



# Corby Distilleries Limited

144th Year

ANNUAL REPORT - FOR THE YEAR ENDED AUGUST 31, 2003

www.corby.ca

## Wiser's Hits Milestone

Only the 6th Brand in Canada to Surpass 1/2 Million Cases

Page A2



## Corby Partners with the Liquor Boards

Collaboration and the Social Value of Regulation in the Spirits Industry

Page A2



## Malibu Coconut Rum Added to Portfolio

Performing Beyond Projections

Page A5

# POLAR ICE WINS GOLD IN SAN FRANCISCO

## International acclaim for "the little black dress" of vodkas

SAN FRANCISCO — What's cooler than Polar Ice?

Well, winning awards is pretty cool. Corby's Polar Ice vodka, a past award-winner for distinctive, innovative packaging, is now earning recognition for what's inside the eye-catching bottle. At the 2003 World Spirits Competition in San Francisco, Polar Ice won a Double Gold Medal for overall quality and taste. Being recognized for creative packaging — for a bottle that manages to capture the timeless style of black while still providing a clear view of the product — was a major step forward for Polar Ice. Vodka drinkers appreciate style. And with no shortage of competing brands out there, it's important to stand out. But the ultimate goal is to be known for the quality and purity of the vodka.

"You don't just want it to look good," says Brand Manager Farzanah Mohamed, "you want it to taste good too. That's why the Double Gold Medal win at the 2003 San Francisco World Spirits Competition for Product Quality was so important," she says. "It's a whole new ball game because now we're winning awards for taste!"

In the music industry, a song that is number five on the charts but moving up quickly is said to be "number five with a bullet." Polar Ice is the fifth best-selling vodka in Canada, and it definitely has a bullet. The brand is only 5,000 cases shy of fourth spot, and it's growing at a dizzying 18 percent annually, making it the fastest growing vodka in Canada. Since the current

number four is only growing at 1 percent... well... you do the math. With momentum like that, you set your sights higher than just the next rung on the ladder. The President and CEO of Corby, Krystyna Hoeg, put it this way: "I think we're in a place where we can start to make some major waves out there."

But getting to this enviable place has involved learning as much as possible about vodka and the people who drink it. "The biggest thing about vodka that attracts people of all ages is its ability to mix with almost anything," says Mohamed.

**The vodka suggests the effortless style and simplicity of a tuxedo or a basic black cocktail dress**

She notes a lot of people still enjoy the classic vodka and orange juice, or like to put a new twist on an old favourite like a Tom Collins. There are also the more experimental, often younger consumers who like to try new things. They've become a little more discerning in their taste and want something with style and flavour.

"They might mix vodka with a liqueur, or they might create a funky new drink that says something about who they are," Mohamed adds.

One of the keys to the success of the brand has been the many contacts made with clubs and restaurants all over Canada to promote the brand. Promotional



*Polar Ice Vodka has added another gold medal to its roster of accomplishments by winning top prize for both overall quality and taste at the 2003 World Spirits Competition in San Francisco. Polar Ice won gold for packaging at the same event in 2001.*

activities in bars have been a priority because consumers often take their cues from the people who mix the drinks. Bartender competitions have produced a number of Polar Ice drink recipes involving various liqueurs and fruit flavours like cranberry, peach, lime, and lychee. Farzanah

Mohamed laughs as she recalls one creative bartender who went a bit over the top. "He created this elaborate drink with sparklers in it. It was great."

Another example of how Polar Ice has connected with the consumer is the story behind the award-winning bottle. The pre-

vious model was a daring black design in a sea of clear, plain containers. People liked the style, but they wanted to actually see the purity and clarity of the product. So the Polar Ice team came up with a way of keeping the classic look without obscuring the view. You have to see it to fully appreciate it.

In many ways, this innovation best conveys what Polar Ice is about. "The vodka suggests the effortless style and simplicity of a tuxedo or a basic black cocktail dress. It's a cut above, but very accessible. It's not a trend. It never goes out of style," says Mohamed.

## Reaching Thousands of New Consumers with Cara

TORONTO — Canada's biggest restaurant chain owner, Cara, has chosen Corby as spirits supplier of choice for its hundreds of licensed outlets nation-wide. And while this new business is already good news, the most exciting aspect of the deal is the promotional opportunities for Corby's brands.

"This partnership puts our trademark and brands in more than 380 restaurants," says Andy Alexander, Vice President of Sales at Corby. "It's just a beautiful platform to launch initiatives that enhance Cara's business while marketing our products to literally millions of Canadian consumers each week."

Cara picked Corby over the incumbent on the strength of Corby's plans to work closely with the customer on marketing and sales development.

"We put a brilliant team

together on this one," says Corby President and CEO Krystyna Hoeg. "Becoming Cara's supplier of choice for spirits makes great strategic sense for Corby. The pitch was outstanding and we intend to invest just as much energy in serving Cara's needs now that we have the contract."

"We're strongly focused on building true partnerships with our customers," explains Alexander. "We've demonstrated that with other national accounts like The Keg and Prime Restaurants. With the Cara deal, Corby now has 65% of the national on-premise accounts in Canada."

Cara's banners include Swiss Chalet, Kelsey's, Montana's, Outback Steak House, and Milestones. The company has sales in excess of \$1.6 billion annually.

"We look forward to further

developing this innovative and mutually beneficial relationship, leveraging the strength of Corby's brand portfolio with the guest preferences within our licensed divisions," says Nils Kravis, President and Chief Operating Officer, Kelsey's International Inc.

Corby's sure-footedness in the national account market comes from years of doing good business with other large restaurant chains. The Keg is the second-largest chain operator in Canada and has been an exclusive customer for Corby brands for many years.

"The personal service we've received from the Corby team has been outstanding. Together, we developed our signature martini programme, which had a huge impact on our bar sales," states Jim Croteau, Chief Operating Officer, The Keg Restaurants Ltd.

## REVIEWS

### Profile-SUTTER HOME & MELINI

The newest additions to the Corby wine portfolio

Page A6

### SASKATCHEWAN

Corby and the Roungriders, two winning teams

Page A6

### CHAMPAGNE 101

How to prepare, serve and enjoy your champagne

Page A6

## Positive Growth in Fiscal '03 Anchors Direction for 2004

### Corby CFO John Nicodemo

TORONTO — Fiscal 2003 was one of continued growth for Corby Distilleries.

Gross operating revenue was up 7% over fiscal 2002 to \$108.9 million. Both earnings and cash flows from operations were at their highest levels of the past 10 years. During fiscal 2003, the Company repaid its entire bank debt and ended the year with \$17 million of cash in the bank. Return on equity of nearly 31% ranks near the top of corporate performers.

We look to fiscal 2004 with continued confidence in our strategy for delivering earnings and cash flow growth to our shareholders.

see "Financial Review" page F1



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

## INSIDE

|                                            |    |
|--------------------------------------------|----|
| LETTER TO SHAREHOLDERS                     | A3 |
| PORTFOLIO                                  | A4 |
| NATIONAL                                   | A5 |
| REGIONAL                                   | A6 |
| TRAVEL                                     | A6 |
| FINANCIAL REVIEW                           | F1 |
| MANAGEMENT'S DISCUSSION & ANALYSIS         | F1 |
| MANAGEMENT'S AND AUDITOR'S REPORT          | F1 |
| CONSOLIDATED FINANCIAL STATEMENTS          | F2 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | F2 |
| TEN-YEAR REVIEW                            | F5 |
| DIRECTORS & OFFICERS                       | F5 |
| LIFESTYLE                                  | B1 |

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

CORBY

## CUISINE

Kahlúa Mochaccino Cheesecake

Page B1





Wiser's celebrated its milestone of 500,000 cases sold in Canada last year with a special, numbered, limited edition bottle and presentation box released this fall. Unfortunately, the unique package is not available at retail.

# Wiser's Now Playing in the Big Leagues

## Canadian Whisky Competes with Global Brands

WALKERVILLE — Wiser's Canadian whisky is now the sixth-largest spirits family in Canada. To understand this tremendous success, you need to know that the people who drink it are the most loyal consumers of rye whisky in Canada.

How devoted are they? Many send e-mails to Corby every week to say how much they enjoy Wiser's De Luxe or Special Blend. One consumer who was about to be married asked for enough of the brand's coasters to put on every table at a reception for 150 guests.

"That people take the time to write and tell us they love our whisky speaks volumes to what this brand is all about," says Daryn Brown, Brand Manager for Wiser's. "Wiser's drinkers know their whisky and they're passionate about it. They like a full-flavoured whisky and prefer classic packaging."

Research shows that while most spirit drinkers change brands from time to time, Wiser's drinkers stick to Wiser's. Their devotion has catapulted the brand over the 500,000-case mark — the only domestically based spirits brand to reach that milestone. "This is a huge success story for us," says Brown.

The President and CEO of Corby, Krystyna Hoeg, says she's particularly proud of the 500,000-case mark because it's a great accomplishment for a Canadian brand.

"There are only five brands ahead of Wiser's, and all of them are global brands with global budgets and synergies," Hoeg explains. "Wiser's is a Canadian brand, raised and developed in Canada, and it's now a half-million case brand. Imagine that! Our people have done a fantastic job."

The Wiser's brand has always been successful. It's a historic name

in Canadian whisky that dates back almost 150 years. Over time, the brand has established a reputation for taste and quality. Wiser's De Luxe, the brand's most popular rye, won a Gold Medal for Best Tasting Canadian Whisky at the 2001 International Whisky and Beer Competition.

Wiser's Very Old, a premium 18-year-old whisky, is also a Gold Medal winner. It was named Best Tasting Whisky by the Beverage Tasting Institute in Chicago, earning the Institute's highest score ever for a Canadian whisky.

And then there's Special Blend, a 200,000-case whisky in its own right, which has become an enormous favourite in Canada's Prairie provinces, especially Saskatchewan.

But even with all of this success, and continued strong performance in the U.S. market, the big story is still the enormous popularity of the brand in Canada. In a spirits market boasting little or no growth of late, De Luxe is up 7 percent and Special Blend is growing at a remarkable rate of over 10 percent.

"I think part of the fun at Corby is that we have these great

international brands," says Krystyna Hoeg, "but now with Wiser's whisky and Polar Ice vodka it's obvious we're no slouches domestically. And that has really evolved over the past two years."

So how have they done it? Daryn Brown says it's a question of having a quality product and then working hard to make sure people hear about it. He says the company's television commercials struck a chord with whisky drinkers between the ages of 25 and 40 who appreciate flavour. The lighter-tasting ryes don't do it for them and they no longer want to mask the taste of their whisky with cola.

The next step was to provide sampling opportunities at retail outlets across Canada. That was a hit as well. A third of the people who tried Wiser's for the first time said they would buy a bottle.

"That's a phenomenal conversion rate," Brenkel says. "We want this brand to continue to grow, but it's growth through hard work, getting the product to the consumer, and letting them know what we know. It's the whisky for whisky drinkers. And once they try it, we know they'll like it."

# Corby and the People of Saskatchewan

REGINA — When Corby says it has "powerhouse brands" and "regional strength," the company means it. Consider, for example, Saskatchewan.

Wiser's Special Blend, the top-selling Canadian whisky and overall #1 selling spirit in the province outsells its nearest competition by a ratio of three to one. Polar Ice is now the second largest selling vodka provincially, the fastest growing brand in that category and ranks fourth amongst all spirits sold in Saskatchewan.

"We've got 34 percent of market share in this province," observes Provincial Sales Manager for Manitoba and Saskatchewan Roy Da Costa. "Our nearest rival is more than 10 points behind us."

And the recipe for success is no secret.

"We've been dominant for years," says Da Costa, "and a great deal of the credit goes to our sales force. We're dedicated to getting into every community we can. We serve our customers well and we invest in the communities where our products are consumed."



Curling is a recreational cornerstone of community life in Saskatchewan and Wiser's is very much a part of that community through dedicated sponsorship.

profile in smaller communities where our competition almost never invests," says Da Costa. Then he laughs, "When our sales reps walk into a new vendor's establishment, the owner usually says, 'We've been selling your brands for years — glad you stopped by!'"

Nine years ago, Corby moved aggressively to link its brands with one of the most powerful cultural icons of life in Saskatchewan — the CFL Roughriders.

"It's hard for outsiders to understand the level of passion that people here feel for the Roughriders," says Da Costa. "But when I came from Ontario a decade ago, I saw it immediately and I knew we had to find a way to support this team, just to show the people of Saskatchewan how much we appreciate their support for our product."

It's been a match made in marketing heaven for Corby.

Remarkably, Corby's dominance of the spirits market is still growing. Wiser's Special Blend's overwhelming presence actually increased by 8 percent in 2003 to 57,000 cases sold across Saskatchewan. Performance numbers for some other national brands were even more impressive. For example, Saskatchewan

has seen double-digit growth of Polar Ice sales for seven consecutive years.

The high profile of Wiser's Special Blend creates a host of promotional opportunities for Corby. Attaching miniatures of Lamb's Rum and Polar Ice to regular size Wiser's bottles gave those brands their first lift on the Prairies. And it's been a very successful sampling tool to get people to trade up to Wiser's De Luxe as well. There are other opportunities that come with success.

"Wiser's Special Blend is an amazing platform for us," says Da Costa. "When we do a promotion in one of the big urban retail outlets, we'll have 150 to 200 cases displayed! When you reach a certain level of sales, retailers seek you out as a partner."

But great service is how Corby built its success in Saskatchewan, and great service remains the focus of Da Costa and his team.

"Over the years, we haven't changed our approach to the product," explains Da Costa. "Wiser's remains the high quality, smooth drinking experience that people in this market want. And Corby continues to be the kind of great business partner that our clients can count on."

# RESPONSIBLE AND ACCOUNTABLE

## The Social Value of Regulation in the Spirits Industry

TORONTO — Corby has long been an industry leader in encouraging the responsible enjoyment of its products. The company has always supported the idea that controls and reasonable regulation must be part of an accountable system of distribution and consumption of alcoholic beverages.

"The liquor boards have played an essential role in our industry," observes Howard Kirke, Vice President of External Affairs at Corby. "They wear multiple hats, as merchandiser, distributor, and regulator of a sensitive product."

Responsibility for the safe consumption of spirits goes

beyond retail outlets into bars and restaurants as well. The on-premise side of the spirits business is increasingly aware of its responsibility to both consumers and society to supervise alcohol consumption. So-called "challenge and refusal" policies are becoming the norm, with bar owners and staff taking up the challenge of denying access to minors and monitoring potentially dangerous intoxication.

"The liquor boards actively promote responsible drinking through on-premise service training and licensee enforcement programmes and other innovations," says Kirke. "Quite frankly, it's very much in our interest that our

products be consumed responsibly, and the provincial liquor authorities do a great job of getting the 'responsible-use' message out to bar owners and consumers."

The benefits to society from liquor control boards don't end with "challenge and refusal" training programmes. The boards take the lead in assuring that community standards are respected in the advertising and marketing of spirits through partnerships with suppliers and with Advertising Standards Canada. The largest boards, like Ontario's LCBO, also provide quality assurance and testing that serve as an important back-up to Corby's own rigorous standards.

