

ANDREW PELLER LIMITED
REPORTS SOLID GROWTH IN THIRD QUARTER AND FIRST NINE MONTHS OF FISCAL 2013

This news release contains forward-looking information that is based upon assumptions and is subject to risks and uncertainties as indicated in the cautionary note contained elsewhere in this news release.

GRIMSBY, Ontario – February 11, 2013 – Andrew Peller Limited ADW.A/ADW.B (the “Company”) announced today continued strong operating and financial performance for the three and nine months ended December 31, 2012.

FISCAL 2013 HIGHLIGHTS:

- Sales up 4.4% on solid growth through majority of trade channels
- Sales have increased in 41 of the last 43 quarters
- Net earnings up 14.9% to \$15.6 million or \$1.12 per Class A Share
- Launch of new brands to contribute to further organic growth
- Peller Estates remains top-selling wine brand across Canada
- Export sales bolstered by new business with Sunwing Vacations and prestigious international awards for ice wine

“The third quarter remains our strongest period of the year due to seasonal sales and we were very pleased to generate a solid 4.2% predominantly organic growth in sales for the quarter compared to last year,” commented John Peller, President and CEO. “We expect to see another record year of growth and profitability for the 2013 fiscal year and continued strong performance going forward.”

Sales for the third quarter of fiscal 2013 rose 4.2% to \$79.8 million from \$76.6 million in the prior year. For the nine months ended December 31, 2012 sales increased 4.4% to \$225.6 million from \$216.0 million last year. For the nine-month period, the increases in revenues are due primarily to the contribution from the licensing agreement with the Wayne Gretzky winery effective November 8, 2011, the acquisition of Cellar Craft that was effective October 28, 2011 as well as solid organic growth arising from new product introductions, particularly *skinnygrape*, increased sales of premium blended and varietal table wine brands sold through provincial liquor boards, growth in sales at the Company’s retail store network, and strong export sales.

Gross margin was 38.6% of sales in the third quarter and for the first nine months of fiscal 2013 compared to 40.1% and 39.5% respectively in the same periods last year. Gross margin percentage was negatively affected by higher costs for wine purchased on international markets in fiscal 2013 as well as increased price competition in certain markets. The decrease in gross margin percentage was partially offset by the positive impact of sales of higher margin products and successful cost control initiatives to reduce distribution, operating, and packaging expenses. During fiscal 2013 the Company implemented programs to enhance a number of supply chain and distribution contracts that it expects will contribute to improved profitability over the long term. The special levy implemented by the Ontario government on July 1, 2010 served to reduce sales and gross margin by approximately \$1.5 million and \$1.9 million in the first nine months of fiscal 2013 and fiscal 2012 respectively.

Selling and administrative expenses increased in the third quarter and first nine months of fiscal 2013 due to an increase in advertising and promotional initiatives across all trade channels and an increase in consulting expenses incurred to implement cost control and information technology initiatives. As a percentage of sales, selling and administrative expenses for the nine months ended December 31, 2012 were 25.1%, down marginally from 25.5% in the prior year.

Interest expense has declined in fiscal 2013 compared to the prior year due to a decrease in short and long-term interest rates partially offset by higher debt levels.

The Company recorded a non-cash gain in the first nine months of fiscal 2013 related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts aggregating approximately \$1.1 million compared to a loss of \$0.3 million in the prior year. The Company has elected not to apply hedge accounting and accordingly these financial instruments are reflected in the Company’s financial statements at fair value each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the volatility of changing costs and interest rates.

Other income received in fiscal 2013 related to \$0.5 million recorded upon expropriation of a small part of the property that surrounds the Company’s Port Moody facility. The property is being temporarily used while construction of a rapid transit project takes place. Payments amounting to \$2.0 million for the use of the property were received in advance and were recorded as deferred income. The amount received is being reported as other income over the five-year term of the

expropriation, which started on July 1, 2012. Other expenses in fiscal 2013 include a \$0.3 million fair value adjustment to vines. Other expenses in fiscal 2012 included a \$0.6 million fair value adjustment to vines and \$0.1 million in maintenance costs for the Company's Port Moody facility.

Net earnings excluding gains (losses) on derivative financial instruments, other expenses, and the related income tax effect of these items for the three and nine months ended December 31, 2012 were \$6.3 million and \$14.7 million, respectively compared to \$6.3 million and \$14.3 million in the same periods last year. Net earnings for the third quarter of fiscal 2013 were \$6.6 million or \$0.47 per Class A Share compared to \$6.3 million or \$0.46 per Class A Share in the prior year. For the nine months ended December 31, 2012 net earnings were \$15.6 million or \$1.12 per Class A Share compared to \$13.6 million or \$0.98 per Class A Share last year. The third quarter of the Company's fiscal year is historically the strongest due to seasonal sales during the period.

