slightly on retail value when compared to the prior year. The rum category in Canada has been driven entirely by the spiced rum segment (up 7% in retail volumes), while the dark and white rum segments are in decline (down 4% and 7% in retail volumes when compared to last year). Corby's Lamb's rum product line is heavily weighted in the dark and white segments, with its spiced rum product (i.e., Lamb's Black Sheep) continuing to build off of its small base.

POLAR ICE VODKA

Polar Ice vodka is among the top three largest vodka brands in Canada. On an annual comparative basis, the brand's retail volumes remained steady and retail value increased 1%. These trends are consistent with the overall vodka category in Canada. During 2014, we continued to invest behind the brand with a label redesign, an exciting new digital marketing campaign, and the development of a new brand extension, Polar Ice 90° North, which began regional roll-out at the end of the quarter.

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 and retail value for Corby's mixable liqueurs portfolio are relatively consistent with market trends (retail volume was down 2% and retail value down 1%), as the category as a whole declined 2% for retail volume and showed a slight decline for retail value when compared to last year. The Company is in the process of moving production to the Corby managed HWSL production facility.

OTHER CORBY-OWNED BRANDS

Corby's other owned-brands grew in retail value by 2% as the group benefited from continued innovation, in particular, Pike Creek, Lot 40, Criollo® Chocolate Sea Salted Caramel and Criollo® Chocolate Raspberry Truffle. Lot 40 was recently named "Canadian Whisky of the Year" at the Canadian Whisky Awards. Additionally, the launch of the Criollo range of luxury liqueurs was well received by key customers and consumers. Royal Reserve Canadian whisky (the largest brand in this grouping) benefited from up-weighted promotional activity in Western Canada during the third quarter of fiscal 2014.

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, 2014 and 2013.

(in millions of Canadian dollars, except per share amounts)	**2014**	2013[1]	$ Change	% Change
REVENUE	**$ 137.3**	$ 132.7	$ 4.6	3%
Cost of sales	**(49.0)**	(49.6)	0.6	(1%)
Marketing, sales and administration	**(55.3)**	(46.3)	(9.0)	19%
Other income	**0.5**	0.3	0.2	67%
EARNINGS FROM OPERATIONS	**33.5**	37.1	(3.6)	(10%)
Financial income	**1.7**	1.7	–	0%
Financial expenses	**(1.2)**	(1.4)	0.2	(14%)
	0.5	0.3	0.2	67%
Earnings before income taxes	**34.0**	37.4	(3.4)	(9%)
Income taxes	**(9.0)**	(10.4)	1.4	(13%)
NET EARNINGS	**$ 25.0**	$ 27.0	$ (2.0)	(7%)
Per common share				
– Basic net earnings	**$ 0.88**	$ 0.95	$ (0.07)	(7%)
– Diluted net earnings	**$ 0.88**	$ 0.95	$ (0.07)	(7%)

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

Overall Financial Results

Net earnings decreased $2.0 million or 7% when compared to the prior year. Increased revenue (driven by the launch of J.P. Wiser's in the US) was more than offset by increased advertising and promotional investment behind our J.P. Wiser's brand in the US market. Also, in response to challenging Canadian market conditions, Corby implemented a cost reduction program during the current year in an effort to reduce its cost base while protecting key strategic platforms and maintaining the ability to grow the business. Execution of this plan resulted in severance and termination payments to certain employees and a charge to net earnings of $1.0 million. In addition, effective January 1, 2014, Corby made amendments to certain of the Company's employee benefit pension plans that reduced certain early retirement provisions and included an increase in employee contribution levels.

Revenue

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

(in millions of Canadian dollars)	**2014**	2013	$ Change	% Change
REVENUE STREAMS				
Case Goods	**$ 116.4**	$ 109.7	$ 6.7	6%
Commissions	**16.7**	16.4	0.3	2%
Other services	**4.2**	6.6	(2.4)	(36%)
REVENUE	**$ 137.3**	$ 132.7	$ 4.6	3%

Case Goods revenue grew $6.7 million this year, or 6%, when compared to the prior year. Increased shipments to the US more than offset a 1% decline in net sales in Canada. Growth in the US has been mostly driven by the first-quarter launch and distribution buildup of J.P. Wiser's, while the aforementioned reduction in shipment volumes to Canadian customers is mostly reflective of market conditions discussed previously.

Commissions were $16.7 million, an increase of 2% when compared to last year. The growth was driven by our new agency partner, The Wine Group, which more than offset the impacts of certain discontinued agency brands.

Other services represents ancillary revenue incidental to Corby's core business activities such as logistics fees and bulk whisky sales. The year-to-date decrease of $2.4 million in other services revenue is primarily due to the fact the Company ceased selling bulk whisky in this first quarter of fiscal 2013.

Cost of Sales

Cost of sales was $49.0 million for the year, representing a decrease of 1%, or $0.6 million, when compared to last year. Gross margin for the year was 59% versus 57% last year (note: commissions are not included in this calculation). The overall improved gross margin reflects superior margins of the US Case Goods business.

Marketing, Sales and Administration

On a year-to-date basis, marketing, sales and administration expenses increased $9.0 million, or 19%, over last year. As previously mentioned, Corby has made significant investments behind the launch of the J.P. Wiser's brands in the US market through increased advertising and promotional spend. In addition, the Company undertook a program to streamline and reduce administrative type costs during the year which resulted in severance and termination payments to several employees. Furthermore, inflationary type cost increases were offset by cost savings realized on account of the aforementioned pension plan design changes.

Other Income and Expenses

Other income and expenses include such items as realized foreign exchange gains and losses, and gains on sale of property and equipment. The balances comprising this account are relatively consistent year over year.

Net Financial Income

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

Income Taxes

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

	2014	2013
Combined basic federal and provincial tax rates	**27%**	27%
Other	**0%**	1%
Effective tax rate	**27%**	28%

LIQUIDITY AND CAPITAL RESOURCES

Corby's sources of liquidity are its deposits in cash management pools of $108.0 million as at June 30, 2014, and its cash generated from operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities, which totalled $26.8 million as at June 30, 2014, 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

(in millions of Canadian dollars)	**2014**	2013	$ Change
OPERATING ACTIVITIES			
Net earnings, adjusted for non-cash items	**$ 38.9**	$ 41.3	$ (2.4)
Net change in non-cash working capital	**(0.4)**	4.8	(5.2)
Net payments for interest and income taxes	**(7.1)**	(13.3)	6.2
	31.4	32.8	(1.4)
INVESTING ACTIVITIES			
Additions to capital assets	**(2.2)**	(1.8)	(0.4)
Additions to intangible assets	**(10.3)**	–	(10.3)
Proceeds from disposition of capital assets	**0.4**	0.5	(0.1)
Proceeds from disposition of intangible asset	**0.3**	–	0.3
Deposits in cash management pools	**–**	2.0	(2.0)
	(11.8)	0.7	(12.5)
FINANCING ACTIVITIES			
Proceeds from note receivable	**0.6**	0.6	-
Dividends paid	**(20.2)**	(34.1)	13.9
	(19.6)	(33.5)	13.9
Net change in cash	**$ –**	$ –	$ –

Operating Activities

Net cash from operating activities was $31.4 million during the year compared to $32.8 million last year, representing a decrease of $1.4 million. The decrease is mostly attributable to lower net earnings and a decrease in the net change in non-cash working capital, which was significantly impacted by the timing of collections on accounts receivable and an increase in inventory balances. The increase in inventory is a result of both our investment in J.P. Wiser's for the US market and our preparation for the upcoming transition of the liqueurs production to the HWSL facility. The current year benefited from lower tax instalments.

Investing Activities

On an annual basis, net cash used in investing activities was $11.8 million, compared to cash generated from investing activities of $0.7 million last year. The current year includes a payment of $10.3 million to PR for the exclusive right to represent the ABSOLUT vodka brand in Canada for an additional eight-year term, as discussed in the "Related Party Transactions" section of this MD&A. The payment was made on September 30, 2013 and was funded through withdrawals from cash management pools.

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

Financing Activities

Cash used for financing activities was $19.6 million for the year and largely represents the payment of dividends to shareholders. The prior year includes a special dividend paid on January 10, 2013 of $0.54 per share, or $15.4 million. There was no special dividend paid in the current fiscal year. The payment of dividends is in accordance with the Company's previously disclosed dividend policy.