# LCBO Marketing Support Programmes Enhanced by Collaborative Effort with Corby

TORONTO — Canada's provincial liquor control boards are Corby's biggest customers. Corby has built an enviable reputation for effective partnering with liquor boards to advance shared business goals and enhance consumer choice and service.

The LCBO, Corby's largest customer, has initiated a new collaborative process for responsible promotion of spirits and wines. Corby has become a key player in this critical exercise.

"Basically, the collaborative process at the LCBO involves taking the top 100 selling spirit brands and planning marketing support programmes behind these category leaders a year in advance," explains Andy Alexander, Vice President of Sales at Corby. "Because we're a dominant player in the marketplace, a good 30 percent of those 100 brands are ours. But we're not resting on those laurels, no matter how impressive they are."

The Corby team that participated in the new collaborative process at the LCBO did exhaustive analysis of trends and opportunities for each of the brands from the Portfolio of Excellence that are

on the top 100 list. The quality of the Corby contribution brought accolades from the LCBO.

"Collaborative planning with Corby has enabled us to align our promotional strategies, leading to efficiencies in promotional planning and stock replenishment," says Tony D'Alessio, LCBO Product Manager, Spirits.

The collaborative process deepened an already rich partnership

between Corby and its biggest customer. The payback for Corby's hard work and marketing expertise will be reflected in future marketing and sales efforts.

"In retail, you get the placement you need by serving your retail customer better than the competition does. That's our strategy — to be the supplier of choice for all the right reasons," says Alexander.



Brand displays, like this end aisle for C.C., are the result of collaborative planning efforts with the LCBO.



# Corby is proud of its association with the Brazilian Carnival Ball

TORONTO — A Samba beat in Toronto? It must be the Brazilian Carnival Ball. Every year the spirit of the world-famous Carnival comes north, transforming respectable Toronto into racy Rio de Janeiro for a night. It's a spectacular evening of infectious Latin rhythms, non-stop dancing and brilliantly creative and colourful costumes.

It's also a wonderful way to raise money for deserving causes such as health care, research, education, and culture. The Brazilian Carnival Ball has raised more than \$37 million since its inauguration in 1966, and Corby is

proud of its association with the unique event.

Rick Kaczmarek, Corby's Trade Development Manager, says the company firmly believes in getting involved in the community. "We have a long tradition of being active in the communities where we live and work," Kaczmarek adds that Corby and Polar Ice vodka are particularly happy to support the Ball because the event has accomplished so much over the years. "For 37 years the Brazilian Carnival Ball has followed a tradition of caring and giving to an impressive array of deserving institutions, many of

which are in the area of health care, and we at Corby Distilleries are pleased to be a part of that."

Past beneficiaries of the Ball have been the heart research facilities at Toronto's St. Michael's Hospital, and the Centre for Excellence in Critical Care at the city's Mount Sinai Hospital. By supporting the Ball, Corby has played a role in improving patient care and fighting disease in Canada. The company's involvement has also helped provide essential resources for teaching and research.

Polar Ice vodka has been the Reception Sponsor at the Ball for

the past two years, and the sumptuous dinner has featured Trinity Oaks and Little Boomey wine. Polar Ice has even created a special Martini to capture the spirit of the night.

Each of the 1,800 guests was served this signature Martini from a Polar Ice Martini Bar made of ice.

### The Polar Ice Samba

1 1/2 oz. Polar Ice vodka  
3/4 oz. McGuinness Blue Curaçao  
1/2 oz. Sour Puss sour raspberry  
2 oz. Guava juice  
Garnish with a slice of star fruit.

# Letter to Shareholders

Krystyna T. Hoeg  
President & Chief Executive Officer

## "Winning at Our Own Game"

TORONTO — Fiscal 2003 was a successful year. We met our goals — advancing as the supplier of choice for our customers, implementing our core strategy of moving closer to the marketplace and creating dependable, profitable earnings and cash growth with our portfolio of great brands. We generated our greatest revenue performance of the past ten years.

We are particularly proud of our results because they were delivered within a difficult trading environment. Across Canada, this past year was tough for the hospitality and entertainment industries. SARS, mad cow disease, forest fires in the west, hurricanes in the east and a huge power blackout across much of Ontario all hampered economic performance. Our brands, people, strategies and execution all came through, in spite of these conditions, to deliver success.

By moving closer to our customers and better understanding our consumers, we are finding opportunities to create value in the marketplace. Our move-to-market strategy impacts everything we do. Our commitment is to create more enjoyable drinking experiences for consumers and to support our liquor board and licensee customers with the brands and programs required to deliver this goal. This is a collaborative

process that we can only achieve through real partnerships.

Corby has indeed developed some of the most loyal consumer and customer relationships in our industry. We are building on that foundation through innovative approaches to partnering for success. The collaborative process that we have undertaken with the Liquor Control Board of Ontario to program the Corby portfolio is one such example. We have responded to their invitation to collaborate by sharing valuable information and ideas about how to create more enjoyable drinking experiences for their customers with Corby brands. This kind of partnership creates business value for Corby and for the LCBO by pooling our insights and our energy.

Our move-to-market strategy also requires a strong emphasis on Corby's brands. It demands a deeper understanding of the brand value in our extensive Portfolio Excellence. Our results have been encouraging. We have 4 of the Top 10 brands in Canada and 15 in the Top 50. Canadian Club continues to be a stellar performer, consistently outperforming the market segment in which it competes. Polar Ice Vodka, one of Canada's top growth brands in the past year, also received international attention by being awarded a

Double Gold medal at the 2003 San Francisco International Wine & Spirits competition. The Wiser's Canadian Whisky family, a great homegrown Canadian success story, reached 500,000 cases in consumer sales this past year, one of only six brands in Canada to reach this milestone. Malibu, the newest powerhouse member of our portfolio, was fully integrated early in the year and delivered double digit growth over the summer months. In addition to our powerhouse International brands, we have several local market leaders across the country — Lamb's Palm Breeze Amber Rum in Newfoundland and Labrador, Royal Reserve Canadian Whisky in Alberta and Wiser's Special Blend Rye Whisky in Saskatchewan that also deliver consistent shareholder value.

"By moving closer to our customers and better understanding our consumers, we... create value in the marketplace."

Corby's success depends not only on our top-selling brands, but also on our team of committed employees. These are the people who develop the strategies, execute the plan and have the relationships necessary to grow Corby's position in the industry. We sustain a high level of business focus and customer service with a very efficient work force. We recognize and reward those individuals who display the kind of entrepreneurial energy and ability to execute to plan that will carry Corby profitably into the future. Above all, our staff has a passion for our brands and for serving our



"Fiscal 2003 was a successful year, despite S.A.R.S., Mad Cow Disease, forest fires in the west, hurricanes in the east and a huge power blackout across much of Ontario, we generated our greatest revenue performance of the past ten years" states CEO Krystyna Hoeg.

customers well. It's the right mix for success and it's what sets us apart from the rest.

Therefore, I would like to thank our employees for their outstanding efforts and achievements in 2003 and for their dedication to the company. With equal sincerity, I wish to express my gratitude to our Board of Directors for their

valuable leadership and continued support.

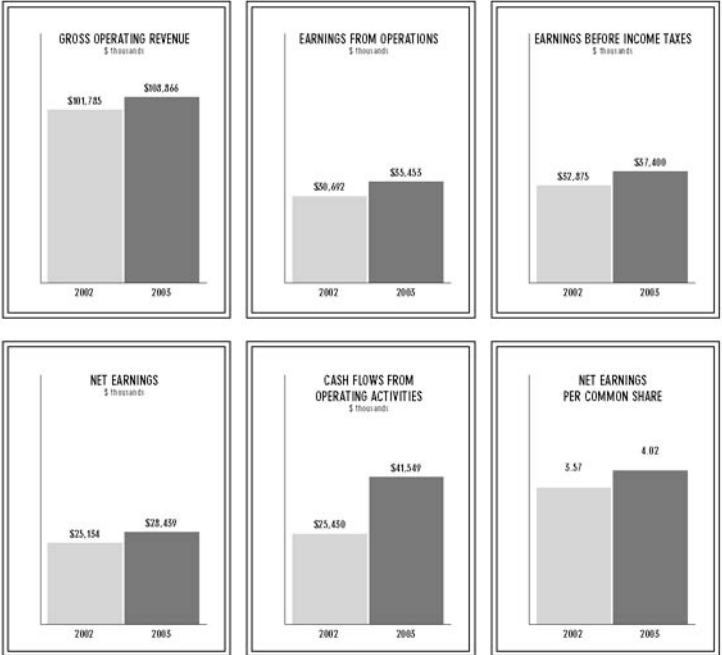
We are looking forward to 2004 with confidence. We intend to build even further on our standing as supplier of choice in the spirits and wine industry in Canada. Corby, the Spirit Maker, is focused completely on building sustainable, profitable business

relationships for the benefit of our consumers, our customers and our shareholders.

Signed,  
  
President and Chief Executive Officer of the Corporation

## 2003 Financial Highlights

| FOR THE YEAR ENDED AUGUST 31 (in thousands of dollars, unless otherwise indicated) | 2003       | 2002       |
|------------------------------------------------------------------------------------|------------|------------|
| <b>RESULTS</b>                                                                     |            |            |
| Gross operating revenue                                                            | \$ 108,866 | \$ 104,785 |
| Earnings from operations                                                           | 35,453     | 30,692     |
| Earnings before income taxes                                                       | 37,400     | 32,875     |
| Net earnings                                                                       | 28,439     | 25,134     |
| Cash flows from operating activities                                               | 41,549     | 25,430     |
| <b>FINANCIAL POSITION AT BALANCE SHEET DATE</b>                                    |            |            |
| Working capital                                                                    | \$ 68,052  | \$ 60,680  |
| Total assets                                                                       | 273,166    | 259,223    |
| Long-term debt                                                                     | —          | 8,000      |
| Shareholders' equity                                                               | 99,827     | 86,476     |
| <b>PER COMMON SHARE</b>                                                            |            |            |
| Net earnings                                                                       | 4.02       | 3.57       |
| Dividends declared and paid                                                        | 2.00       | 2.00       |
| Shareholders' equity                                                               | 14.10      | 12.24      |
| <b>FINANCIAL RATIOS</b>                                                            |            |            |
| Working capital                                                                    | 4.5        | 6.8        |
| Debt/equity                                                                        | —          | 0.2        |
| Return on average shareholders' equity                                             | 30.5%      | 31.5%      |
| Pre-tax return on average capital employed                                         | 37.9%      | 34.8%      |



## CORBY The Spirit Maker

CORBY, THE SPIRIT MAKER, IS CANADA'S LEADING MANUFACTURER AND MARKETER OF SPIRITS AND IMPORTER OF WINES. CORBY'S NATIONAL LEADERSHIP IS SUSTAINED BY OUR PORTFOLIO OF EXCELLENCE, THE OWNED AND

REPRESENTED BRANDS THAT HAVE BUILT EQUITY IN THE MARKETPLACE AND DELIVER VALUE FOR CUSTOMERS AND SHAREHOLDERS.

CORBY HAS BEEN BUILDING VALUE SINCE 1859 AND WILL CONTINUE TO DO SO WELL INTO THE 21ST CENTURY.

We have over half a million reasons to thank you.

If close to 150 years of distilling has taught us nothing else, it's that to do things properly requires a sense of quality and effort. That's why we would like to formally express our appreciation to the many vendors of our family of full-flavoured whiskies. Thanks to your support, in the past 12 months we have sold over a half million cases of Wiser's Special Blend, DeLuxe and Very Old premium whiskies for the first time in our history.\* To be endorsed by both retailer and consumer is truly an honour. For our part, we promise to continue to remain loyal to our superior tasting and traditional recipe, just as you have.

Please enjoy our products responsibly.

\*Source: ACO Data (A, case sales) / Labeled 12 months to June 2003

Wiser's DeLuxe - Gold Medal for Best Tasting Canadian Whisky 2001 International Whisky & Beer Competition

Wiser's Very Old - Gold Medal for Best Tasting Whisky and a 90 rating The Beverage Testing Institute

You can unleash it in a Kahlúa White Russian



BALLANTINE'S  
FINEST



CANADIAN  
CLUB



CANADIAN CLUB  
CLASSIC



CANADIAN CLUB  
RESERVE



THE  
GLENROCHNACH



HIRAM WALKER  
SPECIAL OLD



LAPHROAIG



MAKER'S  
MARK



MCGUINNESS  
SILK TASSEL



ROYAL  
RESERVE



TEACHER'S  
HIGHLAND CREAM



TULLAMORE  
DEW



WISER'S  
DE LUXE



WISER'S  
SPECIAL BLEND



WISER'S  
VERY OLD



1873  
WHISKY



BEEFEATER



BELVEDERE



CHOPIN



DE KUYPER  
GENEVA



LAMB'S  
NAVY



LAMB'S  
PALM BREEZE



LAMB'S  
WHITE



MCGUINNESS  
RED TASSEL



MOSKOVSKAYA



POLAR ICE



SAUZA  
HORNETS  
TEQUILA



SAUZA  
TEQUILA  
BLANCO



BARCLAY'S



CAROLANS  
IRISH CREAM



COURVOISIER



D'AUBONNE  
V.S.O.P.  
NAPOLEON



KAHLÚA



THE KEG  
CAESAR

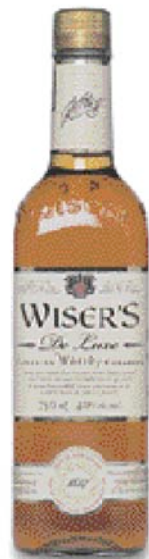


LEMON HART  
RUM



MALIBU  
COCONUT RUM

Every family has  
something  
they brag about.



Wiser's becomes only the 6th brand  
in the world to sell  
half a million cases annually.  
Definitely something  
to write Aunt Minnie about.