Strong Financial Position

Working capital at December 31, 2012 increased to \$45.0 million compared to \$34.9 million at March 31, 2012. The change related to a larger harvest of grapes due to warmer summer temperatures, higher accounts receivable due to the seasonality of sales, and a reduction in accounts payable and accrued charges. These amounts were partially offset by an increase in bank indebtedness. The Company's debt to equity ratio was 0.85:1 at December 31, 2012 compared to 0.87:1 at March 31, 2012. Shareholders' equity as at December 31, 2012 was \$131.0 million or \$9.16 per common share compared to \$120.6 million or \$8.43 per common share as at March 31, 2012. The increase in shareholders' equity is primarily due to higher net earnings for the year partially offset by the payment of dividends.

In the first nine months of fiscal 2013 the Company generated cash from operating activities, after changes in non-cash working capital items, of \$6.7 million compared to \$0.7 million in the prior year. Cash flow from operating activities has increased in fiscal 2013 due to strong earnings performance, the advance payments received for the use of the Port Moody property, lower income tax installments and a smaller increase in working capital than in the prior year.

Recent Events

The Company is pleased to confirm that its popular Peller Estates wines remained the top-selling brand in Provincial liquor stores across Canada. In addition, the Company's Trius portfolio stands as one of the top-three Vintner's Quality Alliance (VQA) brands in the country, and its new Crush brand was among the top new VQA product launches at the Liquor Control Board of Ontario (LCBO).

The Company's strong export business will be augmented by new revenues supplying all of Sunwing Vacations' flights to southern holiday destinations from Canada. The Company estimates that approximately 1.4 million glasses of Peller Estates wines will be served on all Sunwing Vacation flights equaling approximately 284,000 bottles of wine served this season. The Canadian charter airline operates daily flights to over 12 favourite sun destinations including; Florida, Jamaica and Cuba.

In addition, the Company is pleased to announce that its Peller Estates Icewines have received a number of prestigious awards at international competitions, including Gold at the Icewine du Monde 2012 competition and Gold at the Decanter World Wine Awards held in London, England. Judged by a panel of over 200 wine experts including wine merchants, sommeliers, journalists, Masters of Wine and Master Sommeliers, Peller Estates Vidal Icewine 2010 received these awards in competition against wines from 54 countries. In addition, at the Japan Wine Challenge, Peller Estates Vidal Icewine 2010 was awarded the coveted distinction of Best Sweet Wine in the competition from more than 1,300 wines entered representing 27 countries.

"These prestigious awards are a testament to the quality of our ice wines, and we expect this recognition will enhance our presence both in Canada and in our export markets around the world," Mr. Peller stated.

During fiscal 2013 the Company launched its new *Verano* wines imported from Spain, as well as *skinnygrape*, Canada's first low calorie wine. Thirty Bench's award-winning Riesling has been included in the "Vintages Essentials Collection" at the LCBO, while the Company's Red Rooster wines are now fully distributed and available in all British Columbia markets. In addition, the Company is now approaching the capability to harvest a full crop from its 300 acre vineyard that was recently planted in BC's Okanagan Valley, increasing the Company's VQA grape production by 50% in the Province.

Financial Highlights (Unaudited)

(Complete condensed consolidated financial statements to follow)

(in \$000 except as otherwise stated) For the Period Ended December 31,	Three Months		Nine Months	
	2012	2011	2012	2011
Sales	79,813	76,595	225,557	215,992
Gross margin	30,812	30,719	87,141	85,304
Gross margin (% of sales)	38.6%	40.1%	38.6%	39.5%
Selling and administrative expenses	18,942	18,861	56,697	55,159
EBITA	11,870	11,858	30,444	30,145
Unrealized (gain) loss on financial instruments	(683)	(117)	(1,079)	296
Other (income) expenses	214	44	(213)	700
Net earnings	6,632	6,309	15,634	13,605
Earnings per share – Class A	\$0.47	\$0.46	\$1.12	\$0.98
Earnings per share – Class B	\$0.42	\$0.39	\$0.98	\$0.85
Dividend per share – Class A (annual)			\$0.360	\$ 0.360
Dividend per share – Class B (annual)			\$0.314	\$ 0.314
Cash provided by operations (after changes in non-cash working capital items)	(5,067)	(9,460)	6,655	695
Working capital			45,000	39,654
Shareholders' equity per share			\$9.16	\$8.56

The Company calculates net earnings excluding gains (losses) on derivative financial instruments, other expenses, and the related income tax effect as follows:

(Unaudited)	For the three months ended December 31,		For the nine months ended December 31,	
(in thousands of \$)	2012	2011	2012	2011
Net earnings	6,632	6,309	15,634	13,605
Net unrealized losses (gains) on derivatives	(683)	(117)	(1,079)	296
Other expenses (income)	214	44	(213)	700
Income tax effect of the above	127	20	349	(269)
Net earnings excluding gains (losses) on derivative financial instruments, other expenses, and the related income tax effect	6,290	6,256	14,691	14,332