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

For	Declaration Date	Record Date	Payment Date		$/Share
2014 – Q4	August 27, 2014	September 15, 2014	September 30, 2014	$	0.18
2014 – Q3	May 7, 2014	May 30, 2014	June 13, 2014		0.18
2014 – Q2	February 5, 2014	February 28, 2014	March 14, 2014		0.18
2014 – Q1	November 6, 2014	November 29, 2013	December 13, 2013		0.18
2013 – Q4	August 28, 2013	September 13, 2013	September 30, 2013		0.17
2013 – Q3	May 9, 2013	May 31, 2013	June 14, 2013		0.17
2013 – Q2	February 6, 2013	February 28, 2013	March 15, 2013		0.17
2013 – special	November 7, 2012 (special dividend)	December 14, 2012	January 10, 2013		0.54
2013 – Q1	November 7, 2012	November 30, 2012	December 14, 2012		0.17
2012 – Q4	August 29, 2012	September 15, 2012	September 30, 2012		0.15

OUTSTANDING SHARE DATA

As at August 27, 2014, 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, 2014:

		Payments during 2015		Payments Due in 2016 and 2017		Payments Due in 2018 and 2019		Payments Due after 2019		Obligations with No Fixed Maturity		Total
Operating lease obligations	$	1.7	$	2.5	$	1.0	$	–	$	–	$	5.2
Employee future benefits		–		–		–		–		18.0		18.0
	$	1.7	$	2.5	$	1.0	$	–	$	18.0	$	23.2

Operating lease obligations represent future minimum payments under long-term operating leases for premises and office equipment as at June 30, 2014. Employee benefits represent the Company's unfunded pension and other post-retirement benefit plan obligations as at June 30, 2014. For further information regarding Corby's employee future benefit plans, please refer to Note 10 to the audited consolidated financial statements.

RELATED PARTY TRANSACTIONS

Transactions with Parent, Ultimate Parent and Affiliates

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

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

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

Further, on November 9, 2011, Corby entered into an agreement with 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, an affiliate of PR and owner of the ABSOLUT brand, to satisfy the parties' obligations under the 2011 agreement. Since the 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.

Pursuant to the November 9, 2011 agreement, Corby also agreed to continue with the mirror netting arrangement with PR and its affiliates, under which Corby's excess cash will continue to be deposited to cash management pools. The mirror netting arrangement with PR and its affiliates is further described below.

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

Deposits in Cash Management Pools

Corby participates in a cash pooling arrangement under a Mirror Netting Service Agreement, together with PR's other Canadian affiliates, the terms of which are administered by The Bank of Nova Scotia (effective July 17, 2014, this agreement is administered by Citibank N.A.). The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby. As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 27, 2014, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day Canadian Dealer Offered Rate ("CDOR") plus 0.40%. Corby accesses these funds on a daily basis and has the contractual right to withdraw these funds or terminate these cash management arrangements upon providing five days' written notice.

RESULTS OF OPERATIONS – FOURTH QUARTER OF FISCAL 2014

The following table presents a summary of certain selected consolidated financial information for the Company for the three-month periods ended June 30, 2014 and 2013:

(in millions of Canadian dollars, except per share amounts)	Three Months Ended June 30, 2014	June 30, 2013[1]	$ Change	% Change
REVENUE	**$ 33.4**	$ 33.5	$ (0.1)	0%
Cost of sales	**(10.8)**	(12.4)	1.6	(13%)
Marketing, sales and administration	**(13.4)**	(11.0)	(2.4)	22%
Other income (expense)	**0.0**	0.1	(0.1)	(67%)
EARNINGS FROM OPERATIONS	**9.2**	10.2	(1.0)	(10%)
Financial income	**0.4**	0.4	0.1	14%
Financial expenses	**(0.3)**	(0.5)	0.2	(44%)
	0.2	(0.1)	0.3	(218%)
Earnings before income taxes	**9.4**	10.1	(0.7)	(7%)
Income taxes	**(2.5)**	(2.8)	0.3	(11%)
NET EARNINGS	**$ 6.9**	$ 7.3	$ (0.4)	(6%)
Per common share				
– Basic net earnings	**$ 0.24**	$ 0.26	$ (0.02)	(8%)
– Diluted net earnings	**$ 0.24**	$ 0.26	$ (0.02)	(8%)

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

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, 2014	June 30, 2013	$ Change	% Change
REVENUE STREAMS				
Case Goods	**$ 28.4**	$ 27.8	$ 0.6	2%
Commissions	**4.0**	4.6	(0.6)	(13%)
Other services	**0.9**	1.1	(0.2)	(14%)
REVENUE	**$ 33.4**	$ 33.5	$ (0.1)	0%

Total revenue was relatively consistent on a quarter-over-quarter comparison basis. Case Goods revenue increased $0.6 million during the quarter and was most significantly driven by our international business, specifically by shipments of J.P. Wiser's to the US market. Shipment volumes to Canadian markets decreased 3% this quarter when compared to the same quarter last year; however, a reduction to promotional activities, which are recorded against revenue as required by IFRS, resulted in a 1% increase in domestic revenues. Commissions decreased $0.6 million, or 13%, on a quarter-over-quarter comparative basis. The comparative period includes commission income from agency brands no longer represented by Corby.

Cost of Sales

Cost of goods sold was $10.8 million, or 13% lower than the same period last year. Gross margin was 63% this quarter compared to 57% for the same quarter last year (note: commissions are not included in this calculation). The increase in gross margin reflects a one-time adjustment for change in estimated contract bottling rates recorded in the current year quarter. If this adjustment is removed from the gross margin calculation, the current year quarter is 60%. In addition, higher margins are earned on J.P. Wiser's in the US market, and the current year quarter is favourably impacted by lower promotional activities (compared to the same quarter last year) as IFRS requires certain of these activities to be classified net of revenue.

Marketing, Sales and Administration

Marketing, sales and administration expenses increased $2.4 million, or 22%, over the same quarter last year. As previously mentioned, Corby has made significant investments behind the launch of the J.P. Wiser's brands in the US market through increased advertising and promotional spend. As well, the quarter includes charges for severance and termination payments as a result of the Company's cost reduction program.

Net Earnings and Earnings per Share

Net earnings for the fourth quarter were $6.9 million, or $0.24 per share, which is a decrease of $0.4 million over the same quarter last year. As discussed previously, improved gross margins were more than offset by increases to advertising and promotional spend and the impacts of the aforementioned severance charges.

SELECTED QUARTERLY INFORMATION

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in millions of Canadian dollars, except per share amounts)	**Q4 2014**	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	**$ 33.4**	$ 28.6	$ 38.5	$ 36.7	$ 33.5	$ 25.7	$ 37.7	$ 35.9
Earnings from operations	**9.2**	4.1	10.2	9.9	10.0	5.4	12.0	9.5
Net earnings	**6.9**	3.1	7.5	7.5	7.3	3.9	8.9	6.9
Basic EPS	**0.24**	0.11	0.26	0.26	0.26	0.14	0.31	0.24
Diluted EPS	**0.24**	0.11	0.26	0.26	0.26	0.14	0.31	0.24

The above table demonstrates the seasonality of Corby's business, as sales are typically strong in the first and second quarters, while third-quarter sales (January, February and March) usually decline after the end of the retail holiday season. Fourth-quarter sales typically increase again with the onset of warmer weather, as consumers tend to increase their purchasing levels during the summer season. The launch of J.P. Wiser's Canadian whisky brand in the US is reflected in the 2014 results above, and most significantly impacted revenues in the first and second quarters as distribution channels were being filled.

CRITICAL ACCOUNTING ESTIMATES

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

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

Goodwill and Indefinite-Lived Intangible Assets

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

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

Employee Future Benefits

The cost and accrued benefit plan obligations of the Company's defined benefit pension plans and its other post-retirement benefit plan are accrued based on actuarial valuations that are dependent upon assumptions determined by management. These assumptions include the discount rate, the rate of compensation increases, retirement ages, mortality rates and the expected inflation rate of health care costs. These assumptions are reviewed annually by the Company's management and its actuary. These assumptions may change in the future and may have a material impact on the accrued benefit obligations of the Company and the cost of these plans, which is reflected in the Company's consolidated statement of earnings. In addition, the actual rate of return on plan assets and changes in interest rates could result in changes in the Company's funding requirements for its defined benefit pension plans. See Note 10 to the consolidated financial statements for detailed information regarding the major assumptions utilized.