SAUZA  
TEQUILA  
EXTRA GOLD



STOLICHNAYA



STOLICHNAYA  
RAZBERI



STOLICHNAYA  
VANIL



DE KUYPER  
PEACHTREE  
SCHNAPPS



FRANGELICO



HIRAM WALKER  
PEPPERMINT  
SCHNAPPS



IRISH MIST



MCGUINNESS  
BLACK RUSSIAN



MCGUINNESS  
BLUE CURAÇAO



MCGUINNESS  
LONG ISLAND  
ICED TEA



MEAGHERS  
TRIPLE SEC



OPAL NERA



PHILLIPS  
BUTTER RIPLE  
SCHNAPPS



SOUP PUSS



SOUP PUSS  
BLUE



TEQUILA ROSE



TIA LUSSO



TIA MARIA



BEND  
IN THE  
RIVER



BLACK TOWER



CALVET  
RESERVE  
RED



CALVET  
RESERVE  
WHITE



CALVET  
XF



COCKBURN'S  
SPECIAL  
RESERVE



FOLONARI  
SOAVE



FOLONARI  
VALPOLICELLA



FREIXENET  
BRUT VINTAGE



FREIXENET  
CORDON NEGRO



HARVEYS  
BRISTOL CREAM



LITTLE  
BOOMEY



MELINI  
CHIANTI



MELINI  
CLASSICO



MUMM BRUT



MUMM  
CARTE CLASSIQUE



MUMM  
CUVÉE  
NAPA



PERRIER  
JOLIET  
BELLE EPOQUE



PERRIER  
JOLIET  
GRAND



SAINT  
EMILION



SUTTER HOME  
SAUVIGNON



SUTTER HOME  
SAUVIGNON  
BLANC



SUTTER HOME  
ZINFANDEL



TARAPACA  
SAUVIGNON



TARAPACA  
SAUVIGNON  
BLANC



TRINCHERO  
SAUVIGNON



TRINCHERO  
MERLOT



TRINITY OAKS  
CHARDONNAY



TRINITY OAKS  
ZINFANDEL

# MOVE TO MARKET

## New Strategy Proving Itself as Corby's Lead Brands Continue to Outperform the Market

TORONTO — Corby's greatest business asset is its Portfolio of Excellence, an unparalleled collection of owned and represented brands that provide consumers with the right drink for every occasion and price point.

In 2003, Corby's lead brands continued to outperform the market and garner industry recognition for product and marketing excellence. However, the Corby Portfolio of Excellence also has tremendous strength in regional brands.

"The fact is that Corby has dominant strength in less urbanized regions of Canada," says Vice President of Sales at Corby, Andy Alexander. "Lamb's Palm Breeze is the #1 spirit in Newfoundland and Labrador. Not only the #1 rum — it's the #1 spirit."

It's the same situation for Corby's Canadian whiskies in Alberta with Royal Reserve and in Saskatchewan with Wiser's Special Blend.

"When you add it up across the country," says Alexander with a broad smile, "local market-leading brands are very good business."

Corby has adopted a core strategy to balance the marketing demands of lead brands in urban areas with due attention to the powerhouse regional trademarks. It's called move to market.

"Canada's geography is vast and Corby brand strengths differ from region to region," says President and CEO Krystyna Hoeg. "That's just the reality of our place in the Canadian market. You can't have one marketing or sales solution. And because of our regional strength, in brands and on the ground, it represents a huge competitive advantage for us."

"To me," continues Alexander, "move to market

means getting close to the marketplaces and the customers that are important to you. For Corby, that means we're very focused on large international trademarks like Kahlúa and Beefeater as well as on Polar Ice, Canadian Club and our other lead national brands. But we don't forget about rural strength for a moment."

This balanced, customer-focused strategy of move to market has proven its worth in 2003 in sales numbers. And it's helping Corby succeed in a number of other ways as well.

For example, taking regional powerhouse brands seriously means renewed attention to provincial liquor control boards and to the preferences of local consumers. The impact on Corby staff is significant as well.

Corby has implemented a new approach to meeting the needs of its local customer base with a larger, more diverse team of sales representatives who are strategically recruited from the same communities as their customers.

"We've built our business in Saskatchewan by being closer to our customers than the competition is," says Roy Da Costa, Provincial Sales Manager, Manitoba and Saskatchewan. "Move to market reinforces that long-term winning strategy."

The "move to market strategy" created opportunities for Corby management — specifically, the development of a diverse team of sales representatives, many of whom are part-time employees within the company.

"In order to ensure that we developed a recruiting strategy consistent with the business strategy, we focused on creating competitive advantage with a diverse workforce," says Ismat Mirza, Vice President of Human Resources at Corby. "We created the vision of the new workforce in collaboration with the business leaders. We spoke to Andy Alexander and his sales team to understand the dynamics of making

**"For Corby, that means we're very focused on large international trademarks.... But we don't forget about rural strength for a moment."**

— Andy Alexander  
Vice President of Sales

successful sales calls in the local markets. We leveraged research to determine if we could incorporate learnings from demographics and drink patterns to understand our customer base. We focused on the behaviours that we value, and then we created a recruiting plan that was consistent with our business strategy, yet flexible in order to appeal to our local markets."

Mirza says the new sales representatives understand Corby's expectations, were trained carefully and provided with tools and the support from local District Managers to ensure they could

hit the ground running. At the same time, Corby ensured it understood the needs of the sales representatives.

"We have a clear understanding of what drives and motivates our employees," says Mirza. "We believe that each employee can add value from a diverse perspective. We are focusing attention on managing the needs and expectations of the employees, both new and established. Leveraging knowledge effectively is a critical step towards maintaining a stronger bottom line for the business."

Mirza continues, "We recruit people who understand business, and know how to apply their skills to help us exceed the bottom line. With all areas working together and focusing on the same outcomes, we will continue to win at our own game."

Early indications are that this new employee population is a powerful addition to the formidable Corby team. "Our employees are performing very well in an environment that has been infused with large-scale change," says Mirza.

Andy Alexander agrees.

"When you introduce step change, you worry about negative reaction — but there's been no negativity at all."

"The ongoing success of the Corby story will be increasingly built on understanding our customers and our consumers better than the competition does," says Krystyna Hoeg. "Move to market incarnates that core business reality and reflects our total commitment to be the supplier of choice in the spirits industry in Canada."



Lottie's Place, in St. John's, Newfoundland, features Polar Ice Vodka for its famous White Russians due to superior service and product quality — a huge competitive advantage for Corby in local markets.



Malibu Coconut Rum, with its laid-back messaging and easy mixability, has struck a chord with Canadians all across the country and is experiencing soaring sales growth since its acquisition by Allied Domecq from Diageo in 2002.

## Malibu Coconut Rum — Welcome to the Family

Recent Portfolio Addition Performing as Canada's No. 1 Coconut Rum

TORONTO — When Corby added Malibu coconut rum to its portfolio in 2002, its goal was to make a well-established brand even more successful. Already a top seller in Canada and throughout the world at the time of the acquisition, Malibu had developed into a seasonal drink, enjoyed mostly during the summer and at the holiday season. The focus at Corby has been to make it popular twelve months of the year.

"And when Corby rallies around a brand, amazing things happen," says Andrea Connolly, the company's Marketing Manager for Liqueurs.

In the company's 2002 Annual Report, President and CEO Krystyna Hoeg assured shareholders the brand would create investment and portfolio synergies and produce impressive growth. She was right. Malibu is Canada's number one coconut rum, and recently became one of the top 50 brands in the country, growing at an annual rate increase of 10 percent this year.

"That's quite good — but we're committed to even better growth," Connolly says. "What's really exciting," she adds, "are sales figures that show the brand growing nationally by 22 percent in August 2003, compared with the same month last year. Growth in the Atlantic provinces for August was a whopping 31 percent. And in Ontario, the brand's most important market, Malibu grew by 14 percent during the same month. To get a mountain like the Ontario market to move that much is quite an accomplishment," Connolly says.

Malibu's impressive results came out of a detailed analysis of Malibu consumers that allowed Corby to fine-tune its marketing, promotion, and advertising strategies. Not only does Corby know who drinks Malibu, the company knows when, where, how, and why they drink it.

"Our marketing approach and communication mix has to be relevant to the consumer we're targeting," explains Corby's Director of

Marketing, Jackie Brenkel. "We have to understand the brand experience — what makes a brand the right drink at the right time — and then surround the targeted consumer with the brand in an effective way."

Malibu is especially popular with women of all ages and increasingly with young men. It is enjoyed at any time but especially on weekends, among a group of friends who want to enjoy themselves and have fun. Malibu rum helps them take life less seriously. After all, Malibu is made with pure Caribbean rum, and the Caribbean is known for its easygoing lifestyle.

When a social gathering involves young adult drinkers, socializing either at someone's home or at a bar, both men and women will enjoy Malibu. As a result, Malibu was highly visible in nightspots and patio bars across the country this summer, and in liquor stores, where people were invited to sample the brand. Brenkel says that Malibu

sampling quickly raised awareness of the brand and prompted consumers to purchase it.

"There are so many products at the liquor store, and for the young adult consumer that can be quite daunting," she explains. "So if people remember Malibu from the fun time they had at a club that night or at the weekend before, they'll associate that good time with Malibu."

Television commercials aired during the summer, stressing the notion of a "seriously easygoing" drinking experience, have also been effective in firmly establishing the brand in the minds of the consumer. In addition, television ads ran during the fall and holiday period to reinforce the idea that Malibu is seriously easygoing at any time of year, not just during the summer.

Andrea Connolly says Malibu is still a relatively young brand, and efforts over the next few years will be focused on winning new consumers.

## The C.C. Family Climbs the Ladder of Success

TORONTO — You can't keep a great Canadian down! Canadian Club, Corby's largest powerhouse brand, continued to set records in 2003.

"It's a 480,000-case sales story," says Andy Alexander, Vice President of Sales. "We were up over 2 percent nationally in a declining whisky market. It's the largest brand that we sell and we're hard at work building consumer loyalty to this brand."

Television advertising closely aligned with Canada's passionate devotion to hockey is part of the brand's recipe for success. Interactive on-premise promotions continue to attract adult drinkers to Canadian Club. In 2003-04, Canadian Club forged a strong partnership with Sportsnet that will benefit both brands.

Corby is also ensuring that once consumers recognize C.C.'s quality and value they stay with the brand, even when they're ready for a more premium-priced aged Canadian whisky.

"C.C. Premium is our entry-level Canadian whisky product," explains Alexander. "Our new C.C. Reserve 10-year-old whisky introduced this year allows C.C. consumers to trade up to something a little more sophisticated without having to pay a

high premium. With this offering, the Canadian Club drinker could comfortably grow with the brand and ultimately stay with it much longer."

Corby's consumer research highlighted the opportunity to build C.C.'s franchise by having different offerings at different price points, hence C.C. Premium, C.C. Reserve and C.C. Classic, a smooth tasting 12-year-old Canadian whisky.

"We use the ladder concept," says Jackie Brenkel, Director of Marketing at Corby. "When a Canadian Club drinker wants to spend a bit more, we want to be there with a satisfying product at the right price. This is particularly important as whisky drinkers develop their taste preferences for more flavourful products, as well as when they want to treat themselves and their friends and family to something special."

"Canadian Club's solid performance in 2003 suggests that the brand strategy is working," says Daryn Brown, Brand Manager for Canadian Club. "If you've worked hard to build a loyal consumer franchise for one of your brands, you don't want to lose them to somebody else's products just because you haven't provided the next obvious consumer solution."



Corby is partnering with media vehicles like professional hockey on Sportsnet, a relationship which will ultimately benefit both brands.

CORBY & THE CFL ROUGHRIDERS

REGINA — Montrealeers love *les Canadiens* and Torontonians are mad about the Maple Leafs. But those passionate Canadian sports attachments seem tepid compared to the link between the people of Saskatchewan and the Roughriders.

Maybe that's because the CFL Roughies are the only pro team in the province or maybe it's the fact that, like the Green Bay Packers, the community actually owns the "Green and Whites."

brands in this province."

Corby's profile at Taylor Field, the home stadium of the Roughies, goes well beyond the player introductions before kick-off. There are Corby brand logos along the sidelines and in the stands fans can sip Corby cocktails.

"It was really a team effort between Corby and the Saskatchewan Roughriders to get permission to sell our products at the games," explains

Regina in November, hot chocolate and Kahlúa was a bigger hit than our ice-filled cocktails," smiles Da Costa.

McKay says that the Saskatchewan Roughriders think of themselves as a national brand. So many people have moved from Saskatchewan to urban centres like Calgary, Vancouver, and Toronto that the team can count on several thousand fans turning up at almost any CFL game when

*"You can take the fan out of Saskatchewan, but you can't take Saskatchewan out of the fan!"*

Whatever the reason, when the Roughriders hit the turf at Taylor Field, a mighty roar goes up from thousands of Prairie fans.

And at every home game, Corby does the introductions of the hometown heroes.

"We have a special relationship with Corby," says Hugh McKay, Marketing and Community Relations Manager with the Saskatchewan Roughriders. "The Roughriders and Wiser's Special Blend have to be two of the most powerful

Roy Da Costa, Corby Sales Manager for Saskatchewan and Manitoba. "Wiser's is the most popular spirit in this province, so Wiser's and cola was a natural complement to the enjoyment of the game. Polar Ice and orange juice is a big hit too."

And as the season pushes into the late autumn and cold north winds rattle the stands, Roughrider fans respond just as warmly to hot chocolate with Kahlúa.

"When the Grey Cup came to

they're the visiting team. Saskatchewan folks carry their passion for their home team wherever they go.

"It's the same thing with Wiser's," says Da Costa. "Part of Saskatchewan's contribution to Canadian culture was discovering what a great product our whisky is and taking this good taste across the country."

McKay agrees. "We say, 'You can take the fan out of Saskatchewan, but you can't take Saskatchewan out of the fan!'"



Wiser's and the CFL Saskatchewan Roughriders, two of the most powerful brands in Saskatchewan, have been elevated to cultural icon status by overwhelmingly loyal consumers.



Corby Proudly Sponsors Diversity

TORONTO — Since the early 1990s, marketers have speculated on the positive returns that companies could generate by targeting the gay community. As early as 1994, Simmons Market Research published survey findings in *The Advocate*, America's first gay news magazine, that indicated that this trend-setting community was an opportunity for marketing investment.

According to Simmons Market Research, 84 percent of gays order drinks by their brand name, 80 percent dine out at least five times per month and more than 55 percent drink vodka regularly.

Those are significant enough numbers to convince many companies to increase advertising in gay-oriented media and

to create entire advertising campaigns around the gay market. Corby is part of that trend, but it has opted for a longer-term vision about how to court this market.

"Part of Corby's approach has been to build meaningful relationships with consumers of our brands," says Polar Ice Brand Manager Farzanah Mohamed. "This is why we get involved in local community events that are important to our consumers, like Pride Parades, Film Festival parties and the like."

Polar Ice has been a major sponsor during Toronto Pride Week of the Unified Pride Festival for the last five years. Pride Week is a huge annual event with entertainment, food, and beverages, a march and fundraising parade, a community

street fair and marketplace as well as numerous parties. This past year Corby focused its Pride Week participation in the popular Yonge and Wellesley Street restaurant Just Desserts and ran its own fundraising event for the Toronto People with Aids Foundation, among other activities.

"Yes, we want consumers to drink our product and talk about it, but we also want them to know that we understand their needs as a community and that we're prepared to contribute," adds Mohamed. "Our commitment to this community isn't just lip service."

In 2003 Corby took "lip service" to a whole new level, as celebrities — including supermodel Enza Anderson — puckered up for the Polar Ice Smacker auction. The Smacker was the 2003 Pride signature drink, combining an

ounce of Polar Ice with one ounce of Sour Puss Sour Raspberry, pink lemonade and a lemon wedge.

"The Polar Ice Smacker auction increased visibility in a fun way. Not only did it provide insights into Toronto celebrities' personalities through lip reading expert Sharon Miller, but it also contributed to a great cause," concludes Mohamed.