Andrew Peller Limited ('APL' or the 'Company') is a leading producer and marketer of quality wines in Canada. With wineries in British Columbia, Ontario, and Nova Scotia, the Company markets wines produced from grapes grown in Ontario's Niagara Peninsula, British Columbia's Okanagan and Similkameen Valleys, and from vineyards around the world. The Company's award-winning premium and ultra-premium VQA brands include *Peller Estates*, *Trius*, *Hillebrand*, *Thirty Bench*, *Crush*, *Wayne Gretzky*, *Sandhill*, *Calona Vineyards Artist Series*, and *Red Rooster*. Complementing these premium brands are a number of popularly priced varietal wine brands including *Peller Estates French Cross* in the East, *Peller Estates Proprietors Reserve* in the West, *Copper Moon*, *XOXO*, *skinnygrape* and *Verano*. *Hochtaler*, *Domaine D'Or*, *Schloss Laderheim*, *Royal*, and *Sommet* are our key value priced wine blends. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these popularly priced and value priced wine brands. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, Global Vintners Inc., the recognized leader in personal winemaking products. Global Vintners distributes products through over 250 Winexpert and Wine Kitz authorized retailers and franchisees and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand, Australia, and China. Global Vintners award-winning premium and ultra-premium winemaking brands include *Selection*, *Vintners Reserve*, *Island Mist*, *Kenridge*, *Cheeky Monkey*, *Ultimate Estate Reserve*, *Traditional Vintage*, *Cellar Craft*, and *Artful Winemaker*. The Company owns and operates more than 100 well-positioned independent retail locations in Ontario under The Wine Shop, Aisle 43, and WineCountry Vintners store names. The Company also owns Grady Wine Marketing Inc. based in Vancouver and The Small Winemaker's

Collection Inc. based in Ontario; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company has entered into a partnership to market the *Wayne Gretzky* Estate Winery brands across Canada. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and personal winemaking products. Andrew Peller Limited common shares trade on the Toronto Stock Exchange (symbols ADW.A and ADW.B).

The Company utilizes EBITA (defined as earnings before interest, amortization, unrealized derivative (gain) loss, other expenses, and income taxes). EBITA is not a recognized measure under IFRS. Management believes that EBITA is a useful supplemental measure to net earnings, as it provides readers with an indication of cash available for investment prior to debt service, capital expenditures, and income taxes. Readers are cautioned that EBITA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The Company also utilizes gross margin (defined as sales less cost of goods sold, excluding amortization) and net earnings excluding gains (losses) on derivative financial instruments, other expenses, and the related income tax effect as defined above. The Company's method of calculating EBITA, gross margin, and net earnings excluding gains (losses) on derivative financial instruments, other expenses, and the related income tax effect may differ from the methods used by other companies and, accordingly, may not be comparable to measures used by other companies.

Andrew Peller Limited common shares trade on the Toronto Stock Exchange (symbols ADW.A and ADW.B).

FORWARD-LOOKING INFORMATION

Certain statements in this news release may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour provision" of the Securities Act (Ontario) with respect to Andrew Peller Limited (the "Company") and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's recent acquisitions; its launch of new premium wines; sales trends in foreign markets; its supply of domestically grown grapes; and current economic conditions. These statements are subject to certain risks, assumptions, and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect", or "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would", and "could" often identify forward-looking statements. We have based these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this news release, the Company has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle, and wine prices; its ability to obtain grapes, imported wine, glass, and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian wine market; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising, and labeling its products; the regulation of liquor distribution and retailing in Ontario; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in this news release, in the "Risk Factors" section and elsewhere in the Company's MD&A and other risks detailed from time to time in the publicly filed disclosure documents of Andrew Peller Limited which are available at www.sedar.com. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions which could cause actual results to differ materially from those conclusions, forecasts, or projections anticipated in these forward-looking statements. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. The Company's forward-looking statements are made only as of the date of this news release, and except as required by applicable law, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events or circumstances or otherwise.

For more information, please contact:

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ANDREW PELLER LIMITED

Condensed Consolidated Balance Sheets

Unaudited

These financial statements have not been reviewed by our auditors

(in thousands of Canadian dollars)	December 31 2012 \$	March 31 2012 \$
Assets		
Current Assets		
Accounts receivable	26,882	24,937
Inventory	114,694	110,256
Current portion of biological assets	-	881
Prepaid expenses and other assets	3,073	1,338
	144,649	137,412
Property, plant, and equipment	89,013	84,490
Biological assets	12,924	12,556
Intangibles	12,801	13,621
Goodwill	37,473	37,473
	296,860	285,552
Liabilities		
Current Liabilities		
Bank indebtedness	62,284	57,495
Accounts payable and accrued liabilities	26,723	37,118
Dividends payable	1,252	1,252
Income taxes payable	1,928	40
Current portion of derivative financial instruments	1,150	1,272
Current portion of long-term debt	6,312	5,366
	99,649	102,543
Long-term debt	42,791	41,456
Long-term derivative financial instruments	1,297	1,943
Post-employment benefit obligations	8,119	7,151
Deferred income	1,415	-
Deferred income taxes	12,597	11,907
	165,868	165,000
Shareholders' Equity		
Capital stock	7,026	7,026
Retained earnings	123,966	113,526
	130,992	120,552
	296,860	285,552

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes.