Income and Other Taxes

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

NEW ACCOUNTING PRONOUNCEMENTS

New Accounting Standards

The following new and revised standards and interpretations were effective for Corby on July 1, 2013:

(i) FAIR VALUE MEASUREMENT

The IASB issued a new standard, IFRS 13, "Fair Value Measurement" ("IFRS 13"), which defines fair value, provides guidance in a single IFRS framework for measuring fair value and identifies the required disclosures pertaining to fair value measurement. IFRS 13 applies to all International Financial Reporting Standards that require or permit fair value measurements or disclosures. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard is effective for annual periods beginning on or after January 1, 2013, and must be applied prospectively. For Corby, this standard became effective July 1, 2013. The Company determined that the adoption of IFRS 13 had no impact on its results of operations and financial position. See Note 5 to the consolidated financial statements for additional information for assets and liabilities not measured at fair value, but for which fair value is disclosed.

(ii) FINANCIAL INSTRUMENTS – ASSET AND LIABILITY OFFSETTING

The IASB has issued amendments to IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7 amendment"), which clarify the requirements for offsetting financial instruments and require new disclosures on the effect of offsetting arrangements on an entity's financial position. The IFRS 7 amendment is effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this amendment became effective July 1, 2013. The adoption of the IFRS 7 amendment did not have an impact on the Company's consolidated results of operations and financial position.

(iii) CONSOLIDATED FINANCIAL STATEMENTS

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

IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 are effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this set of standards and amendments became effective July 1, 2013. The adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 did not have an impact on the Company's results of operations, financial position and disclosures.

(iv) EMPLOYEE BENEFITS

The IASB issued amendments to IAS 19, "Employee Benefits" ("IAS 19 (Amended 2011)"), which eliminate the option to defer the recognition of actuarial gains and losses through the "corridor" approach, replace the expected return on plan assets calculation with a discount rate methodology in calculating pension expense for defined benefit plans, revise the presentation of changes in assets and liabilities arising from defined benefit plans and enhance the disclosures for defined benefit plans. IAS 19 (Amended 2011) is effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively.

As a result of adopting IAS 19 (Amended 2011), primarily the elimination of the "corridor" approach and the impact of the replacement of the expected return on plan assets with a discount rate methodology in calculating pension expense, the following are the impacts on the Company's net earnings and comprehensive income for the year ended June 30, 2013 and its financial position as at July 1, 2012 and June 30, 2013:

		Year Ended June 30, 2013
NET EARNINGS AND TOTAL COMPREHENSIVE INCOME IMPACTS		
Marketing, sales and administration	$	637
Other income		(41)
Earnings from operations		596
Financial expense		(910)
Earnings before income tax		(314)
Income tax		84
Net earnings		(230)
Other comprehensive income		256
Tax impact of other comprehensive income		(68)
Net comprehensive income		188
Total comprehensive income	$	(42)
Decrease in basic and diluted net earnings per common share	$	(0.01)
Basic and diluted net earnings per common share, as restated	$	0.95

		June 30, 2013		July 1, 2012
BALANCE SHEET IMPACTS				
Other assets	$	569	$	702
Provision for pensions		(10,914)		(10,989)
Deferred income taxes		2,752		2,736
Retained earnings		230		–
Accumulated other comprehensive loss		7,363		7,551
	$	–	$	–

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, 2014, and accordingly, have not been applied in preparing these consolidated financial statements:

(v) FINANCIAL INSTRUMENTS – ASSET AND LIABILITY OFFSETTING

The IASB has issued amendments to IAS 32, "Financial Instruments: Presentation" ("IAS 32"), which clarify the requirements that permit offsetting a financial asset and liability in the financial statements. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, and must be applied retrospectively. For Corby, this amendment will become effective July 1, 2014. The Company does not expect the amendments to IAS 32 to have a significant impact on its consolidated financial statements.

(vi) LEVIES

The IFRS Interpretations Committee ("IFRIC") of the IASB has issued a new interpretation, IFRIC 21, "Levies" ("IFRIC 21"), which addresses the accounting for a liability to pay a levy to a government. IFRIC 21 applies to levy liabilities within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and to levy liabilities when the timing and amount is certain. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and must be applied retrospectively. For Corby, this interpretation will become effective July 1, 2014. The Company is assessing the impact on its consolidated financial statements.

(vii) REVENUE

In May 2014, the IASB released IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), which supersedes IAS 11, "Construction Contracts", IAS 18, "Revenues", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreement for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for Corby's fiscal year beginning on July 1, 2017, with earlier application permitted. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

(viii) 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. The IASB has tentatively decided to require implementation of this standard for annual periods beginning on or after January 1, 2018, and the standard 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 consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

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

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in National Instrument 52-109) as at June 30, 2014, and has concluded that such disclosure controls and procedures are effective based upon such evaluation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

Management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting as at June 30, 2014, and has concluded that internal control over financial reporting is designed and operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management's assessment was based on the framework established in *Internal Control – Integrated Framework* (1992), published by the Committee of Sponsoring Organizations of the Treadway Commission.

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

RISKS AND RISK MANAGEMENT

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

Industry and Regulatory

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

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

Consumer Consumption Patterns

Beverage alcohol companies are susceptible to risks relating to changes in consumer purchasing patterns. Consumer purchasing 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, which complements consumer desires and offers exciting innovation.

Distribution/Supply Chain Interruption

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

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

Environmental Compliance

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

Industry Consolidation

The global beverage alcohol industry has continued to experience consolidation in 2014. Industry consolidation can have varying degrees of impact and, in some cases, may even create exceptional opportunities. Either way, management believes that the Company is well positioned to deal with this or other changes to the competitive landscape in Canada and other markets in which it carries on business.

Competition

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

Credit Risk

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

Exposure to Interest Rate Fluctuations

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

Exposure to Commodity Price Fluctuations

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

Foreign Currency Exchange Risk

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

USD EXPOSURE

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

GBP EXPOSURE

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

Brand Reputation and Trademark Protection

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

Valuation of Goodwill and Intangible Assets

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

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

		Carrying Values as at June 30, 2014		
Associated Brand	Associated Market	Goodwill	Intangibles	Total
Various PR brands	Canada	$ –	$ 42.4	$ 42.4
Lamb's rum	International[1]	1.4	11.8	13.2
Corby domestic brands	Canada	1.9	–	1.9
		$ 3.3	$ 54.2	$ 57.5

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

Therefore, economic factors (such as consumer purchasing 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 10 of the consolidated financial statements for the year ended June 30, 2014.

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.

R. Patrick O'Driscoll
President & Chief Executive Officer

John K. Leburn
Vice-President & Chief Financial Officer

August 27, 2014

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, 2014, June 30, 2013 and July 1, 2012, 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, 2014 and June 30, 2013, 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, 2014, June 30, 2013 and July 1, 2012, and its financial performance and its cash flows for the years ended June 30, 2014 and June 30, 2013 in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
August 27, 2014
Windsor, Ontario, Canada

Consolidated Balance Sheets

As at June 30, 2014, 2013, and July 1, 2012 (in thousands of Canadian dollars)	Notes	**June 30, 2014**	June 30, 2013[(1)]	July 1 2012[(1)]
ASSETS				
Deposits in cash management pools		**$ 108,029**	$ 108,043	$ 110,113
Accounts receivable	7	**23,249**	23,642	28,611
Income and other taxes recoverable		**980**	1,055	–
Inventories	8	**52,561**	49,083	47,760
Prepaid expenses		**256**	533	555
Current portion of note receivable	9	**600**	600	600
TOTAL CURRENT ASSETS		**185,675**	182,956	187,639
Note receivable	9	**–**	600	1,200
Other assets	10	**1,554**	569	702
Deferred income taxes	11	**658**	1,699	1,753
Property and equipment	12	**8,632**	8,092	7,524
Goodwill	13	**3,278**	3,278	3,278
Intangible assets	14	**54,163**	49,665	53,771
TOTAL ASSETS		**$ 253,960**	$ 246,859	$ 255,867
LIABILITIES				
Accounts payable and accrued liabilities	16	**$ 26,774**	$ 24,185	$ 22,400
Income and other taxes payable		**–**	–	3,656
TOTAL CURRENT LIABILITIES		**26,774**	24,185	26,056
Provision for employee benefits	10	**18,045**	21,363	21,539
TOTAL LIABILITIES		**44,819**	45,548	47,595
SHAREHOLDERS' EQUITY				
Share capital	17	**14,304**	14,304	14,304
Accumulated other comprehensive loss	18	**(4,303)**	(7,363)	(7,551)
Retained earnings		**199,140**	194,370	201,519
TOTAL SHAREHOLDERS' EQUITY		**209,141**	201,311	208,272
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 253,960**	$ 246,859	$ 255,867

(1) *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

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

Approved by the Board of Directors

George F. McCarthy
Director

Robert L. Llewellyn
Director

Consolidated Statements of Earnings

For the years ended June 30, 2014 and 2013
(in thousands of Canadian dollars, except per share amounts)