Action speaks volumes. Corby's fundraising efforts have helped raise thousands of dollars for various organizations, including the Toronto People with Aids Foundation. In turn, Corby confirmed that lip service is paying off. The gay and lesbian communities account for 5 percent of Polar Ice vodka sales, a number that is likely to continue rising as Polar Ice's popularity increases across the country.

Tuscany's Melini Wines Take Centre Table

Official Wine of the Annual *Taste of Little Italy Festival*

LITTLE ITALY, TORONTO — The glass is filled with a richly dark ruby wine. Its bouquet transports you into the heart of Tuscany, somewhere between Florence and Siena. The flavour is magnificent, with strawberry overtones and just a hint of oak. What a journey, you think... and you didn't even have to board a plane.

As official Italian wine of the annual Taste of Little Italy Festival, Corby's Melini wines took centre table when they were featured in every restaurant in Toronto's Italian district — an eight-block radius on College Street, between Euclid and Shaw. This marketing move, part of a sponsorship agreement with the festival, went a long way to increasing awareness of Corby's Melini wines.

"Corby is renowned as a leading supplier of spirits and liqueurs. But the company also represents more than seventeen wine labels that span eight countries," says Mark Cruickshank, National Account Manager. "Promotions such as the one we did with Melini during the Taste of Little Italy Festival helped put Corby on the wine map."

The festival draws in excess of 150,000 people every year and is popular not only with residents but also with tourists, street-side vendors, businesses, and all levels of government. Why? Simply put, the festival is a wonderful opportunity for families and friends to broaden their horizons, have a good time and experience the culture and flavours of Italy at home.

"These types of promotions drive sales volume, increase

visibility and let Corby leverage its national account partnerships," adds Cruickshank. "And given that wine consumption among Canadians is on the rise, that's a huge plus."

Since the spring, Corby has initiated a number of restaurant marketing promotions, all of which have had a positive impact on sales. Trinity Oaks and Sutter Home wines have been featured in every Keg restaurant across the country. Patrons enjoyed the fact they could sample wine by the glass. The East Side Mario's chain now features Melini and Polonari wines.

So when you're dreaming of sunny California or the Tuscan hills, take a neighbourhood stroll, sit down to dinner at your favourite Keg or East Side Mario's restaurant and savour a new wine experience.

TRAVEL



The Trincherio family pioneered the uniquely Californian wine-making process that produces White Zinfandel, which often involves hand-harvesting to prevent the red grapes from staining the juice.

Sutter Home Wines of Napa Valley

YOUNTVILLE, CA — Surrounded by mountains, California's sunny Napa Valley stretches about 30 miles from the city of Napa to the town of Calistoga. The county has a long, distinguished history of grape growing, with the first vines planted in 1838 by George Yount. The first wine from these vines was produced in the mid-1840s. Today the region is home to 45,000 acres of grapes and more than 230 wineries, many of them clustered along Highway 29.

Among those wineries is the Trincherio Family Estates, one of California's largest grape growers and the producer of Sutter Home wines of distinction — distributed in Canada by Corby.

Sutter Home was established in 1874 and bought by the Trincherio family in 1947. The winery features premium white, blush, and red varietals. This includes the best-selling White Zinfandel — which the Trincherio family created in 1973.

Grapes from the Estates' vine-

yards are harvested at night to preserve aromas and flavours, crushed and fermented separately, then aged in American oak casks. Each wine is blended expertly to deliver the taste that today's discerning wine drinker is seeking.

If you're lucky enough to find yourself heading north through the Napa Valley, take some time to drop in at the Trincherio family's winery. Pick up Highway 29 and head north until you reach Yountville. Exit at Washington Street and head into town.

You'll soon find yourself at the Vintage 1870 restaurant, a three-story brick building with 40 shops. It's a great spot for lunch. After lunch, head back onto Highway 29 and you'll pass a number of wineries along the route between Oakville and Rutherford.

Continue north to Sutter Home just before the quaint town of St. Helena. The Estates offers

complimentary and reserve tastings daily from 10 a.m. to 5 p.m. at its Visitors Centre, along with unique wine-country gifts. You can also tour the White Zinfandel Garden. Then head to Calistoga where you can kick back in a mud bath at one of the town's renowned spas.

There's also the Napa Valley Wine Train, a feast for the senses that takes you through the heart of Napa Valley's picturesque vineyards. Choose a champagne brunch, gourmet lunch or divine full-course dinner in the elegantly appointed dining car.

Other regional highlights include the Petrified Forest, about 6 miles from Calistoga, where giant redwoods turned to stone after being uprooted and covered by volcanic eruptions 6 million years ago.

For more information on visiting the Napa Valley, check with the Napa Valley Conventions and Visitors Bureau: [www.napavalley.org](http://www.napavalley.org).

SERVING CHAMPAGNE 101

Getting the Most Enjoyment from the Bubbles

RHEIMES, EPERNAY — Here are some tips from the Web sites of Mumm ([www.mumm.com](http://www.mumm.com)) and Perrier Jouët ([www.perrierjouet.com](http://www.perrierjouet.com)) for getting the most out of Champagne.

You don't need a wine cellar to store Champagne, just a cool, dry place that is sheltered from light and has a constant temperature. Non-vintage Champagne can be stored for five years and vintage bottles for ten years.

Before serving, chill for thirty minutes in a bucket of water and ice cubes. The ideal serving temperature is between 7 and 9 degrees Celsius (44 and 48 degrees Fahrenheit). If you don't have a champagne bucket, put the bottle in the coldest part of the refrigerator for several hours.

Never put Champagne in the freezer; the temperature change will affect the taste. And don't leave the wine in the fridge for longer than a few hours.

A popped Champagne cork can travel at 80 km/h, which is fine for a victorious locker room or a Formula One podium, but not so fine in the family dining room. To open Champagne without felling a loved one, simply hold the cork firmly in one hand and twist the bottle with the other. Allow the pressure to escape gradually.

To make sure your Champagne will be nice and bubbly every time, wash the glasses in clear water (no soap) and dry them with a non-fluffy dishtowel.

The best glass for Champagne

is the flute. To pour, splash a bit into each glass and then fill to about two-thirds full. The advantage of a Champagne flute is that the elongated shape accentuates the colour of the wine, and allows the bubbles to rise to the surface without letting the aroma escape. Hold the glass by the stem so the wine doesn't warm up too quickly.

If you wish to serve Champagne throughout a meal, begin with a dry Champagne like Mumm Cordon Rouge or Perrier Jouët Belle Époque. For dessert, a sweeter wine is preferable. Mumm Demi-sec is made in the tradition of the great French dessert wines of the 19th century. It's the perfect way to conclude an excellent meal.



# Financial Review

144th Year

FOR THE YEAR ENDED AUGUST 31, 2003

www.corby.ca

## INSIDE

MANAGEMENT'S DISCUSSION F1  
AND ANALYSISMANAGEMENT'S AND F1  
AUDITOR'S REPORTSCONSOLIDATED F2  
FINANCIAL STATEMENTSNOTES TO CONSOLIDATED F2  
FINANCIAL STATEMENTSTEN YEAR REVIEW F5  
DIRECTORS AND OFFICERS F5

## Management's Discussion & Analysis

### OVERVIEW

The Corporation continues in its successful efforts to build powerful, exciting brands that drive profitable growth with strong, consistent cash flows both in Canada and internationally.

### IMPORTANT EVENTS

As decision-making and policy setting at the various liquor boards continue to become increasingly centralized, the Corporation recognizes the need to realign its sales strategy across Canada in order to move closer to the market. As part of this move to market strategy, in February 2003, the Corporation restructured its workforce and eliminated 25 full-time sales and marketing positions across the country. The realignment has and will continue to allow Corby to reduce the cost of sales coverage in Canada and increase the effectiveness of its coverage by utilizing the services of strategically located part-time contractors.

Key components of the move to market strategy are:

- Prioritization of brand portfolio and market segmentation for profitable growth
- Alignment of sales coverage to effectively target growth opportunities across Canada
- Greater tactical marketing
- Follow successful innovation leads, and gain marketing synergies with Allied Domecq in the USA
- Become the First Choice Supplier to the Liquor Board customers
- Strong key account management.

A charge of \$2.1 million was recorded in the fiscal year to cover the costs of the restructuring and realignment of the sales and marketing workforce. The majority of the charge related to the severance costs associated with the elimination of the 25 positions noted above. As at August 31, 2003, most of the restructuring costs related to the aforementioned move to market strategy have been incurred.

### FINANCIAL RESULTS

Net earnings amounted to \$28.4 million or \$4.02 per share for fiscal 2003 compared with \$25.1 million or \$3.57 per share for fiscal 2002. Earnings per share on a fully

diluted basis amounted to \$4.01 for fiscal 2003 compared to \$3.56 for fiscal 2002.

Net earnings for the quarter ended August 31, 2003 amounted to \$10.1 million or \$1.43 per share compared with \$6.6 million or \$0.93 per share for the corresponding period last year.

The increase in net earnings in fiscal 2003 is mainly attributable to a \$5.4 million increase in gross profit driven by an increase in operating revenue and a \$1.8 million decrease in brand advertising and promotional expenditures. These two factors were partially offset by the aforementioned \$2.1 million charge for the implementation of the move to market strategy and the \$0.8 million decrease in the equity earnings from the investment in the Tia Maria group compared to fiscal 2002.

**Corby has renewed its agency, bottling and administrative service agreements with Allied Domecq and will continue to market AD brands in Canada**

Total operating revenue, consisting of sales revenue and commission income, amounted to \$108.9 million for fiscal 2003 compared with \$101.8 million for fiscal 2002. The increase of 7% in revenue was mainly the result of a strong performance by the Corporation's core brands throughout the fiscal year and a return to normal buying patterns by the Corporation's largest customer.

Consumer purchases, at retail, of Wiser's Deluxe and Special Blend whiskies were up approximately 8% in fiscal 2003 over fiscal 2002. Furthermore, Polar Ice vodka continued to demonstrate strong growth as evidenced by the 18% increase over the same time frame. The performance of Wiser's whiskies and Polar Ice vodka continue to significantly outpace the growth in their respective spirit categories. Overall, the performance of Corby's portfolio of brands at the consumer level was up approximately 2% and was in line with manage-

ment's expectations.

Marketing, sales and administration expenses in fiscal 2003 amounted to \$30.7 million compared with \$32.1 million for fiscal 2002, a decrease of 4%. The decrease is mainly attributable to the savings associated with the implementation of the Corporation's aforementioned move to market strategy, partially offset by increased pension and insurance costs. Furthermore, brand advertising and promotional expenditures decreased by \$1.8 million as compared to fiscal 2002. This decrease was mainly due to the fact that there were some national media campaigns in fiscal 2002 that did not occur in fiscal 2003. However, the Corporation intends on investing in national media campaigns in fiscal 2004 for certain core brands that will be geared towards the enhancement of consumer loyalty and brand equity, in order to build upon the strong performance of these brands in fiscal 2003.

As noted above, a charge of \$2.1 million has been recorded in the fiscal year within Restructuring Activities to cover the costs of the restructuring and realignment of the sales and marketing workforce as a result of the move to market strategy.

The income tax provision for fiscal 2003 amounted to \$9.0 million compared with \$7.7 million for the corresponding period last year. The tax provisions reflect effective tax rates of 24% and 23% for fiscal 2003 and fiscal 2002, respectively.

### TIA MARIA GROUP

Equity earnings from the Tia Maria Group, of which Corby owns 45%, decreased by 35% for the fiscal year compared to the corresponding period last year. The decrease was mainly the result of the continued significant advertising and promotional spend behind Tia Lusso.

Total operating revenue for the Tia Maria Group amounted to \$83.8 million for fiscal 2003 compared with \$67.4 million for fiscal 2002, an increase of over 24%. The increase in operating revenue is mainly attributable to the performance of the Tia Lusso brand, which generated revenues of \$21.8 million in fiscal 2003 compared to \$7.6 million in fiscal 2002. The performance of Tia Lusso is on track to original plan.

Total advertising and promotion expenses in fiscal 2003 amounted to \$56.0 million compared with \$39.8 million for fiscal 2002. The increased expenditure is due to the

significant investment associated with the Tia Lusso brand.

Net earnings of the Tia Maria Group amounted to \$3.2 million for fiscal 2003 compared with \$5.0 million for fiscal 2002.

### CASH FLOW ANALYSIS

The Corporation's operating activities contributed \$41.5 million to cash in fiscal 2003 compared with \$25.4 million in fiscal 2002. The increase in cash flows was the result of several factors such as an increase in profitability, reductions in accounts receivable and inventory levels, and the timing of distillation and production activity. The Corporation also received a dividend in the amount of \$2.5 million from its investment in the Tia Maria Group. Furthermore, the Corporation is benefiting from the continuing efforts to streamline operations and maximize efficiencies wherever possible.

Cash flows used in investment activities of \$1.9 million was primarily for investment in capital assets in the form of machinery and equipment for the Corporation's blending and bottling plant in Montreal. The investment in capital assets was made to support the continuing modernization of the Corporation's contract blending and bottling operations.

The cash outflows of \$21.5 million in fiscal 2003 for financing activities was primarily for the payment of the Corporation's quarterly dividend of \$0.50 per share and the repayment of its long-term debt.

### BALANCE SHEET

Working capital was \$68.1 million as at August 31, 2003 compared with \$60.7 million as at August 31, 2002. The increase is mainly the result of the Corporation's higher cash position at the end of fiscal 2003, partially offset by increases in accounts payable and income taxes payable. As at August 31, 2003, the Corporation has fully repaid its long-term debt and has \$17.0 million in cash.

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

capital of Allied Domecq PLC.

### LIQUIDITY AND FUNDING REQUIREMENTS

The Corporation has fully paid off its long-term debt and continues to generate strong cash flows from operations. As a result, it is expected that the Corporation will be able to meet all funding requirements that are expected to occur within the normal course of business. Specifically, while demographic and financial market dynamics in recent years have increased the cost of providing pensions and other post-retirement benefits, the Corporation is committed to making any required contributions to ensure that it meets its obligations.

### OUTLOOK

The Corporation will continue to direct targeted and effective advertising and promotion expenditures behind its key core brands in Canada. It is the Corporation's objective to deliver profitable organic growth from core brands through identifying, targeting and executing against all market opportunities.

The Tia Maria Group will continue to make significant investments in the Tia Lusso brand as the international roll-out continues. Spending on Tia Lusso is expected to be financed from the internal operations of the Tia Maria Group. As a consequence, future equity earnings from the Corporation's investment in the Tia Maria Group will be negatively affected to the extent that advertising and promotion spend on Tia Lusso is not offset by gross margins on Tia Lusso sales over the same reporting period.

Recent events such as the outbreak of SARS in Toronto and the mad cow scare in Alberta have had a negative effect on the tourism industry in Canada, which in turn has had an effect on consumption levels in the spirits industry. While the effect of the downturn in the tourism industry is not expected to be long-term, the Corporation's operations and the financial results for the 2004 fiscal year may be affected to the extent that the demand for spirits in the Canadian market declines from fiscal 2003 levels.