They will be available on the Investor Relations section of www.andrewpeller.com or at www.sedar.com.

ANDREW PELLER LIMITED

Condensed Consolidated Statements of Earnings

Unaudited

These financial statements have not been reviewed by our auditors

(in thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	December 31		December 31	
	2012	2011	2012	2011
	\$	\$	\$	\$
Sales	79,813	76,595	225,557	215,992
Cost of goods sold	49,001	45,876	138,416	130,688
Amortization of plant and equipment used in production	1,180	1,233	3,527	3,677
Gross profit	29,632	29,486	83,614	81,627
Selling and administration	18,942	18,861	56,697	55,159
Amortization of plant, equipment, and intangibles used in selling and administration	646	688	2,426	2,119
Interest	1,288	1,170	3,866	4,201
Operating earnings	8,756	8,767	20,625	20,148
Net unrealized (gains) losses on derivative financial instruments	(683)	(117)	(1,079)	296
Other (income) expenses	214	44	(213)	700
Earnings before income taxes	9,225	8,840	21,917	19,152
Provision for income taxes				
Current	2,140	1,879	5,089	4,706
Deferred	453	652	1,194	841
	2,593	2,531	6,283	5,547
Net earnings for the period	6,632	6,309	15,634	13,605
Net earnings per share				
Basic and diluted				
Class A shares	0.47	0.46	1.12	0.98
Class B shares	0.42	0.39	0.98	0.85

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes. They will be available on the Investor Relations section of www.andrewpeller.com or at www.sedar.com.

Condensed Consolidated Statements of Comprehensive Income

Unaudited

These financial statements have not been reviewed by our auditors

(in thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	December 31		December 31	
	2012	2011	2012	2011
	\$	\$	\$	\$
Net earnings for the period	6,632	6,309	15,634	13,605
Net actuarial losses on post-employment benefit plans	(133)	(438)	(1,941)	(2,295)
Deferred income taxes	34	114	504	597
Other comprehensive loss for the period	(99)	(324)	(1,437)	(1,698)
Net comprehensive income for the period	6,533	5,985	14,197	11,907

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes. They will be available on the Investor Relations section of www.andrewpeller.com or at www.sedar.com.

ANDREW PELLER LIMITED

Condensed Consolidated Statements of Cash Flows

Unaudited

These financial statements have not been reviewed by our auditors

	For the nine months ended December 31, 2012 \$	For the nine months ended December 31, 2011 \$
(in thousands of Canadian dollars)		
Cash provided by (used in)		
Operating activities		
Net earnings for the period	15,634	13,605
Adjustments for:		
Loss (gain) on disposal of property and equipment	(547)	158
Amortization of plant, equipment, and intangibles	5,953	5,796
Interest expense	3,866	4,201
Provision for income taxes	6,283	5,547
Revaluation of biological assets	295	563
Post-employment benefits	(973)	(647)
Deferred income	1,819	-
Net unrealized (gain) loss on derivative financial instruments	(1,079)	296
Interest paid	(3,640)	(4,043)
Income taxes paid	(3,201)	(5,002)
	<u>24,410</u>	<u>20,474</u>
Changes in non-cash working capital items related to operations	<u>(17,755)</u>	<u>(19,779)</u>
	<u>6,655</u>	<u>695</u>
Investing activities		
Proceeds from disposal of property and equipment	514	-
Purchase of property, equipment, and biological assets	(11,266)	(5,097)
Purchases of intangibles	-	(1,039)
Proceeds from disposal of a business	1,000	-
Acquisition of businesses	-	(600)
	<u>(9,752)</u>	<u>(6,736)</u>
Financing activities		
Decrease in bank indebtedness	4,789	9,946
Issuance of long-term debt	6,500	50,263
Repayment of long-term debt	(4,280)	(49,611)
Deferred financing costs	(155)	(904)
Dividends paid	(3,757)	(3,653)
	<u>3,097</u>	<u>6,041</u>
Increase (decrease) in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	<u>-</u>	<u>-</u>

The above statements should be read in conjunction with the entire interim consolidated financial statements and notes. They will be available on the Investor Relations section of www.andrewpeller.com or at www.sedar.com.