	Notes	2014	2013[1]
REVENUE	19	**$ 137,279**	$ 132,743
Cost of sales		**(48,973)**	(49,643)
Marketing, sales and administration		**(55,304)**	(46,334)
Other income	20	**458**	277
EARNINGS FROM OPERATIONS		**33,460**	37,043
Financial income	21	**1,755**	1,707
Financial expenses	21	**(1,234)**	(1,357)
		521	350
EARNINGS BEFORE INCOME TAXES		**33,981**	37,393
Current income taxes		**(9,066)**	(10,393)
Deferred income taxes		**68**	14
Income taxes	11	**(8,998)**	(10,379)
NET EARNINGS		**$ 24,983**	$ 27,014
Basic earnings per share		**$ 0.88**	$ 0.95
Diluted earnings per share		**$ 0.88**	$ 0.95
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			
Basic	22	**28,468,856**	28,468,856
Diluted	22	**28,468,856**	28,468,856

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

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

Consolidated Statements of Comprehensive Income

For the years ended June 30, 2014 and 2013 *(in thousands of Canadian dollars)*	Notes	**2014**	2013[1]
NET EARNINGS		**$ 24,983**	$ 27,014
Amounts that will not be subsequently reclassified to earnings:			
Net actuarial gains	10	**4,169**	256
Income taxes		**(1,109)**	(68)
		3,060	188
TOTAL COMPREHENSIVE INCOME		**$ 28,043**	$ 27,202

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

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, 2014 and 2013 *(in thousands of Canadian dollars)*	Notes	Share Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance as at June 30, 2013[1]		$ 14,304	$ –	$ 194,600	$ 208,904
Restatement of Employee Benefits	3	–	(7,363)	(230)	(7,593)
Restated balance as at June 30, 2013		14,304	(7,363)	194,370	201,311
Total comprehensive income		–	3,060	24,983	28,043
Dividends		–	–	(20,213)	(20,213)
BALANCE AS AT JUNE 30, 2014		**$ 14,304**	**$ (4,303)**	**$ 199,140**	**$ 209,141**
Balance as at July 1, 2012[1]		$ 14,304	$ –	$ 201,519	$ 215,823
Restatement of Employee Benefits	3	–	(7,551)	–	(7,551)
Restated balance as at July 1, 2012		14,304	(7,551)	201,519	208,272
Total comprehensive income		–	188	27,014	27,202
Dividends		–	–	(34,163)	(34,163)
Balance as at June 30, 2013[1]		$ 14,304	$ (7,363)	$ 194,370	$ 201,311

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

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

Consolidated Statements of Cash Flow

For the years ended June 30, 2014 and 2013 *(in thousands of Canadian dollars)*	Notes	**2014**	2013[1]
OPERATING ACTIVITIES			
Net earnings		**$ 24,983**	$ 27,014
Adjustments for:			
Amortization and depreciation	23	**7,054**	5,534
Net financial income	21	**(521)**	(350)
Gain on disposal of property and equipment		**(196)**	(224)
Income tax expense	11	**8,998**	10,379
Provision for employee benefits		**(1,369)**	(1,068)
		38,949	41,285
Net change in non-cash working capital balances	25	**(380)**	4,835
Interest received		**1,767**	1,642
Income taxes paid		**(8,918)**	(14,934)
NET CASH FROM OPERATING ACTIVITIES		**31,418**	32,828
INVESTING ACTIVITIES			
Additions to property and equipment	12	**(2,176)**	(1,845)
Additions to intangible assets	14	**(10,293)**	–
Proceeds from disposition of property and equipment		**385**	510
Proceeds from disposition of intangible asset		**265**	–
Deposits in cash management pools		**14**	2,070
NET CASH USED IN INVESTING ACTIVITIES		**(11,805)**	735
FINANCING ACTIVITIES			
Proceeds from note receivable	9	**600**	600
Dividends paid		**(20,213)**	(34,163)
NET CASH USED IN FINANCING ACTIVITIES		**(19,613)**	(33,563)
NET INCREASE IN CASH		**–**	–
Cash, beginning of period		**–**	–
CASH, END OF PERIOD		**$ –**	$ –

[1] *In preparing its comparative information, the Company has adjusted amounts reported previously in the consolidated financial statements as a result of the retrospective application of the amendments to IAS 19, "Employee Benefits". Refer to Note 3 for details regarding adjusted amounts.*

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

Notes to the Consolidated Financial Statements

For the years ended June 30, 2014 and 2013
(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 commissions earned 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 ("LBs") 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, 2014.

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

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

2. BASIS OF PREPARATION

Statement of Compliance

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

These consolidated financial statements were approved by the Company's Board of Directors on August 27, 2014.

Functional and Presentation Currency

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

Foreign Currency Translation

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

Basis of Measurement

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

Use of Estimates and Judgments

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

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

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The following new and revised standards and interpretations were effective for Corby on July 1, 2013:

(i) FAIR VALUE MEASUREMENT

The IASB issued a new standard, IFRS 13, "Fair Value Measurement" ("IFRS 13"), which provides a standard definition of fair value, sets out a framework for measuring fair value and provides for specific disclosures about fair value measurements. IFRS 13 applies to all IFRS that require or permit fair value measurements or disclosures. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard is effective for annual periods beginning on or after January 1, 2013, and must be applied prospectively. For Corby, this standard became effective July 1, 2013. The Company determined that the adoption of IFRS 13 had no impact on its results of operations and financial position. The adoption of IFRS 13 has resulted in additional disclosure in Note 5 to these consolidated financial statements.

(ii) FINANCIAL INSTRUMENTS – ASSET AND LIABILITY OFFSETTING

The IASB has issued amendments to IFRS 7, "Financial Instruments: Disclosures" ("IFRS 7 amendment"), which clarify the requirements for offsetting financial instruments and require new disclosures on the effect of offsetting arrangements on an entity's financial position. The IFRS 7 amendment is effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this amendment became effective July 1, 2013. The adoption of the IFRS 7 amendment did not have an impact on the Company's consolidated results of operations and financial position.

(iii) CONSOLIDATED FINANCIAL STATEMENTS

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

IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 are effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively. For Corby, this set of standards and amendments became effective July 1, 2013. The adoption of IFRS 10, 11 and 12 and the amendments to IAS 27 and 28 did not have an impact on the Company's results of operations, financial position and disclosures.

(iv) EMPLOYEE BENEFITS

The IASB issued amendments to IAS 19, "Employee Benefits" ("IAS 19 (Amended 2011)"), which eliminate the option to defer the recognition of actuarial gains and losses through the "corridor" approach, replaces the expected return on plan assets calculation with a discount rate methodology in calculating pension expense for defined benefit plans, revises the presentation of changes in assets and liabilities arising from defined benefit plans and enhances the disclosures for defined benefit plans. IAS 19 (Amended 2011) is effective for annual periods beginning on or after January 1, 2013, and must be applied retrospectively.

As a result of adopting IAS 19 (Amended 2011), primarily the elimination of the "corridor" approach and the impact of the replacement of the expected return on plan assets with a discount rate methodology in calculating pension expense, the following are the impacts on the Company's net earnings and comprehensive income for the year ended June 30, 2013 and its financial position as at July 1, 2012 and June 30, 2013:

	Year Ended June 30, 2013
NET EARNINGS AND TOTAL COMPREHENSIVE INCOME IMPACTS	
Marketing, sales and administration	$ 637
Other income	(41)
Earnings from operations	596
Financial expense	(910)
Earnings before income tax	(314)
Income tax	84
Net earnings	(230)
Other comprehensive income	256
Tax impact of other comprehensive income	(68)
Net comprehensive income	188
Total comprehensive income	$ (42)
Decrease in basic and diluted net earnings per common share	$ (0.01)
Basic and diluted net earnings per common share, as restated	$ 0.95

	June 30, 2013	July 1, 2012
BALANCE SHEET IMPACTS		
Other assets	$ 569	$ 702
Provision for pensions	(10,914)	(10,989)
Deferred income taxes	2,752	2,736
Retained earnings	230	–
Accumulated other comprehensive loss	7,363	7,551
	$ –	$ –

Certain additional information with respect to the net defined benefit expense and liability associated with the Company's pension and post-employment benefit plans, as restated for the impact of IAS 19 (Amended 2011), for the financial year ended June 30, 2013 has been included in Note 10 to these financial statements.