However, the Corporation expects to overcome the challenges noted above through effective implementation and execution of its sales and marketing strategy. As a result, operational cash flows are expected to remain strong as the Corporation continues to build upon the growth demonstrated by its core brands, streamline operations, and maximize efficiencies throughout the organization.

## CORBY MANAGEMENT TEAM



John Nicodemo  
CFO,  
Vice President, Finance  
& Corporate Secretary



Andy Alexander  
Vice President, Sales



Howard Kirke  
Vice President,  
External Affairs



Ismat Mirza  
Vice President, Human Resources



David Stainton  
Legal Counsel

### QUOTE OF THE DAY

I'm a great believer in luck,  
and I find the harder I work,  
the more I have of it.  
Thomas Jefferson



## Management's Report

### Management's Responsibility for Consolidated Financial Statements

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

Management is responsible for the integrity and objectivity of the information contained in the financial statements and the "Management's Discussion and Analysis," including that which is based on estimates and 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 has constituted an Audit Committee of Directors who are not members of management. The Committee meets periodically with management, the internal auditors and the external auditors to receive reports on internal

accounting controls and audit results and to review accounting principles and practices. The Committee also reviews the financial statements and the external auditors' report thereon to the shareholders prior to submission to the Board of Directors for approval.

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

## Auditors' Report

### Auditors' Report to Shareholders

We have audited the consolidated balance sheets of Corby Distilleries Limited as at August 31, 2003 and 2002 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on

our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures

in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2003 and 2002 and

the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants  
Toronto, Canada  
September 23, 2003

Consolidated Statements of Earnings

| FOR THE YEARS ENDED AUGUST 31, 2003 and AUGUST 31, 2002 (in thousands of dollars, except per share amounts) | 2003      | 2002      |
|-------------------------------------------------------------------------------------------------------------|-----------|-----------|
| OPERATING REVENUE                                                                                           |           |           |
| Sales                                                                                                       | \$ 92,343 | \$ 85,091 |
| Commissions                                                                                                 | 16,523    | 16,694    |
| GROSS OPERATING REVENUE                                                                                     | 108,866   | 101,785   |
| OPERATING COSTS                                                                                             |           |           |
| Cost of sales                                                                                               | 39,767    | 38,119    |
| Marketing, sales and administration                                                                         | 30,703    | 32,057    |
| Restructuring activities (note 3)                                                                           | 2,068     | –         |
| Amortization                                                                                                | 875       | 917       |
| TOTAL OPERATING COSTS                                                                                       | 73,413    | 71,093    |
| EARNINGS FROM OPERATIONS                                                                                    | 35,453    | 30,692    |
| Equity in net earnings of companies subject to significant influence                                        | 1,462     | 2,255     |
| Interest income (expense), net                                                                              | 485       | (72)      |
| EARNINGS BEFORE INCOME TAXES                                                                                | 37,400    | 32,875    |
| Income taxes (note 5)                                                                                       | 8,961     | 7,741     |
| NET EARNINGS                                                                                                | \$ 28,439 | \$ 25,134 |
| BASIC EARNINGS PER SHARE (note 13)                                                                          | \$ 4.02   | \$ 3.57   |
| DILUTED EARNINGS PER SHARE (note 13)                                                                        | \$ 4.01   | \$ 3.56   |

Consolidated Statements of Retained Earnings

| FOR THE YEARS ENDED AUGUST 31, 2003 and AUGUST 31, 2002 (in thousands of dollars) | 2003      | 2002      |
|-----------------------------------------------------------------------------------|-----------|-----------|
| RETAINED EARNINGS – BEGINNING OF YEAR                                             | \$ 74,144 | \$ 63,102 |
| Net earnings                                                                      | 28,439    | 25,134    |
|                                                                                   | 102,583   | 88,236    |
| Dividends declared and paid                                                       | 14,155    | 14,092    |
| RETAINED EARNINGS – END OF YEAR                                                   | \$ 88,428 | \$ 74,144 |

See accompanying notes to consolidated financial statements

Consolidated Cash Flow Statements

| FOR THE YEARS ENDED AUGUST 31, 2003 and AUGUST 31, 2002 (in thousands of dollars) | 2003      | 2002       |
|-----------------------------------------------------------------------------------|-----------|------------|
| CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES                                    |           |            |
| Net earnings                                                                      | \$ 28,439 | \$ 25,134  |
| Items not affecting cash:                                                         |           |            |
| Amortization                                                                      | 875       | 917        |
| Future income taxes (note 5)                                                      | (568)     | (43)       |
| Dividends received in excess of (less than) equity earnings                       | 998       | (55)       |
| Employee future benefits                                                          | 787       | (241)      |
| Changes in non-cash working capital (note 6)                                      | 11,018    | (282)      |
| Cash flows from operating activities                                              | 41,549    | 25,430     |
| CASH FLOWS USED IN INVESTMENT ACTIVITIES                                          |           |            |
| Additions to capital assets                                                       | (1,889)   | (391)      |
| Cash flows used in investment activities                                          | (1,889)   | (391)      |
| CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES                                    |           |            |
| Dividends paid                                                                    | (14,155)  | (14,092)   |
| Repayment of long-term debt                                                       | (8,000)   | (10,000)   |
| Proceeds on issuance of capital stock                                             | 671       | 1,129      |
| Cash flows used in financing activities                                           | (21,484)  | (22,963)   |
| NET INCREASE IN CASH EQUIVALENTS*                                                 | 18,176    | 2,076      |
| CASH EQUIVALENTS* BEGINNING OF YEAR                                               | (1,217)   | (3,293)    |
| CASH EQUIVALENTS* END OF YEAR                                                     | \$ 16,959 | \$ (1,217) |

\*Cash equivalents consist of cash on hand and bank indebtedness

Supplementary Cash Flow Information

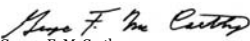
| FOR THE YEARS ENDED AUGUST 31, 2003 and AUGUST 31, 2002 (in thousands of dollars) | 2003      | 2002      |
|-----------------------------------------------------------------------------------|-----------|-----------|
| Income taxes paid                                                                 | \$ 4,807  | \$ 7,165  |
| Interest paid                                                                     | \$ 10,974 | \$ 10,887 |
| Dividends received                                                                | \$ 2,460  | \$ 2,200  |
| Interest received                                                                 | \$ 10,987 | \$ 10,790 |

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

| AS AT AUGUST 31, 2003 and AUGUST 31, 2002 (in thousands of dollars) | Aug. 31, 2003 | Aug. 31, 2002 |
|---------------------------------------------------------------------|---------------|---------------|
| ASSETS                                                              |               |               |
| Current Assets                                                      |               |               |
| Cash                                                                | \$ 16,959     | \$ –          |
| Accounts receivable                                                 | 23,422        | 24,407        |
| Interest receivable from affiliated company                         | 2,901         | 1,330         |
| Inventories, net (note 4)                                           | 42,243        | 43,657        |
| Prepaid expenses                                                    | 1,422         | 1,449         |
| Future income taxes                                                 | 458           | 244           |
|                                                                     | 87,405        | 71,087        |
| Long-term investments                                               | 19,755        | 22,357        |
| Capital assets (note 8)                                             | 6,672         | 5,658         |
| Loan to affiliated company (note 7)                                 | 152,500       | 152,500       |
| Employee future benefits (note 9)                                   | 2,358         | 3,145         |
| Goodwill, net of accumulated amortization                           | 4,476         | 4,476         |
|                                                                     | \$ 273,166    | \$ 259,223    |
| LIABILITIES                                                         |               |               |
| Current Liabilities                                                 |               |               |
| Bank indebtedness                                                   | \$ –          | \$ 1,217      |
| Accounts payable and accrued liabilities                            | 10,405        | 6,996         |
| Interest payable to affiliated company                              | 3,371         | 1,760         |
| Income and other taxes payable                                      | 5,577         | 434           |
|                                                                     | 19,353        | 10,407        |
| Long-term debt (note 10)                                            | –             | 8,000         |
| Loan from affiliated company (note 7)                               | 152,500       | 152,500       |
| Future income taxes (note 5)                                        | 1,486         | 1,840         |
|                                                                     | 173,339       | 172,747       |
| SHAREHOLDERS' EQUITY                                                |               |               |
| Share capital (note 11)                                             | 12,426        | 11,755        |
| Retained earnings                                                   | 88,428        | 74,144        |
| Cumulative translation adjustments (note 14)                        | (1,027)       | 577           |
|                                                                     | 99,827        | 86,476        |
|                                                                     | \$ 273,166    | \$ 259,223    |

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

  
George F. McCarthy  
Director

  
Robert L. Llewellyn  
Director

Notes to Consolidated Financial Statements

For the years ended August 31, 2003 and August 31, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Consolidation

The consolidated financial statements include the accounts of all subsidiaries. All inter-company transactions have been eliminated.

Long-term Investments

The Corporation's 45% investment in the Tia Maria Group of companies is accounted for using the equity method. Under this method, the original cost of the shares is adjusted for the Corporation's share of post-acquisition earnings or losses, less dividends.

Revenue Recognition

Sales and commissions are recognized upon shipment of product to the customer.

Foreign Currency Translation

The Tia Maria Group of companies in which the Corporation has a long-term investment have the pound sterling as their functional currency and are translated to Canadian dollars as follows: by translating assets and liabilities at the exchange rates in effect at the balance sheet dates and by translating revenues and expenses at the average exchange rates for the years. Unrealized gains or losses on translation are shown as a separate component in shareholders' equity.

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

Inventories

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

Capital Assets

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

Goodwill

The Corporation recognizes goodwill on its balance sheet at the amount initially recognized, less any write-down for impairment. In general, goodwill is to be tested for impairment on an annual basis at the level of reporting referred to as a reporting unit. Goodwill impairment losses are recognized when the carrying amount of the goodwill of a reporting unit exceeds the fair value of the goodwill.

Stock Based Compensation Plan

The Corporation has a Class B Share Option Plan that is described in Note 11. As these options were granted prior to the adoption of CICA Handbook Section 3870 “Stock-Based Compensation and Other Stock-Based Payments”, the Corporation continues to apply the settlement method whereby no compensation expense is recognized when shares or share options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the stock or stock option cancelled is charged to retained earnings.

Share Appreciation Rights

The Corporation has a Share Appreciation Rights

Plan that is described in Note 12. Compensation expense is recorded for the plan to the extent that the market closing price of the Corby Class A common shares exceed the grant price of the share appreciation rights. Compensation expense is also recorded for the dividends that accrue for unvested share appreciation rights in accordance with the provisions of the plan.

Employee Future Benefits

The Corporation accrues its obligations under employee benefit plans and the related costs, net of plan assets. The Corporation has the following policies:

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

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

(c) Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

(d) The Corporation uses the corridor method for the amortization of net actuarial gains and losses. Under the corridor method, cumulative gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized over the average remaining service period of employees.

Earnings Per Share

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

Income Taxes

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

Measurement Uncertainty

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

NOTE 2. RELATED PARTY TRANSACTIONS

Hiram Walker & Sons Limited, a wholly owned subsidiary of Allied Domecq PLC, owns in excess of 50% of the issued voting common shares of the Corporation and is thereby considered to be the

Corporation's parent. Affiliated companies are those that are also subsidiaries of Allied Domecq PLC. In addition to information provided in Note 7, transactions and balances with parent and affiliated companies includes the following:

(continued at the top of the following page)



Notes to Consolidated Financial Statements *(continued)*

NOTE 2. RELATED PARTY TRANSACTIONS

| COMMERCIAL TRANSACTIONS (in thousands of dollars)                                                                                                                                                         |                                                                                                              |                                      | Amount of the Transactions |           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------|-----------|
|                                                                                                                                                                                                           |                                                                                                              |                                      | 2003                       | 2002      |
| NATURE OF TRANSACTION                                                                                                                                                                                     | NATURE OF RELATIONSHIP                                                                                       | FINANCIAL STATEMENT CATEGORY         |                            |           |
| I. The Corporation renders blending and bottling services                                                                                                                                                 | Parent company                                                                                               | Sales                                | \$ 404                     | \$ 799    |
| II. The Corporation sells certain of its products for resale at an export level                                                                                                                           | Affiliated companies                                                                                         | Sales                                | \$ 51                      | \$ 65     |
| III. The Corporation renders services, as the sole and exclusive representative, for purposes of marketing and sales of beverage alcohol products in Canada                                               | Parent company, companies subject to significant influence, ultimate parent company and affiliated companies | Commissions                          | \$ 11,051                  | \$ 10,664 |
| IV. The Corporation sub-contracts virtually all of its distilling, blending, bottling, storing and production activities                                                                                  | Parent company                                                                                               | Cost of sales/Inventories            | \$ 13,054                  | \$ 13,615 |
| V. The Corporation sub-contracts an important portion of its bookkeeping, record keeping services, certain administrative services, related data processing and maintenance of data processing activities | Parent company                                                                                               | Marketing, sales, and administration | \$ 2,229                   | \$ 2,164  |
| VI. The Corporation purchases some of the inventory used in production activities                                                                                                                         | Parent company                                                                                               | Cost of sales/Inventories            | \$ 1,355                   | \$ –      |

These transactions, which are settled the following month, are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Transactions in sections III, IV, and V above are covered under the terms of agreements with related parties that expire on August 31, 2004. These agreements included a non-competition clause whereby the Corporation ceded its rights to sell beverage alcohol in bulk in favour of its parent company.

| BALANCES                                  |  |  |          |          |
|-------------------------------------------|--|--|----------|----------|
| AS AT AUGUST 31 (in thousands of dollars) |  |  | 2003     | 2002     |
| AMOUNTS INCLUDED IN ACCOUNTS RECEIVABLE   |  |  |          |          |
| Affiliated companies                      |  |  | \$ 3,137 | \$ 5,521 |
|                                           |  |  | \$ 3,137 | \$ 5,521 |

TOP 25  
SPIRIT  
BRANDS  
IN CANADA

Corby owned or represented  
products in bold  
For the period ending Aug/03

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

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

NOTE 3. RESTRUCTURING ACTIVITIES

In February 2003, the Corporation restructured its work force and eliminated 25 full-time sales and marketing positions across the country. The realignment allowed the Corporation to increase the effectiveness of the sales coverage by utilizing the services of strategically located part-time contractors while simultaneously reducing sale coverage costs. As a result of this reorganization, the Corporation recorded a charge to earnings in the year ended August 31, 2003 of \$2,068,000, of which \$400,000 was accrued as at August 31, 2003. The majority of the charge related to the severance costs associated with the elimination of the 25 positions noted above.

NOTE 4. INVENTORIES-NET

| AS AT AUGUST 31 (in thousands of dollars) | 2003      | 2002      |
|-------------------------------------------|-----------|-----------|
| Raw materials                             | \$ 4,890  | \$ 2,510  |
| Work-in-progress                          | 27,737    | 27,600    |
| Finished goods                            | 9,616     | 13,547    |
| Inventories-net*                          | \$ 42,243 | \$ 43,657 |

\*Net of inventory provisions of \$223 and \$1,659 as at August 31, 2003 and 2002, respectively

NOTE 5. INCOME TAXES

| FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars) | 2003     | 2002     |
|---------------------------------------------------------|----------|----------|
| Current                                                 | \$ 9,529 | \$ 7,784 |
| Future                                                  | (568)    | (43)     |
|                                                         | \$ 8,961 | \$ 7,741 |

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

| FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars) | 2003       | 2002       |
|---------------------------------------------------------|------------|------------|
| FUTURE TAX ASSETS:                                      |            |            |
| Accounts payable and accrued liabilities                | \$ 458     | \$ 244     |
|                                                         | \$ 458     | \$ 244     |
| FUTURE TAX LIABILITIES:                                 |            |            |
| Employee future benefits                                | \$ (1,106) | \$ (1,496) |
| Capital assets                                          | (380)      | (344)      |
|                                                         | \$ (1,486) | \$ (1,840) |

The effective tax rate of 24% for the year ended August 31, 2003 and 23% for the year ended August 31, 2002 differ from the basic Federal and Provincial rates due to the following:

| FOR THE YEARS ENDED AUGUST 31                                        | 2003  | 2002  |
|----------------------------------------------------------------------|-------|-------|
| Combined basic Federal and Provincial tax rates                      | 36%   | 40%   |
| Equity in net earnings of companies subject to significant influence | (1%)  | (3%)  |
| Income not subject to tax                                            | (10%) | (13%) |
| Other                                                                | (1%)  | (1%)  |
|                                                                      | 24%   | 23%   |

NOTE 6. CHANGES IN NON-CASH WORKING CAPITAL

| FOR THE YEARS ENDED AUGUST 31 (in thousands of dollars) | 2003      | 2002       |
|---------------------------------------------------------|-----------|------------|
| (INCREASE) DECREASE IN:                                 |           |            |
| Accounts receivable                                     | \$ 985    | \$ (3,980) |
| Interest receivable from affiliated company             | (1,571)   | (1,330)    |
| Inventories                                             | 1,414     | 1,666      |
| Prepaid expenses                                        | 27        | 453        |
| INCREASE (DECREASE) IN:                                 |           |            |
| Accounts payable and accrued liabilities                | 3,409     | 3,075      |
| Interest payable to affiliated company                  | 1,611     | 1,760      |
| Income and other taxes payable                          | 5,143     | (1,926)    |
| (INCREASE) DECREASE IN NON-CASH WORKING CAPITAL         | \$ 11,018 | \$ (282)   |

NOTE 7. LOAN TO/FROM AFFILIATED COMPANY

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

The amount due to affiliated company bears interest at 7.66%, matures in fiscal 2006, is without recourse and is secured by the capital of Allied Domecq USA. Interest expense for the year was \$11,887,000 (2002-\$11,647,000).

The amount due from affiliated company bears interest at 7.91% and matures in fiscal 2006. Income for the year was \$12,275,000 (2002-\$11,998,000).

NOTE 8. CAPITAL ASSETS

| AS AT AUGUST 31 (in thousands of dollars) |           |                          |                     |           |                          |                     |  |
|-------------------------------------------|-----------|--------------------------|---------------------|-----------|--------------------------|---------------------|--|
|                                           | COST      | ACCUMULATED AMORTIZATION | 2003 NET BOOK VALUE | COST      | ACCUMULATED AMORTIZATION | 2002 NET BOOK VALUE |  |
| Land                                      | \$ 638    | \$ –                     | \$ 638              | \$ 638    | \$ –                     | \$ 638              |  |
| Buildings                                 | 5,702     | 3,916                    | 1,786               | 5,621     | 3,752                    | 1,869               |  |
| Machinery and equipment                   | 12,852    | 8,604                    | 4,248               | 11,044    | 7,893                    | 3,151               |  |
|                                           | \$ 19,192 | \$ 12,520                | \$ 6,672            | \$ 17,303 | \$ 11,645                | \$ 5,658            |  |

NOTE 9. EMPLOYEE FUTURE BENEFITS

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

|                                                    | PENSION BENEFIT PLAN SALARIED AND EXECUTIVE | PENSION BENEFIT PLAN SERP | OTHER BENEFIT PLAN | TOTAL FUTURE BENEFIT PLAN |
|----------------------------------------------------|---------------------------------------------|---------------------------|--------------------|---------------------------|
| BENEFIT OBLIGATION:                                |                                             |                           |                    |                           |
| Balance - 09/01/02                                 | \$ 31,418                                   | \$ 4,117                  | \$ 8,009           | \$ 43,544                 |
| Current service cost                               | 554                                         | 150                       | 142                | 846                       |
| Interest cost                                      | 2,092                                       | 275                       | 548                | 2,915                     |
| Employee contributions                             | 104                                         | –                         | –                  | 104                       |
| Plan amendments                                    | 950                                         | –                         | –                  | 950                       |
| Benefits paid                                      | (2,858)                                     | (231)                     | (944)              | (4,033)                   |
| Actuarial loss (gain)                              | 1,148                                       | 148                       | 1,228              | 2,524                     |
| Balance - 08/31/03                                 | \$ 33,408                                   | \$ 4,459                  | \$ 8,983           | \$ 46,850                 |
| FAIR VALUE OF PLAN ASSETS:                         |                                             |                           |                    |                           |
| Balance - 09/01/02                                 | \$ 34,631                                   | \$ 1,533                  | \$ –               | \$ 36,164                 |
| Actual return on plan assets                       | 1,725                                       | 17                        | –                  | 1,742                     |
| Employer contributions                             | –                                           | 231                       | 944                | 1,175                     |
| Employee contributions                             | 104                                         | –                         | –                  | 104                       |
| Benefits paid                                      | (2,858)                                     | (231)                     | (944)              | (4,033)                   |
| Actual plan expenses                               | (542)                                       | (7)                       | –                  | (549)                     |
| Balance - 08/31/03                                 | \$ 33,060                                   | \$ 1,543                  | \$ –               | \$ 34,603                 |
| FUNDED STATUS: SURPLUS (DEFICIT)                   |                                             |                           |                    |                           |
| Unrecognized net transition obligation (asset)     | (4,271)                                     | 193                       | 6,033              | 1,955                     |
| Unamortized past service cost                      | 1,526                                       | 41                        | –                  | 1,567                     |
| Unamortized net actuarial loss                     | 8,509                                       | 774                       | 1,800              | 11,083                    |
| Accrued benefit asset (liability)                  | \$ 5,416                                    | \$ (1,908)                | \$ (1,150)         | \$ 2,358                  |
| OTHER INFORMATION:                                 |                                             |                           |                    |                           |
| (Income)/expense recognized in current year        | \$ 471                                      | \$ 420                    | \$ 1,093           | \$ 1,984                  |
| Amortization of transitional obligation (asset)    | (349)                                       | 15                        | 403                | 69                        |
| Amortization of past service costs                 | 254                                         | 3                         | –                  | 257                       |
| Amortization of actuarial loss (gain)              | 155                                         | 13                        | –                  | 168                       |
| Discount rate (beginning)                          | 6.75%                                       | 6.75%                     | 6.75%              | 6.75%                     |
| Discount rate (ending)                             | 6.25%                                       | 6.25%                     | 6.25%              | 6.25%                     |
| Rate of compensation increase (beginning)          | 4.00%                                       | 4.00%                     | 4.00%              | 4.00%                     |
| Rate of compensation increase (ending)             | 4.00%                                       | 4.00%                     | 4.00%              | 4.00%                     |
| Expected rate of return on plan assets (beginning) | 7.50%                                       | 7.50%                     | –                  | 7.50%                     |
| Expected rate of return on plan assets (ending)    | 7.25%                                       | 7.25%                     | –                  | 7.25%                     |

The assumed average health care cost trend rate at August 31, 2003 was 7.8%, decreasing to 4.2% over the next seven years.

CORBY  
MARKET LEADERS

*No.1 Spirit Overall by Region*

Alberta

Royal Reserve Canadian Whisky

Saskatchewan

Wiser's Special Blend Rye Whisky

Newfoundland & Labrador

Lamb's Palm Breeze Amber Rum

*Represents the leading spirit sold by volume regardless of category*

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

NOTE 9. EMPLOYEE FUTURE BENEFITS (continued from page F3)

|                                                 | PENSION BENEFIT<br>PLAN SALARIED<br>AND EXECUTIVE | PENSION<br>BENEFIT PLAN<br>SERP | OTHER<br>BENEFIT<br>PLAN | TOTAL<br>FUTURE<br>BENEFIT PLAN |
|-------------------------------------------------|---------------------------------------------------|---------------------------------|--------------------------|---------------------------------|
| BENEFIT OBLIGATION:                             |                                                   |                                 |                          |                                 |
| Balance - 09/01/01                              | \$ 31,981                                         | \$ 4,445                        | \$ 7,918                 | \$ 44,344                       |
| Current service cost                            | 765                                               | 204                             | 178                      | 1,147                           |
| Past service cost                               | —                                                 | —                               | —                        | —                               |
| Interest cost                                   | 2,039                                             | 289                             | 504                      | 2,832                           |
| Plan amendments                                 | 530                                               | —                               | —                        | 530                             |
| Employee contributions                          | 97                                                | —                               | —                        | 97                              |
| Benefits paid                                   | (2,890)                                           | (651)                           | (684)                    | (4,225)                         |
| Actuarial loss (gain)                           | (1,104)                                           | (170)                           | 93                       | (1,181)                         |
| Balance - 08/31/02                              | \$ 31,418                                         | \$ 4,117                        | \$ 8,009                 | \$ 43,544                       |
| FAIR VALUE OF PLAN ASSETS:                      |                                                   |                                 |                          |                                 |
| Balance - 09/01/01                              | \$ 41,897                                         | \$ 1,707                        | \$ —                     | \$ 43,604                       |
| Actual return on plan assets                    | (3,790)                                           | (174)                           | —                        | (3,964)                         |
| Employer contributions                          | —                                                 | 651                             | —                        | 651                             |
| Employee contributions                          | 97                                                | —                               | —                        | 97                              |
| Benefits paid                                   | (2,890)                                           | (651)                           | —                        | (3,541)                         |
| Actual plan expenses                            | (683)                                             | —                               | —                        | (683)                           |
| Balance - 08/31/02                              | \$ 34,631                                         | \$ 1,533                        | \$ —                     | \$ 36,164                       |
| FUNDED STATUS: SURPLUS (DEFICIT)                | \$ 3,213                                          | \$ (2,584)                      | \$ (8,009)               | \$ (7,380)                      |
| Unrecognized net transition obligation (asset)  | (4,620)                                           | 208                             | 6,436                    | 2,024                           |
| Unamortized past service cost                   | 831                                               | 44                              | —                        | 875                             |
| Unamortized net actuarial loss                  | 6,441                                             | 613                             | 572                      | 7,626                           |
| Accrued benefit asset (liability)               | \$ 5,865                                          | \$ (1,719)                      | \$ (1,001)               | \$ 3,145                        |
| OTHER INFORMATION:                              |                                                   |                                 |                          |                                 |
| (Income)/expense recognized in current year     | \$ 615                                            | \$ 440                          | \$ 682                   | \$ 1,737                        |
| Amortization of transitional obligation (asset) | (349)                                             | 16                              | 403                      | 70                              |
| Amortization of past service costs              | 52                                                | 2                               | —                        | 54                              |
| Amortization of actuarial loss (gain)           | 103                                               | 30                              | 11                       | 144                             |
| Discount rate (beginning)                       | 6.50%                                             | 6.50%                           | 6.50%                    | 6.50%                           |
| Discount rate (ending)                          | 6.75%                                             | 6.75%                           | 6.75%                    | 6.75%                           |
| Rate of compensation increase (beginning)       | 4.50%                                             | 4.50%                           | 4.50%                    | 4.50%                           |
| Rate of compensation increase (ending)          | 4.00%                                             | 4.00%                           | 4.00%                    | 4.00%                           |
| Expected rate of return on plan assets          | 8.00%                                             | 8.00%                           | —                        | 8.00%                           |

NOTE 10. LONG-TERM DEBT

| AS AT AUGUST 31 (in thousands of dollars) | 2003 | 2002     |
|-------------------------------------------|------|----------|
| Bankers' acceptance                       | \$ — | \$ 8,000 |

Bankers' acceptance are borrowings under a committed revolving bank credit facility that provides the Corporation the right to borrow up to \$50 million at the bankers' acceptance floating rates repayable in full on March 20, 2005. Interest expense on long-term debt for the year was \$29,000 (2002 - \$415,000).

NOTE 11. SHARE CAPITAL

| AS AT AUGUST 31 (in thousands of dollars, except number of shares) | 2003      | 2002      |
|--------------------------------------------------------------------|-----------|-----------|
| NUMBER OF SHARES AUTHORIZED:                                       |           |           |
| Voting Class A Common Shares - no par value                        | Unlimited | Unlimited |
| Non-Voting Class B Common Shares - no par value                    | Unlimited | Unlimited |
| NUMBER OF SHARES ISSUED AND FULLY PAID:                            |           |           |
| Voting Class A Common Shares                                       | 6,068,580 | 6,068,580 |
| Non-Voting Class B Common Shares - beginning of year               | 998,072   | 966,571   |
| Non-Voting Class B Common Shares - issued during the year          | 14,500    | 31,501    |
| Non-Voting Class B Common Shares - end of year                     | 1,012,572 | 998,072   |
|                                                                    | 7,081,152 | 7,066,652 |
|                                                                    | \$ 12,426 | \$ 11,755 |

In prior years, the Corporation established a Non Voting Class B Common Share Option Plan and set aside 200,000 Non Voting Class B Common Shares. Through the Share Option Plan, options were granted to certain officers and employees for the purchase of Non Voting Class B Common Shares. Options were granted at prices equal to the closing market value on the last trading day prior to the grant and are exercisable from six to nine years from the date of vesting. Options vest from one to four years after the grant date. The issuance of all the reserved shares under the Plan would not have a material dilutive effect on the Corporation's earnings per share. During the year, 14,500 options were exercised for total proceeds of approximately \$671,000. The last options granted through the Share Option Plan were granted on October 23, 2000. There were no options granted during the years ended August 31, 2003 and August 31, 2002 due to the fact that the amount of Non Voting Class B Common Shares set aside for the Share Option Plan have been fully granted.