Recent Accounting Pronouncements

A number of new standards, amendments to standards, and interpretations have been issued but are not yet effective for the financial year ending June 30, 2014 and, accordingly, have not been applied in preparing these consolidated financial statements:

(i) FINANCIAL INSTRUMENTS – ASSET AND LIABILITY OFFSETTING

The IASB has issued amendments to IAS 32, "Financial Instruments: Presentation" ("IAS 32"), which provides further guidance on the requirements for offsetting financial instruments. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, and must be applied retrospectively. For Corby, this amendment will become effective July 1, 2014. The Company does not expect the amendments to IAS 32 to have a significant impact on its consolidated financial statements.

(ii) LEVIES

The IFRS Interpretations Committee ("IFRIC") of the IASB has issued a new interpretation, IFRIC 21, "Levies" ("IFRIC 21"), which addresses the accounting for a liability to pay a levy to a government. IFRIC 21 applies to levy liabilities within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and to levy liabilities when the timing and amount is certain. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, and must be applied retrospectively. For Corby, this interpretation will become effective July 1, 2014. The Company is assessing the impact of this interpretation on its consolidated financial statements.

(iii) REVENUE

In May 2014, the IASB released IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), which supersedes IAS 11, "Construction Contracts", IAS 18, "Revenues", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreement for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers", and SIC-31, "Revenue – Barter Transactions Involving Advertising Services". The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 will be effective for Corby's fiscal year beginning on July 1, 2017, with earlier application permitted. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

(iv) 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. The IASB has tentatively decided to require implementation of this standard 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 consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Consolidation

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

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

Deposits in Cash Management Pools

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

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

Inventories

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

Property and Equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Useful life and depreciation methods are reviewed at each reporting date. Items of property and equipment are written down when impaired.

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

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

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

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

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

Leases

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

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

Goodwill

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

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

Goodwill is measured at cost less any accumulated impairment losses.

Intangible Assets

Intangible assets include the following:

(i) LONG-TERM REPRESENTATION RIGHTS

Long-term representation rights represent the cost of the Company's exclusive right to represent PR's brands in Canada. These representation rights are carried at cost, less accumulated amortization. Amortization is provided for on a straight-line basis, over the 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 amount of the Company's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated.

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

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

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

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

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

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

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgmental nature of these items, future settlements may differ from amounts recognized. Provisions notably include: provisions for employee benefits (Note 10) and provisions for uncertain tax positions (Note 11).

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

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

(ii) COMMISSIONS

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commissions 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 15-year term of the agreement.

(iii) INTEREST

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

Stock-Based Compensation Plans

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

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

Earnings per Common Share

The Company presents basic and diluted earnings per share ("EPS") amounts for its common shares. Basic 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, 2014.

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 and note 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 and note receivable, and accounts payable and accrued liabilities balances.

Financial Risk Management Objectives and Policies

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

CREDIT RISK

Credit risk arises from cash held with PR via Corby's participation in the Mirror Netting Service Agreement (further described in Note 27), as well as credit exposure to customers, including outstanding accounts and note receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

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

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. At June 30, 2014, no trade receivable balances were considered impaired.

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 Service Agreement at any time, subject to five days' written notice. The Company's note receivable is secured as described in Note 9.

LIQUIDITY RISK

Corby's sources of liquidity are its deposits in cash management pools of $108,029 and its cash generated by operating activities. Corby's total contractual maturities are represented by its accounts payable and accrued liabilities balances which totalled $26,774 as at June 30, 2014, 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 and also has a note receivable earning a fixed rate of interest.

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

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

FOREIGN CURRENCY RISK

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

USD EXPOSURE

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

GBP EXPOSURE

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

COMMODITY RISK

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

Fair Value of Financial Instruments

The Company uses a fair value hierarchy in order to classify the fair value 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.

The carrying value of the note receivable approximates fair value based on the present value of future cash flows, based on estimated market rates for instruments of similar terms and conditions. Fair value is determined using Level 2 inputs.

6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

Management includes the following items in its definition of capital:

	June 30, 2014	June 30, 2013	July 1, 2012
Share capital	**$ 14,304**	$ 14,304	$ 14,304
Accumulated other comprehensive loss	**(4,303)**	(7,363)	(7,551)
Retained earnings	**199,140**	194,370	201,519
Net capital under management	**$ 209,141**	$ 201,311	$ 208,272

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

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

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

7. ACCOUNTS RECEIVABLE

	June 30, 2014	June 30, 2013	July 1, 2012
Trade receivables	**$ 16,343**	$ 16,491	$ 19,759
Due from related parties	**6,906**	7,151	8,852
	$ 23,249	$ 23,642	$ 28,611

8. INVENTORIES

	June 30, 2014	June 30, 2013	July 1, 2012
Raw materials	**$ 2,058**	$ 2,132	$ 1,597
Work-in-progress	**41,081**	39,669	40,703
Finished goods	**9,422**	7,282	5,460
	$ 52,561	$ 49,083	$ 47,760

The cost of inventory recognized as an expense and included in cost of goods sold during the year ended June 30, 2014 was $39,597 (2013 – $40,060). During the current and prior year, there were no significant write-downs of inventory as a result of net realizable value being lower than cost, and no inventory write-downs recognized in previous years were reversed.

9. NOTE RECEIVABLE

	June 30, 2014	June 30, 2013	July 1, 2012
Note receivable	**$ 600**	$ 1,200	$ 1,800
Less: Current portion	**600**	600	600
	$ –	$ 600	$ 1,200

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

10. PROVISION FOR EMPLOYEE BENEFITS

The Company provides pension benefits to its employees through a 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, 2014, the Company recognized contributions of $241 as expense (2013 – $147) 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.

Effective January 1, 2014, the Company made plan design changes to certain of its defined benefit pension plans which increased required member contributions and reduced early retirement provisions for plan members. The provision for employee benefits reflects these plan design changes and also the adoption of the new 2014 Private/Public Sector Canadian Pensioners Mortality tables which were recently issued by the Canadian Institute of Actuaries. These changes resulted in a one-time plan amendment gain of $969 recorded in marketing, sales and administration expenses and a pre-tax gain of $2,847 recorded in other comprehensive income during the year ended June 30, 2014.

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, 2013. The next required valuations must be completed with an effective date no later than December 31, 2016. 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, 2014, the average duration of the defined benefit obligation for the registered and non-registered pension plans and the post-retirement benefit plan is 13.3 years.

Company contributions to the registered and non-registered pension plans are expected to be $1,711 for the fiscal year ended June 30, 2015.

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/Public Sector Canadian Pensioners Mortality tables as prepared by the Canadian Institute of Actuaries.

The significant actuarial assumptions are as follows:

	2014			2013		
	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	**4.4%**	**4.4%**	**4.4%**	4.1%	4.1%	4.1%
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	**4.1%**	**4.1%**	**4.1%**	4.2%	4.2%	4.2%
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%

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 25 basis points ("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 $2,195 and $95, respectively. Conversely, a 25 bp 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 $2,292 and $105, respectively. The method used to determined 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 6.1% for 2014 (2013 – 6.1%), with 4.6% being the ultimate trend rate for 2026 and years thereafter. The dental cost trend rate used was 5.0% for 2014 (2013 – 5.0%). Assumed health care cost trend rates have a significant effect on the amounts reported for 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 $1,390 and $95, 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 $1,109 and $126, 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, 2014	June 30, 2013	June 30, 2012
Present value of defined benefit obligation of unfunded plans	**$ (10,157)**	$ (10,000)	$ (10,477)
Present value of defined benefit obligation of partially funded plans	**(10,699)**	(10,257)	(9,658)
Present value of defined benefit obligation of fully funded plans	**(44,138)**	(44,390)	(44,172)
Total present value of defined benefit obligation	**(64,994)**	(64,647)	(64,307)
Fair value of plan assets	**48,503**	43,853	43,470
Net defined benefit liability	**(16,491)**	(20,794)	(20,837)
– included in pension obligation	**(18,045)**	(21,363)	(21,539)
– included in other assets	**1,554**	569	702

Information about the Company's pension and other benefit plans for the year ended June 30, 2014 is as follows:

								2014
		Registered Pension Plans		Non-registered Pension Plans		Other Benefit Plan		Total
FAIR VALUE OF PLAN ASSETS								
Fair value of plan assets, beginning of year	$	33,364	$	10,489	$	–	$	43,853
Interest income		1,480		227		–		1,707
Actuarial gains		3,541		1,280		–		4,821
Company contributions		989		400		–		1,389
Plan participants' contributions		181		–		–		181
Benefits paid		(2,792)		(403)		–		(3,195)
Administrative costs		(213)		(40)		–		(253)
Fair value of plan assets, end of year	$	36,550	$	11,953	$	–	$	48,503
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION								
Defined benefit obligation, beginning of year	$	44,390	$	10,257	$	10,000	$	64,647
Current service cost		1,035		276		253		1,564
Interest cost		1,877		414		398		2,689
Past service cost, including curtailments		(969)		–		–		(969)
Plan participants' contributions		181		–		–		181
Actuarial (gains) losses:								
Experience (gains) and losses		(496)		200		(50)		(346)
Gains due to financial assumption changes		(1,849)		(480)		(729)		(3,058)
Losses due to demographic assumption changes		2,761		484		812		4,057
Benefits paid		(2,792)		(452)		(527)		(3,771)
Present value of the defined benefit obligations, end of year	$	44,138	$	10,699	$	10,157	$	64,994
Net defined benefit liability	$	7,588	$	(1,254)	$	10,157	$	16,491

Net defined benefit assets (liabilities) are presented on the consolidated balance sheet as follows as at June 30, 2014:

Pension obligation	$	(7,588)	$	(300)	$	(10,157)	$	(18,045)
Other assets	$	–	$	1,554	$	–	$	1,554

The actual return on plan assets for the financial year ended June 30, 2014 was $6,528, which comprised 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, 2013 is as follows:

	Registered Pension Plans	Non-registered Pension Plans	Other Benefit Plan	Total
				2013
FAIR VALUE OF PLAN ASSETS				
Fair value of plan assets, beginning of year	$ 33,481	$ 9,989	$ –	$ 43,470
Interest income	1,368	216	–	1,584
Actuarial gains	641	262	–	903
Company contributions	1,229	400	–	1,629
Plan participants' contributions	154	–	–	154
Benefits paid	(3,284)	(338)	–	(3,622)
Administrative costs	(225)	(40)	–	(265)
Fair value of plan assets, end of year	$ 33,364	$ 10,489	$ –	$ 43,853
PRESENT VALUE OF DEFINED BENEFIT OBLIGATION				
Defined benefit obligation, beginning of year	$ 44,172	$ 9,658	$ 10,477	$ 64,307
Current service cost	1,320	281	262	1,863
Interest cost	1,786	393	421	2,600
Past service cost	–	–	(638)	(638)
Plan participants' contributions	154	–	–	154
Actuarial (gains) losses:				
Experience (gains) and losses	(76)	234	26	184
Losses due to financial assumption changes	318	78	68	464
Benefits paid	(3,284)	(387)	(616)	(4,287)
Present value of the defined benefit obligations, end of year	$ 44,390	$ 10,257	$ 10,000	$ 64,647
Net defined benefit liability	$ 11,026	$ (232)	$ 10,000	$ 20,794

Net defined benefit assets (liabilities) are presented on the consolidated balance sheet as follows as at June 30, 2013:

Pension obligation	$ (11,026)	$ (337)	$ (10,000)	$ (21,363)
Other assets	$ –	$ 569	$ –	$ 569

The actual return on plan assets for the financial year ended June 30, 2013 was $2,487, which comprised 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:

	2014	2013
NET DEFINED BENEFIT PENSION EXPENSE RECOGNIZED IN TOTAL COMPREHENSIVE INCOME		
Current service costs	**$ 1,564**	$ 1,863
Interest costs	**1,234**	1,281
Past service costs	**(969)**	(638)
Net expense recognized in net earnings	**1,829**	2,506
Net actuarial gains recognized in other comprehensive income	**(4,169)**	(256)
Total net (gain) expense recognized in total comprehensive income	**$ (2,340)**	$ 2,250

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, 2014, the fair value of the Trust's assets totalled $331,340. The Company's registered pension plans comprise approximately 10% 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, 2014 as follows:

Cash and Canadian equities – Level 1	**$**	**8,590**
Bond funds – Level 2		**13,051**
Foreign equities and foreign equity funds – Level 2		**10,014**
Infrastructure and real estate funds – Level 3		**4,895**
	$	**36,550**

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, 2014, are as follows:

Canadian equity pooled funds	**$**	**2,343**
Foreign equity pooled funds		**4,306**
Refund tax on account with Canada Revenue Agency		**5,304**
	$	**11,953**

The fair values of the investments held by the non-registered plan as at June 30, 2014 are categorized as Level 2 in the fair value hierarchy.

11. INCOME TAXES

		2014		2013
CURRENT INCOME TAX EXPENSE				
Current period	**$**	**9,264**	$	10,034
Adjustments with respect to prior period tax estimates		**(198)**		359
	$	**9,066**	$	10,393
DEFERRED INCOME TAX EXPENSE				
Origination and reversal of temporary differences	**$**	**(111)**	$	(154)
Change in tax rate		**(6)**		8
Adjustments with respect to prior period tax estimates		**49**		132
	$	**(68)**	$	(14)
TOTAL INCOME TAX EXPENSE	**$**	**8,998**	$	10,379

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

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

		2014			2013
Net earnings for the financial year	$	24,983		$ 27,014	
Total income tax expense		8,998		10,379	
Earnings before income tax expense	$	33,981		$ 37,393	
Income tax using the combined federal and provincial statutory tax rates	$	9,050	26.6%	$ 9,927	26.6%
Non-deductible expenses		122	0.4%	170	0.5%
Net capital gains		–	0.0%	–	0.0%
Adjustments with respect to prior period tax estimates		(149)	(0.4%)	491	1.3%
Other		(25)	(0.1%)	(209)	(0.6%)
Effective income tax rate	$	8,998	26.5%	$ 10,379	27.7%

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

	June 30, 2013	Recognized in Earnings	Recognized in OCI	Recognized in Equity	June 30, 2014
Provision for pensions	$ 5,722	$ (60)	$ (1,109)	$ –	$ 4,553
Property, plant and equipment	(1,343)	(53)	–	–	(1,396)
Inventory	(451)	90	–	–	(361)
Intangibles	(2,617)	(1)	–	–	(2,618)
Other	388	92	–	–	480
	$ 1,699	$ 68	$ (1,109)	$ –	$ 658

	July 1, 2012	Recognized in Earnings	Recognized in OCI	Recognized in Equity	June 30, 2013
Provision for pensions	$ 5,750	$ 40	$ (68)	$ –	$ 5,722
Property, plant and equipment	(1,064)	(279)	–	–	(1,343)
Inventory	(539)	88	–	–	(451)
Intangibles	(2,607)	(10)	–	–	(2,617)
Other	213	175	–	–	388
	$ 1,753	$ 14	$ (68)	$ –	$ 1,699

Income tax recoverable includes a provision for uncertain tax risks in the amount of $786 at June 30, 2014 and 2013.

12. PROPERTY AND EQUIPMENT

	June 30, 2013	Additions	Depreciation	Disposals	June 30, 2014
Leasehold improvements	$ 1,002	$ –	$ –	$ –	$ 1,002
Machinery and equipment	5,397	860	–	(385)	5,872
Casks	6,708	1,056	–	(309)	7,455
Other	682	260	–	–	942
Gross value	13,789	2,176	–	(694)	15,271
Leasehold improvements	(415)	–	(117)	–	(532)
Machinery and equipment	(2,588)	–	(685)	384	(2,889)
Casks	(2,514)	–	(529)	122	(2,921)
Other	(180)	–	(117)	–	(297)
Accumulated depreciation	(5,697)	–	(1,448)	506	(6,639)
Property, plant and equipment	$ 8,092	$ 2,176	$ (1,448)	$ (188)	$ 8,632

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

13. GOODWILL

Changes in the carrying amount of goodwill are as follows:

	June 30, 2014	June 30, 2013
Balance, beginning of year	**$ 3,278**	$ 3,278
Decreases in goodwill	**–**	–
BALANCE, END OF YEAR	**$ 3,278**	$ 3,278

There have been no impairment losses recognized with respect to goodwill during 2014 (2013 – $nil).