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

| AS AT AUGUST 31                       | OPTIONS<br>2003 | WEIGHTED<br>AVERAGE<br>EXERCISE PRICE<br>2003 | OPTIONS<br>2002 | WEIGHTED<br>AVERAGE<br>EXERCISE PRICE<br>2002 |
|---------------------------------------|-----------------|-----------------------------------------------|-----------------|-----------------------------------------------|
| Outstanding, beginning of year        | 54,025          | \$ 51.19                                      | 102,300         | \$ 46.11                                      |
| Granted                               | —               | —                                             | —               | —                                             |
| Exercised through the purchase option | (14,500)        | 46.28                                         | (31,501)        | 35.85                                         |
| Cancelled                             | (2,800)         | 49.75                                         | (16,774)        | 49.04                                         |
| Outstanding, end of year              | 36,725          | \$ 52.03                                      | 54,025          | \$ 51.19                                      |

| AS AT AUGUST 31          | NUMBER<br>OUTSTANDING<br>2003 | WEIGHTED<br>AVERAGE<br>REMAINING<br>CONTRACTUAL<br>LIFE (IN YEARS) | WEIGHTED<br>AVERAGE<br>EXERCISE<br>PRICE | NUMBER<br>EXERCISEABLE<br>2003 | WEIGHTED<br>AVERAGE<br>EXERCISE<br>PRICE |
|--------------------------|-------------------------------|--------------------------------------------------------------------|------------------------------------------|--------------------------------|------------------------------------------|
| RANGE OF EXERCISE PRICES |                               |                                                                    |                                          |                                |                                          |
| \$46.25 - \$49.75        | 30,150                        | 7.7                                                                | \$ 48.77                                 | 17,187                         | \$ 48.46                                 |
| \$67.00                  | 6,575                         | 6.0                                                                | \$ 67.00                                 | 6,575                          | \$ 67.00                                 |

NOTE 12. SHARE APPRECIATION RIGHTS PLAN

In October 2002, the Corporation established a Share Appreciation Rights Plan. Through this Plan, share appreciation rights ("SAR") are granted to certain officers and employees of the Corporation at a grant price equal to the market closing price of the Corporation's Class A common shares seven days after the date of grant. SAR's vest from two to four years after the date of grant. On the date of vesting, the SAR is deemed to have been automatically exercised and the holder is entitled to receive a cash payment equal to the difference between the grant price and the market closing price of the Corporation's Class A common shares. If the closing market price of the Class A common shares on the date of vesting is less than or equal to the grant price, the vested SAR immediately lapses and no payment is made. The holder of a SAR is also entitled to receive a cash payment equal to the total value of dividends earned on the SAR until the vesting date. As at August 31, 2003,

there have been 55,697 SAR's granted to officers and employees of the Corporation at a weighted-average grant price of \$58.80.

NOTE 13. EARNINGS PER SHARE

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

| AS AT AUGUST 31 (in thousands of dollars, except share amounts)              | 2003      | 2002      |
|------------------------------------------------------------------------------|-----------|-----------|
| NUMERATOR:                                                                   |           |           |
| Net income                                                                   | \$ 28,439 | \$ 25,134 |
| DENOMINATOR:                                                                 |           |           |
| Denominator for basic earnings per share-weighted average shares outstanding | 7,077,811 | 7,046,382 |
| Effect of dilutive potential common shares                                   | 10,335    | 15,188    |
| Denominator for diluted earnings per share                                   | 7,088,146 | 7,061,570 |

NOTE 14. CUMULATIVE TRANSLATION ADJUSTMENTS

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

| AS AT AUGUST 31 (in thousands of dollars)       | 2003       | 2002     |
|-------------------------------------------------|------------|----------|
| Balance - beginning of year                     | \$ 577     | \$ (782) |
| Translation adjustment of long-term investments | (1,604)    | 1,359    |
| Balance - end of year                           | \$ (1,027) | \$ 577   |

NOTE 15. FINANCIAL INSTRUMENTS

Credit Risk

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

Fair Values

The financial instruments used by the Corporation are limited to short-term financial assets and liabilities, long-term debt and loans to/from affiliates. Short-term financial assets are comprised of accounts receivable. Short-term financial liabilities are comprised of bank indebtedness, accounts payable and accrued liabilities. The carrying amounts of these short-term assets and liabilities are a reasonable estimate of the fair values, given the short-term maturity of those instruments. Long-term debt is comprised of bankers' acceptance, the carrying values of which approximate their fair values since they bear interest at a current interest rate. The loans to/from affiliates are carried at values that approximate fair values, since they bear interest rates consistent with similar securities.

NOTE 16. COMMITMENTS

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

| AS AT AUGUST 31 (in thousands of dollars) | 2003     |
|-------------------------------------------|----------|
| 2004                                      | \$ 925   |
| 2005                                      | 808      |
| 2006                                      | 701      |
| 2007                                      | 558      |
| 2008                                      | 413      |
| Thereafter                                | 88       |
|                                           | \$ 3,493 |

NOTE 17. SEGMENTED INFORMATION

The Corporation has one operating segment as is defined by the Canadian Institute of Chartered Accountants (the "CICA") in Section 1701 of the CICA Handbook "Segment Disclosures". The Corporation's activities are comprised of the production of spirits, along with the distribution of spirits, imported wines and liqueurs. In fiscal 2003 commissions from the distribution of imported wines accounted for 5.0% of gross operating revenue (fiscal 2002 - 5.9%).

For the year ended August 31, 2003 and the year ended August 31, 2002, the Corporation's gross revenue and identifiable assets are all attributable to its domestic Canadian operations. Export sales account for less than 10% of gross operating revenue. The Corporation's equity in net earnings of companies subject to significant influence is derived principally from European based operations. In fiscal 2003, sales to three major customers accounted for 39%, 14% and 13%, respectively, of gross operating revenue (fiscal 2002 - 38%, 16% and 13%).

NOTE 18. CONTINGENCIES

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

NOTE 19. COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to the financial statement presentation adopted in 2003.



Ten Year Review

|                                                                                | YEAR ENDED AUGUST 31 |       |       |       |       |       |       |       | SIX MONTHS<br>ENDED<br>AUGUST 31 | YEAR<br>ENDED<br>FEBRUARY 28 |       |
|--------------------------------------------------------------------------------|----------------------|-------|-------|-------|-------|-------|-------|-------|----------------------------------|------------------------------|-------|
|                                                                                | 2003                 | 2002  | 2001  | 2000  | 1999  | 1998  | 1997  | 1996  | 1995                             | 1995*                        | 1994* |
| RESULTS (in millions of dollars)                                               |                      |       |       |       |       |       |       |       |                                  |                              |       |
| Gross operating revenue                                                        | 108.9                | 101.8 | 101.2 | 93.4  | 101.1 | 97.2  | 92.1  | 84.5  | 40.6                             | 88.4                         | 93.4  |
| Earnings from operations                                                       | 35.5                 | 30.7  | 32.9  | 29.1  | 30.1  | 30.1  | 32.4  | 30.4  | 12.5                             | 33.4                         | 35.6  |
| Earnings before extraordinary item excluding after-tax restructuring costs     | 29.8                 | 25.1  | 28.5  | 21.2  | 25.7  | 30.5  | 29.2  | 26.7  | 12.4                             | 28.4                         | 32.4  |
| Net earnings                                                                   | 28.4                 | 25.1  | 28.5  | 20.4  | 22.8  | 27.8  | 28.5  | 26.7  | 12.4                             | 28.6                         | 30.0  |
| Cash provided from operations                                                  | 41.5                 | 25.4  | 24.4  | 24.1  | 17.2  | 32.0  | 21.3  | 22.4  | 14.0                             | 22.3                         | 17.6  |
| YEAR-END POSITION (in millions of dollars)                                     |                      |       |       |       |       |       |       |       |                                  |                              |       |
| Working capital                                                                | 68.1                 | 60.7  | 58.2  | 62.2  | 64.0  | 62.8  | 92.1  | 90.4  | 79.8                             | 62.8                         | 49.2  |
| Total assets                                                                   | 273.2                | 259.2 | 254.8 | 94.2  | 107.4 | 101.7 | 161.9 | 144.1 | 120.8                            | 115.5                        | 209.5 |
| Long-term debt                                                                 | —                    | 8.0   | 18.0  | 31.0  | 39.0  | 43.0  | —     | —     | —                                | —                            | —     |
| Shareholders' equity                                                           | 99.8                 | 86.5  | 72.9  | 57.3  | 53.1  | 44.8  | 144.6 | 128.7 | 109.9                            | 104.1                        | 81.4  |
| PER COMMON SHARE (in dollars)                                                  |                      |       |       |       |       |       |       |       |                                  |                              |       |
| Net earnings before extraordinary item excluding after-tax restructuring costs | 4.21                 | 3.57  | 4.06  | 3.02  | 3.67  | 4.37  | 4.16  | 3.77  | 1.75                             | 4.02                         | 4.62  |
| Net earnings                                                                   | 4.02                 | 3.57  | 4.06  | 2.91  | 3.25  | 3.98  | 4.06  | 3.77  | 1.75                             | 4.05                         | 4.27  |
| Cash provided from operations                                                  | 5.87                 | 3.61  | 3.46  | 3.43  | 2.45  | 4.59  | 3.03  | 3.17  | 1.98                             | 3.16                         | 2.50  |
| Shareholders' equity                                                           | 14.10                | 12.24 | 10.37 | 8.16  | 7.58  | 6.41  | 20.76 | 18.20 | 15.56                            | 14.76                        | 11.54 |
| Special dividend paid                                                          | —                    | —     | —     | —     | —     | 16.50 | —     | —     | —                                | —                            | 16.50 |
| Dividends paid                                                                 | 2.00                 | 2.00  | 2.00  | 2.00  | 2.00  | 1.70  | 1.28  | 1.24  | 0.62                             | 1.15                         | 1.12  |
| MARKET VALUE PER COMMON SHARE                                                  |                      |       |       |       |       |       |       |       |                                  |                              |       |
| High                                                                           | 59.50                | 61.95 | 67.50 | 84.00 | 88.00 | 76.50 | 58.00 | 46.00 | 38.00                            | 40.00                        | 58.13 |
| Low                                                                            | 50.00                | 53.00 | 45.10 | 44.50 | 67.00 | 54.75 | 40.75 | 37.75 | 31.50                            | 33.00                        | 37.13 |
| Close at end of year                                                           | 57.00                | 57.05 | 64.05 | 49.80 | 70.00 | 73.00 | 55.00 | 43.00 | 37.75                            | 33.75                        | 37.13 |
| OTHER STATISTICS                                                               |                      |       |       |       |       |       |       |       |                                  |                              |       |
| Working capital ratio                                                          | 4.5                  | 6.8   | 7.1   | 16.7  | 5.3   | 6.1   | 7.1   | 7.8   | 9.7                              | 7.3                          | 1.4   |
| Pre-tax return on average capital employed                                     | 37.9                 | 34.8  | 40.4  | 34.9  | 38.6  | 34.3  | 31.6  | 33.6  | 44.8                             | 45.8                         | 38.0  |
| Earnings from operations as a % of gross revenue                               | 32.6                 | 30.2  | 32.5  | 31.2  | 29.8  | 31.0  | 35.2  | 36.0  | 30.7                             | 37.8                         | 38.1  |
| Return on average shareholders' equity                                         | 30.5                 | 31.5  | 43.8  | 37.0  | 46.5  | 29.3  | 20.9  | 22.3  | 30.3                             | 30.8                         | 23.6  |
| Number of shareholders                                                         | 762                  | 785   | 813   | 855   | 891   | 933   | 985   | 1,068 | 1,136                            | 1,174                        | 1,192 |
| Number of shares outstanding ('000's)                                          | 7,078                | 7,067 | 7,035 | 7,020 | 7,006 | 6,989 | 6,966 | 7,071 | 7,060                            | 7,058                        | 7,057 |
| SEGMENTED INFORMATION (in millions of dollars)                                 |                      |       |       |       |       |       |       |       |                                  |                              |       |
| Gross operating revenue from Canadian operations                               | 108.9                | 101.8 | 101.2 | 93.4  | 101.1 | 97.2  | 92.1  | 84.5  | 40.6                             | 88.4                         | 93.4  |
| Pre-tax earnings from Canadian operations                                      | 35.9                 | 30.7  | 32.9  | 29.1  | 30.1  | 30.0  | 34.2  | 33.3  | 15.0                             | 35.4                         | 44.3  |
| Net earnings before extraordinary item:                                        |                      |       |       |       |       |       |       |       |                                  |                              |       |
| Canadian operations                                                            | 27.0                 | 22.8  | 23.3  | 15.4  | 15.8  | 20.9  | 19.3  | 19.2  | 8.8                              | 20.8                         | 25.6  |
| Foreign operations                                                             | 1.4                  | 2.3   | 5.2   | 5.0   | 7.0   | 6.9   | 9.2   | 7.5   | 3.6                              | 7.8                          | 4.4   |

\* Restated



CORBY

Directors and Officers & General Information

| DIRECTORS                                                                                                                        | OFFICERS                                                                                                        | BOARD COMMITTEES                                                                                                                    | GENERAL INFORMATION                                                                                                                                                                                                                     | OFFICES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | FOR MORE INFORMATION                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| John Nicodemo<br>Chief Financial Officer,<br>Vice President, Finance<br>& Corporate Secretary<br>(Year Elected 2000)             | George F. McCarthy<br>Chairman of the Board<br><br>Krystyna T. Hoeg<br>President and<br>Chief Executive Officer | <b>Executive Committee</b><br>George F. McCarthy<br>Chairperson<br><br>Garth M. Girvan<br>Krystyna T. Hoeg                          | <b>Transfer Agent<br/>and Registrar</b><br>Computershare Trust Company<br>of Canada<br><br><b>Auditors</b><br>KPMG LLP                                                                                                                  | <b>Executive Office</b><br>193 Yonge Street,<br>Toronto, Ontario<br>M5B 1M8<br>Tel: 416.369.1859<br><br><b>Registered Office</b><br>193 Yonge Street,<br>Toronto, Ontario<br>Canada<br>M5B 1M8                                                                                                                                                                                                                                                                                                                                                                               | Corby Distilleries Limited<br>Krystyna T. Hoeg, President<br>and Chief Executive Officer<br>John Nicodemo, CFO-V.P.<br>Finance & Corporate Secretary<br>Tel: 416.369.1859<br>www.Corby.ca |
| Patricia Nielsen<br>C.E.O. Maxxam Analytics<br>International Corporation<br>Toronto, Ontario<br>(Year Elected 2000)              | John Nicodemo<br>Chief Financial Officer,<br>Vice President, Finance<br>& Corporate Secretary                   | <b>Retirement Board<br/>Committee</b><br>Krystyna T. Hoeg<br>Chairperson                                                            | <b>Bankers</b><br>Toronto Dominion Bank<br>Bank of Montreal                                                                                                                                                                             | <b>Distillery</b><br>950 chemin des Moulins,<br>Montréal, Québec<br>H3C 3W5<br>Tel: 514.878.4611                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Ce rapport peut être obtenu<br>en français auprès de :<br>Les Distilleries Corby Limitée<br>193, rue Yonge<br>Toronto (Ontario) M5B 1M8<br>Tél. : 416.369.1859                            |
| Robert L. Llewellyn<br>Company Director<br>Toronto, Ontario<br>(Year Elected 1999)                                               | Andrew Alexander<br>Vice President, Sales<br><br>Howard Kirke<br>Vice President<br>External Affairs             | Robert L. Llewellyn<br>John Nicodemo<br>Ismat Mirza                                                                                 | <b>Solicitors</b><br>McCarthy Tétrault LLP                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| Harold V. Gorman<br>Senior Vice President<br>and General Counsel<br>Allied Domecq Spirits<br>& Wine, N.A.<br>(Year Elected 2000) | Ismat Mirza<br>Vice President<br>Human Resources                                                                | <b>Audit Committee</b><br>Robert L. Llewellyn<br>Chairperson<br><br>Con Constandis<br>Garth M. Girvan<br>Harold V. Gorman           | <b>ANNUAL &amp; GENERAL MEETING<br/>OF SHAREHOLDERS</b><br>Wednesday, January 21, 2004<br>at 11 o'clock in the forenoon,<br>Le Royal Meridien<br>King Edward Hotel<br>Vanity Fair Ball Room,<br>37 King Street East<br>Toronto, Ontario |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| Garth M. Girvan<br>Partner, McCarthy Tétrault<br>Barristers and Solicitors<br>Toronto, Ontario<br>(Year Elected 1998)            |                                                                                                                 | <b>Management Resources<br/>Committee</b><br>Patricia Nielsen<br>Chairperson<br><br>Robert L. Llewellyn<br>Mary Thomas              |                                                                                                                                                                                                                                         | <b>SALES OFFICES</b><br>193 Yonge Street,<br>Toronto, Ontario<br>M5B 1M8<br>Tel: 416.369.1859<br><br>950 chemin des Moulins,<br>Montréal, Québec<br>H3C 3W5<br>Tel: 514.871.9090<br><br>102 Chain Lake Drive, Suite 228<br>Halifax, Nova Scotia<br>B3S 1A7<br>Tel: 902.450.5483<br><br>Unit 202,<br>Saskatchewan Drive,<br>Regina, Saskatchewan<br>S4T 1H3<br>Tel: 306.586.6546<br><br>10709 – 181st Street,<br>Edmonton, Alberta<br>T5S 1N3<br>Tel: 403.481.9107<br><br>Unit 2168,<br>13353 Commerce Parkway,<br>Richmond, British Columbia<br>V6V 3A1<br>Tel: 604.276.8121 |                                                                                                                                                                                           |
| George F. McCarthy<br>Chairman of the Board<br>of the Corporation<br>(Year Elected 1993)                                         |                                                                                                                 | <b>Independent Committee</b><br>Robert L. Llewellyn<br>Chairperson<br><br>Garth M. Girvan<br>George F. McCarthy<br>Patricia Nielsen |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| Krystyna T. Hoeg<br>President and<br>Chief Executive Officer<br>of the Corporation<br>(Year Elected 1996)                        |                                                                                                                 | <b>Corporate Governance<br/>&amp; Nominating Committee</b><br>Garth M. Girvan<br>Chairperson<br><br>Con Constandis<br>John Nicodemo |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| Mary Thomas<br>Senior Vice President<br>Human Resources, N.A.<br>Allied Domecq<br>Spirits & Wine, N.A.<br>(Year Elected 2000)    |                                                                                                                 |                                                                                                                                     |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                           |
| Con Constandis<br>Senior Vice President<br>Finance & Operations<br>Allied Domecq<br>Spirits & Wine, N.A.<br>(Year Elected 2003)  |                                                                                                                 |                                                                                                                                     |                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                           |

# Champagne – Synonymous with Celebration

TORONTO — Have you ever heard of someone sipping port from the Stanley Cup, or christening a ship with a bottle of Chablis? What do Grand Prix racers spray into the air after a victory? Sparkling rosé? Of course not!

These are occasions when only champagne will do. The explosive, effervescent pop of a champagne cork is an event in itself, a sign that something special has happened. When was the last time you heard someone say, "Waiter, bring eight glasses and a bottle of the cheap stuff – tonight we celebrate!"?

For most of us, Mumm Cordon Rouge has always been the definitive Champagne. The one we turn to for that momentous, joyful celebration. Everyone knows the classic label with the bright red ribbon – like a sash worn by an Old World prince.

Cordon Rouge first appeared in 1875, an evocation of the Légion d'Honneur, a distinguished French order founded by Napoleon in 1802. Over the years Mumm has become an icon, a truly historic name. And now, as a member of the Corby family, it continues to make new partnerships around the world.

"One of the things that's very exciting these days is the association with Formula One Racing," says Ian Sparks, Director of Sales and Marketing for Corby's Premium Brands Division. As the official Champagne of Formula One, Cordon Rouge is on the podium for victory celebrations all over the F1 Circuit. Champagne has always been associated with celebration of course, but now Canadians are enjoying it in a variety of social situations. "Champagne is really quite versatile and people are seeing it as a terrific apéritif," says Sparks. This means fine restaurants are now getting into the act by pouring Champagne by the glass. The trend also sees Canadians serving Champagne with a variety of foods.

But even though it's becoming a wine for all occasions, Champagne is still a very special thing. And while Mumm might be better known globally, Perrier Jouté Champagne, another Corby brand, epitomizes this sense of style and joie de vivre.

Perrier Jouté's Belle Epoque, a remarkable Champagne, has a long association with Art Nouveau, a movement that profoundly influenced architecture, design, and fashion in the early 20th century. In fact, the Perrier Jouté Château has one of the largest Art Nouveau collections in the world. In 1902, one of the movement's pioneers, Émile Gallé, created a bottle for Belle Epoque that featured a floral arabesque of anemones. The arresting design is a work of art in itself.

"I have to say Corby is extremely proud of both our Champagne brands," says Ian Sparks. "They're found in the finest wine shops and restaurants, and they've become icons in the industry. We're very excited that,



The Belle Epoque label design was created in 1902 by Art Nouveau artist Émile Gallé.

increasingly, Canadian wine lovers are enjoying Champagne in everyday life. We look forward to the continued growth of both brands."

# CUISINE

## Kahlúa Mochaccino Cheesecake

World's Favourite Mixer. Also a Decadent Dessert Ingredient



It comes as no surprise to Corby Distilleries that Kahlúa, the original coffee liqueur made from handpicked premium-quality coffee beans from the semi-tropical Mexican mountains, is a favourite across Canada, indeed around the world.

Its unparalleled smooth taste is unleashed week after week in hundreds of neighbourhood bars, where it is poured over vodka in a rocks-filled glass to create the classic Black Russian. Countless other chilled drink recipes exist, including the famous White Russian or the infamous Mudslide, which combines Kahlúa, Polar Ice vodka and Carolans Irish Cream together for an adventure you'll not soon forget. Even regular coffee gets a slick kick when it pairs with Kahlúa to form a sugar-rimmed Spanish Coffee or a whipped-cream and cinnamon topped B&Z Coffee.

"Our aim has been to own the first and last drink of the night and we're really winning on that front," says Jackie Brenkel, Director of Marketing of Corby Distilleries. "Recently, we pulled out all the stops and brought a Kahlúa-inspired dessert to the table. We not only extended our reach and hit a key target market, but we co-branded our product with chocolate – it's the perfect complement."

Chocolate is one of the world's all-time favourite flavours and Kahlúa has achieved a comparable global standing on the liqueur stage. Therefore, it was only natural for Corby to market a dessert recipe that marries the two crowd pleasers.

The result is Kahlúa Mochaccino Cheesecake – a decadent dessert with a chocolate-caramel crust and a chocolate-Kahlúa cream cheese filling that has been marketed on the Web through [www.corby.ca](http://www.corby.ca) and on [www.recipesplus.ca](http://www.recipesplus.ca), Canada's #1 yearly recipe source. The recipe was prominently featured in Recipes Plus' 13-month calendar that brings great recipe ideas on leading Canadian brands into the homes of Canadians. Recipes Plus is distributed through Canadian Living and Coup de Pouce magazines and major grocery retailers across the country each year.

Corby also prides itself on matching its individual brands with consumer preferences and then turns those needs into powerful marketing campaigns. Corby understands that Canadian consumers enjoy entertaining friends and family regularly. It also knows that nothing gets more "oohs" and "aahs" than show-stopping cocktails and desserts.

"Knowing what our customers want and fulfilling their needs is integral to the Corby strategy. Launching our Kahlúa campaign in November ahead of the holiday season attracts the consumers' attention at a time when entertaining is at its peak," added Andrea Connolly, Corby Marketing Manager for Liqueurs. "I dare you to tell me a sweeter ending to a meal than our Kahlúa Mochaccino Cheesecake and a specialty coffee made with Kahlúa. For those who need proof, here's the recipe!"

### Kahlúa Mochaccino Cheesecake

**Crust**  
1 1/2 cups (375 ml) – chocolate baking crumbs

1/4 cup (50 ml) – melted butter

1/2 cup (125 ml) – caramel sauce

**Filling**  
3 pkgs (250g x 3) – cream cheese, softened

3/4 cup (175 ml) – sugar

3 – eggs

1/4 cup (50 ml) – Kahlúa

6 squares – semi-sweet chocolate, melted

Whipping cream, caramel sauce, grated chocolate

**Directions**

1. Combine baking crumbs with 1/4 cup melted butter. Press on bottom and 1-inch up sides of a 9-inch spring-form pan. Pour 1/2 cup caramel sauce over crust.
2. Beat softened cream cheese and 3/4 cup sugar until smooth. Add eggs, one at a time, and mix until just blended.
3. Stir in Kahlúa.
4. Stir in squares of melted semi-sweet chocolate and pour over crust.
5. Bake at 350°F (175°C) for 45-50 min. or until centre is almost set. Cool completely, then refrigerate 3 hrs. or overnight.
6. Garnish with whipping cream, drizzle with caramel sauce and grated chocolate.

## CORBYS COPIES

Corby wishes to thank all its people for making 2003 another successful year

### CAPRICORN

(December 22 – January 19)

As a Capricorn, you're a born leader, which means you're good at coming up with ideas and delegating the details to others. You set the bar high and have been known to prop it up when it threatens to fall. Seemingly a Royal Reserve, there is some Maibu in you. Let it out from time to time.

Zena Baltzer  
Bruno Blain  
Fay Boyd  
Sebastien Bruneau  
Badri Chebli  
Mar.ene Cloutier  
Gerry Cristiano  
Lorraine Dawson  
Kirsten Devitt  
Krstyna Hoeg  
Remy Houthoofd  
Regent Lauzon  
Stephanie Marcoux  
Brent McEachern  
Mary McFarlane  
John Nicodemo  
Andrew Philip  
Valerie Senger  
Laurie Sirmis  
Suni Weston  
Larry Willard

### TAURUS

(April 20 – May 20)

You appreciate luxury. A crystal glass of Wiser's Very Old white enconced in a crackling leather chair is your idea of fun. Born under the sign of the bull, you're headstrong. You don't like change, but you must learn the difference between caution and sheer stubbornness. Remember: some people put a drop of water in their premium whisky and enjoy it just as much.

Sebastien Boisclair  
Jackie Brenkel  
George Czornyj  
Nicolas Fioramore  
Alain Garand  
Robert Girard  
Lorelei Greene  
Richard Legault  
Hubert Lemay  
Farzanah Mohamed  
Connie Organ  
Marc Paquet  
Linda Sloat  
Jacques Touchette  
Denis Trahan

### GEMINI

(May 21 – June 20)

You're bright, alert, have a good memory, and are an effective communicator. You've been known to stretch the truth for a good story. Or so you say. When all is said and done, though, you're almost never wrong. Stick to your beliefs and you'll win at your game.

Michelle Blyth  
Ildiko Booth  
Sandra Charbonneau  
Mark Cruikshank  
Krisztina Cseh  
Sebastien Dulac  
Martin Duquette  
Scott Forrest  
Annie Fournier  
Ken Gustafson  
Bruce Hopkins  
Andrew Macdonald  
Anastasia Michelis  
Katharine Price  
Richard Wiebe

### CANCER

(June 21 – July 22)

You alternate between introversion and extroversion. A contemplative glass of Wiser's De Luxe with close friends one night, and a Polar Ice Chocolate Martini in a crowded lounge the next. Go with your natural inclinations and your personal spirits market will grow.

Michael Armistead  
Eric Auger  
Mathieu Fortin  
Richard Hollihan  
Franklin Laverty  
Cynthia Lefebvre  
Jamie Rassi  
Elise Robitaille  
Eric Tremblay Dalpe  
Shila Wolff

### LEO

(July 23 – August 22)

You are warm, generous, open-minded, and a strong leader. You enjoy centre stage, but don't let flattery turn your head. You may be a 500,000-case brand but it wasn't always that way. While you enjoy making fun of yourself, you're uncomfortable when others do it. Relax, they're going to do it anyway.

Robert Carriere  
Rae-Anne Cude  
Rick Dmytryshyn  
Blair Finlayson  
Eric Girard  
Raymond Hajjar  
William Hamilton  
Cindy Kurtenbach  
Dale Larsen  
Deborah Lennie  
Samarie Lumsden  
Jakob Ripshtein  
Carlo Ruggero  
Fiorentino Simboli  
Mark Slobodan  
Krista Zulis

### VIRGO

(August 23 – September 22)

You are sensitive to your well-being as a way of maintaining order and routine (Kahlúa cheesecake notwithstanding). A great organizer and skilled at deductive reasoning, you sometimes get caught up in details and miss the larger picture – love, for example. Why not try an emotional "move to market"? It's worked for you before.

### Daniel Brisebois

Daryn Brown  
Angie Calabrese  
Farrel Chow  
Michel Fortin  
Claude Fouchreau  
Kevin Hanson  
Rick Kaczmarek  
Susan Mackay  
Lucy Pheiffer  
Serge Pronovost  
Tracie Redmond  
Derek Thomas

### LIBRA

(September 23 – October 22)

You are bright, social, effective with language, and good at bringing people from different backgrounds together. A Manhattan made with Canadian Club is an example of your cross-border diplomacy. You may be more comfortable with intellect than emotion, yet you alone knew that CARA is Italian for dear.

Jean-Pierre Blais  
Tim Borghese  
Kathy Buckley  
Andrew Corcoran  
Gus Dicesare  
Donna Irvine  
Bruce Kahan  
Charlene King  
Rene Lafontaine  
Gabriel Lavoie  
Tony Leo  
Daniel Marcil  
Michel Phaneuf  
Francois Picard  
Garth Pieper  
Jeffery Raine  
Alan Sullivan

### SCORPIO

(October 23 – November 21)

You are deeply attuned to emotions and quick to detect insincerity. You enjoy the mysterious and are prone to secrecy. Drawn to the healing arts and spiritual pursuits, you usually end up managing the money. Take heart, there is value in what you do.

Jason Black  
Andrea Bridge  
Julie Brule  
Ian Buchanan  
Marc Castonguay  
Roy Da Costa  
Jody Davis  
Marizull Gainza  
Sebastien Giroux  
Luc Lacharite  
Diane Legare  
Carol McKenzie  
Traci Mendez Limas  
Marc-Antoine Phaneuf  
Marc Pronovost  
Ash Lee Roper  
Nicholas Sinclair  
Michael Steinman  
Cathy Strati  
Robert Vukic  
Donna Williamson  
Steven Zinberg