14. INTANGIBLE ASSETS

On September 30, 2013, Corby entered into an agreement to continue its exclusive rights to represent the ABSOLUT vodka brand in Canada for an additional eight-year period ending September 29, 2021 in consideration of a payment of $10,293. The terms of this agreement are further described in Note 27, "Related Party Transactions". The transaction was accounted for as an increase to intangible assets and the payment is being amortized, straight-line, over the eight-year term of the agreement beginning on October 1, 2013:

						2014
		Movements in the Year				
	Opening Book Value	**Additions**	**Amortization**	**Impairments**	**Disposals**	**Ending Book Value**
Long-term representation rights	**$ 37,439**	**$ 10,293**	**$ (5,495)**	**$ –**	**$ (265)**	**$ 41,972**
Trademarks and licences	**11,801**	**–**	**–**	**–**	**–**	**11,801**
Non-refundable upfront fees	**425**	**76**	**(111)**	**–**	**–**	**390**
	$ 49,665	**$ 10,369**	**$ (5,606)**	**$ –**	**$ (265)**	**$ 54,163**

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

15. 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, 2014, along with the data and assumptions applied to the Cash-Generating Units ("CGUs") of the Case Goods segment, are as follows:

	Carrying Value Goodwill	Carrying Value Trademarks and Licences	Discount Rate	Terminal Growth Rate
Case Goods segment	$ 3,278	$ 11,801	8.6% to 11.6%	2% to 3%

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

For purposes of impairment testing, goodwill and intangibles with an indefinite life (trademarks and licences) were allocated to the group of CGUs 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, 2014, the Company performed impairment testing on goodwill and indefinite-lived intangible assets in accordance with its accounting policy and identified no impairment.

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

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

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	June 30, 2013	July 1, 2012
Trade payables and accruals	**$ 17,724**	$ 17,715	$ 16,584
Due to related parties	**9,050**	6,470	5,816
	$ 26,774	$ 24,185	$ 22,400

17. SHARE CAPITAL

	June 30, 2014	June 30, 2013	July 1, 2012
NUMBER OF SHARES AUTHORIZED			
Voting Class A Common Shares – no par value	**Unlimited**	Unlimited	Unlimited
Non-voting Class B Common Shares – no par value	**Unlimited**	Unlimited	Unlimited
NUMBER OF SHARES ISSUED AND FULLY PAID			
Voting Class A Common Shares	**24,274,320**	24,274,320	24,274,320
Non-voting Class B Common Shares	**4,194,536**	4,194,536	4,194,536
	28,468,856	28,468,856	28,468,856
Stated value	**$ 14,304**	$ 14,304	$ 14,304

18. ACCUMULATED OTHER COMPREHENSIVE LOSS

	June 30, 2014	June 30, 2013	July 1, 2012
Actuarial losses on pension obligations	**$ 5,946**	$ 10,115	$ 10,287
Less: Income taxes	**(1,643)**	(2,752)	(2,736)
Accumulated other comprehensive loss	**$ 4,303**	$ 7,363	$ 7,551

19. REVENUE

The Company's revenue consists of the following streams:

	2014	2013
Case Goods sales	**$ 116,372**	$ 109,656
Commissions (net of amortization)	**16,735**	16,439
Other services	**4,172**	6,648
	$ 137,279	$ 132,743

Commissions for the year are shown net of amortization of long-term representation rights and non-refundable upfront fees of $5,606 (2013 – $4,541). Other services include revenues incidental to the manufacture of Case Goods, such as logistics fees and miscellaneous bulk spirit sales.

20. OTHER INCOME

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

	2014	2013
Foreign exchange gain	**$ 263**	$ 53
Gain on disposal of property and equipment	**195**	224
	$ 458	$ 277

21. NET FINANCIAL INCOME AND EXPENSE

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

	2014	2013
Interest income	**$ 1,755**	$ 1,707
Interest expense	**–**	(76)
Net financial impact of pensions	**(1,234)**	(1,281)
	$ 521	$ 350

22. EARNINGS PER SHARE

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

	2014	2013
Numerator:		
Net earnings	**$ 24,983**	$ 27,014
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:

		2014		2013
Depreciation of property and equipment	**$**	**1,448**	$	993
Amortization of intangible assets		**5,606**		4,541
Salary and payroll costs		**22,595**		20,408
Expenses related to pensions and benefits		**595**		1,225
	$	**30,244**	$	27,167

24. RESTRICTED SHARE UNITS PLAN

	2014			2013		
	Restricted Share Units		**Weighted Average Grant Date Fair Value**	Restricted Share Units		Weighted Average Grant Date Fair Value
Non-vested, beginning of year	**85,138**	**$**	**16.05**	55,758	$	15.42
Granted	**16,889**		**21.05**	24,088		16.95
Reinvested dividend-equivalent units	**2,907**		**20.13**	5,292		18.55
Vested	**(31,154)**		**(15.51)**	–		–
Non-vested, end of year	**73,780**	**$**	**17.58**	85,138	$	16.05

Compensation expense related to this plan for the year ended June 30, 2014, was $613 (2013 – $691).

25. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

		2014		2013
Accounts receivable	**$**	**381**	$	4,969
Inventories		**(3,478)**		(1,323)
Prepaid expenses		**277**		22
Income tax and other taxes recoverable/payable		**(73)**		(170)
Accounts payable and accrued liabilities		**2,513**		1,337
	$	**(380)**	$	4,835

26. DIVIDENDS

On August 27, 2014 subsequent to the year ended June 30, 2014, the Board of Directors declared its regular quarterly dividend of $0.18 per common share, to be paid on September 30, 2014, to shareholders of record as at the close of business on September 15, 2014. This dividend is in accordance with the Company's dividend policy.

27. RELATED PARTY TRANSACTIONS

Transactions with Parent, Ultimate Parent and Affiliates

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

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

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

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

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

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

	2014	2013
SALES TO RELATED PARTIES		
Commissions – parent, ultimate parent and affiliated companies	**$ 18,897**	$ 18,006
Products for resale at an export level – affiliated companies	**10,979**	3,171
Bulk spirits – parent	**6**	23
	$ 29,882	$ 21,200
COST OF GOODS SOLD, PURCHASED FROM RELATED PARTIES		
Distilling, blending and production services – parent	**$ 22,130**	$ 20,310
ADMINISTRATIVE SERVICES PURCHASED FROM RELATED PARTIES		
Marketing, selling and administration services – parent	**$ 2,400**	$ 2,044
Marketing, selling and administration services – affiliate	**5,025**	–

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, 2014, Corby sold casks to its parent company for net proceeds of $383 (2013 – $480).

During the year ended June 30, 2014, Corby entered into a transaction with its parent whereby Corby exchanged certain vintages and varieties of bulk whisky inventory with a fair value of $1,086 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 The Bank of Nova Scotia (effective July 17, 2014, this agreement is administered by Citibank N.A.). The Mirror Netting Service Agreement acts to aggregate each participant's net cash balance for the purposes of having a centralized cash management function for all of PR's Canadian affiliates, including Corby.

As a result of Corby's participation in this agreement, Corby's credit risk associated with its deposits in cash management pools is contingent upon PR's credit rating. PR's credit rating as at August 27, 2014, as published by Standard & Poor's and Moody's, was BBB- and Baa3, respectively. PR compensates Corby for the benefit it receives from having the Company participate in the Mirror Netting Service Agreement by paying interest to Corby based upon the 30-day CDOR rate plus 0.40%. During the year ended June 30, 2014, Corby earned interest income of $1,712 from PR (2013 – $1,630). Corby has the right to terminate its participation in the Mirror Netting Service 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:

	2014	2013
Wages, salaries and short-term employee benefits	**$ 3,052**	$ 3,643
Other long-term benefits	**632**	467
Share-based payment transactions	**356**	382
	$ 4,040	$ 4,492

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

28. SEGMENT INFORMATION

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

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

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

Geographic information regarding the Company is as follows:

2014	**Canada**	**United States of America**	**United Kingdom**	**Rest of World**	**Total**
Revenue	**$ 122,002**	**$ 11,107**	**$ 4,140**	**$ 30**	**$ 137,279**
Capital assets and goodwill	**10,500**	**–**	**1,410**	**–**	**11,910**

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

In 2014, revenue from three major customers accounted for 34%, 17% and 13% of revenue, respectively (2013 – 34%, 18% and 15%). 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:

2015	$	1,663
2016		1,375
2017		1,111
2018		794
2019		167
Thereafter		–
	$	5,110

Total lease payments recognized as an expense during the year amount to $2,402 (2013 – $2,274).

The Company has commitments of $284 as at June 30, 2014 (2013 – $132) for the acquisition of capital assets.

Ten-Year Review

(in millions of Canadian dollars, except per share amounts)	**2014**	2013[1]	2012	2011[2]	2010[3]	2009[3]	2008[3]	2007[3]	2006[3][4]	2005[3]
	Year Ended June 30								Year Ended August 31	
	IFRS				Canadian GAAP					
Revenue	**137.3**	132.7	146.7	159.6	162.2	169.3	163.3	153.6	110.8	129.4
Earnings from operations	**33.5**	37.0	58.9	40.5	43.0	43.4	44.6	39.2	28.5	40.0
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on disposed brands	**25.0**	27.0	28.4	30.6	30.1	30.4	31.9	100.4	29.2	39.9
Net earnings	**25.0**	27.0	46.0	28.9	20.7	30.4	31.9	100.4	28.0	39.9
Cash provided from operations	**31.4**	32.8	46.3	35.4	28.6	23.9	31.0	33.4	21.5	28.4
Working capital	**158.9**	158.8	161.6	170.0	148.0	128.5	113.1	91.2	144.0	103.2
Total assets	**254.0**	246.9	253.4	271.5	271.2	270.2	253.5	238.0	180.3	313.2
Long-term debt	**–**	–	–	–	–	–	–	–	–	–
Shareholders' equity	**209.1**	201.3	215.8	239.2	241.0	236.2	221.8	203.5	158.3	142.7
Per common share[5]:										
Earnings from operations	**1.18**	1.30	2.07	1.42	1.51	1.52	1.57	1.38	1.00	1.41
Net earnings excluding after-tax restructuring costs, impairment charges, and gain/loss on disposed brands	**0.88**	0.95	1.00	1.07	1.06	1.07	1.12	3.53	1.03	1.41
Net earnings	**0.88**	0.95	1.62	1.01	0.73	1.07	1.12	3.53	0.99	1.41
Cash provided from operations	**1.10**	1.15	1.63	1.24	1.00	0.84	1.09	1.18	0.76	1.00
Shareholders' equity	**7.35**	7.07	7.58	8.40	8.46	8.30	7.79	7.15	5.57	5.03
Special dividend paid	**–**	0.54	1.85	–	–	–	–	1.50	–	–
Dividends paid	**0.71**	0.66	0.59	0.56	0.56	0.56	0.56	0.56	0.41	0.55
Market value per voting common share:										
High	**22.21**	21.25	18.44	18.50	16.11	20.60	27.00	28.40	28.00	20.46
Low	**19.07**	16.25	14.90	15.00	14.55	13.16	16.10	22.00	17.75	15.81
Close at end of year	**21.24**	19.81	16.65	16.20	15.75	15.65	17.80	24.50	22.90	18.13
Working capital ratio	**6.9**	7.6	7.2	9.7	9.1	7.3	6.6	4.6	9.1	1.6
Pre-tax return on average capital employed	**16.7**	18.0	26.4	16.8	12.9	18.9	21.4	63.1	40.7	38.8
Return on average shareholders' equity	**12.0**	13.2	20.2	12.1	8.7	13.3	15.0	55.0	31.0	30.2
Number of shareholders	**532**	551	557	555	575	593	616	630	666	684
Number of shares outstanding (000s)	**28,469**	28,469	28,469	28,469	28,469	28,469	28,469	28,469	28,451	28,414

(1) *Results adjusted for retrospective application of amendments to IAS 19, "Employee Benefits".*
(2) *2011 figures have been restated for IFRS.*
(3) *Results reported under the previous Canadian GAAP.*
(4) *Reflects a 10-month period ended as the Company changed its fiscal year end from August 31 to June 30, effective as of June 30, 2006.*
(5) *References to per share figures have been restated to reflect the impact of the March 15, 2006 stock split.*

Board of Directors

GEORGE F. McCARTHY
Director & Chairman of the Board, Corby

CLAUDE BOULAY
Director, Corby

PHILIPPE A. DRÉANO
Chairman & Chief Executive Officer, Pernod Ricard Americas

JOHN K. LEBURN
Vice-President & Chief Financial Officer, Corby

ROBERT L. LLEWELLYN
Director, Corby

DONALD V. LUSSIER
Director, Corby

PATRICIA L. NIELSEN
President & Chief Executive Officer, Canadian Automobile Association, Niagara

R. PATRICK O’DRISCOLL
President & Chief Executive Officer, Corby

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

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

10455 – 172 Street NW
Edmonton, AB T5S 1K9
(780) 442-9000

2825 Saskatchewan Drive
Unit 202
Regina, SK S4T 1H3
(306) 586-6546

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

DISTILLERY

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

INTERNATIONAL ENQUIRIES

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

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

In the UK, Europe, Asia and Africa:
Halewood International Ltd.
Wilson Road
Huyton Business Park
Liverpool, England L36 6AD
0151-480-8800
www.halewood-int.com

AUDITORS

Deloitte LLP
www.deloitte.ca

REGISTRAR & TRANSFER AGENT

Computershare Investor Services Inc.
www.investorcentre.com

ELECTRONIC DELIVERY OF SHAREHOLDER DOCUMENTS

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

SHARES

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

INVESTOR RELATIONS ENQUIRIES

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

ANNUAL MEETING

On Wednesday, November 5, 2014, at 11:00 a.m. (Toronto time), at the TMX Broadcast Centre, The Exchange Tower, 130 King St. West, Toronto, ON in the Gallery.

Brand Portfolio

BROWN SPIRITS

CANADIAN WHISKY

J.P. Wiser's Deluxe
J.P. Wiser's Spiced Vanilla
J.P. Wiser's Spiced Torched Toffee *(Limited Edition)*
J.P. Wiser's 18 Years Old
J.P. Wiser's Legacy
J.P. Wiser's Red Letter
J.P. Wiser's Rye
Wiser's Small Batch
Wiser's Special Blend
Lot No. 40
Pike Creek
Royal Reserve
Hiram Walker Special Old

BLENDED SCOTCH WHISKY

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

SINGLE MALT WHISKY

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

IRISH WHISKEY

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

COGNAC AND BRANDY

Martell VS
Martell VSOP
Martell XO
Martell Cordon Bleu
Barclays

WHITE SPIRITS

VODKA

ABSOLUT
ABSOLUT ELYX
ABSOLUT NATURALS *(BERRI AÇAÍ, APEACH, CITRON, CHERRYS, GRÄPE, MANDRIN, MANGO, ORIENT APPLE, ORIGINALITY, PEARS, PEPPAR, RASPBERRI, VANILIA, 100)*
Polar Ice
Polar Ice 90 Degrees North

RUM

Lamb's White
Lamb's Navy
Lamb's Palm Breeze
Lamb's Black Sheep
Lamb's Spiced
Havana Club Blanco
Havana Club Añejo Reserva
Havana Club 3 Year Old
Havana Club 7 Year Old

GIN

Beefeater
Beefeater 24
Plymouth

TEQUILA

Olmeca Gold
Olmeca Blanco
Avion Silver
Avion Reposado
Avion Añejo

LIQUEURS

McGuinness *(Amaretto Dell' Amorosa, Peach Schnapps, Peppermint Schnapps, Blue Curacao, Crème de Banane, Crème de Cacao White, Crème de Cacao Brown, Orange & Brandy, Cherry Brandy, Crème de Menthe Green, Crème de Menthe White, Apricot Brandy, Cherry Whisky, Melon, Triple Sec)*
Meaghers *(Crème de Menthe White, Crème de Menthe Green, Apricot Brandy, Crème de Cacao White, Crème de Cacao Brown, Cherry Brandy, Triple Sec)*
Kahlúa
Kahlúa Peppermint Mocha *(holiday flavour)*
Kahlúa Gingerbread *(holiday flavour)*
Kahlúa Pumpkin Spice *(fall flavour)*
Malibu Coconut
Malibu flavours *(Mango Splash, Banana Shake, Berrylicious (summer flavour))*
Malibu Island Spiced
Malibu Rum Sparkler
Soho
Sour Puss
Ramazzotti Amaro
Ramazzotti Black Sambuca
Ramazzotti Sambuca
Ricard Pastis
Pernod
Pernod Absinthe
Becherovka
Criollo Chocolate Sea Salted Caramel
Criollo Chocolate Raspberry Truffle

READY TO DRINK

Kahlúa Mudslide
Kahlúa White Russian
Malibu Caribbean Cosmo
Malibu Tropical Sea Breeze

WINES

Jacob's Creek
Wyndham Estate
Stoneleigh
Brancott Estate
Buried Hope
Campo Viejo
Deadbolt
Etchart
Graffigna
Kenwood Vineyards
Reál Sangria
Cupcake Vineyards
Big House Wine Company
Concannon Vineyard
Franzia
Mogen David

CHAMPAGNES AND SPARKLING WINES

G.H. Mumm
Perrier-Jouët
Mumm Napa

APERITIFS

Dubonnet
Lillet

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Core Values

CONVIVIALITY

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

STRAIGHTFORWARDNESS

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

COMMITMENT: HARD WORK OVER SHORTCUTS

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

INTEGRITY: SUBSTANCE OVER STYLE

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

ENTREPRENEURSHIP

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

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CORBY

Affiliated with Pernod Ricard