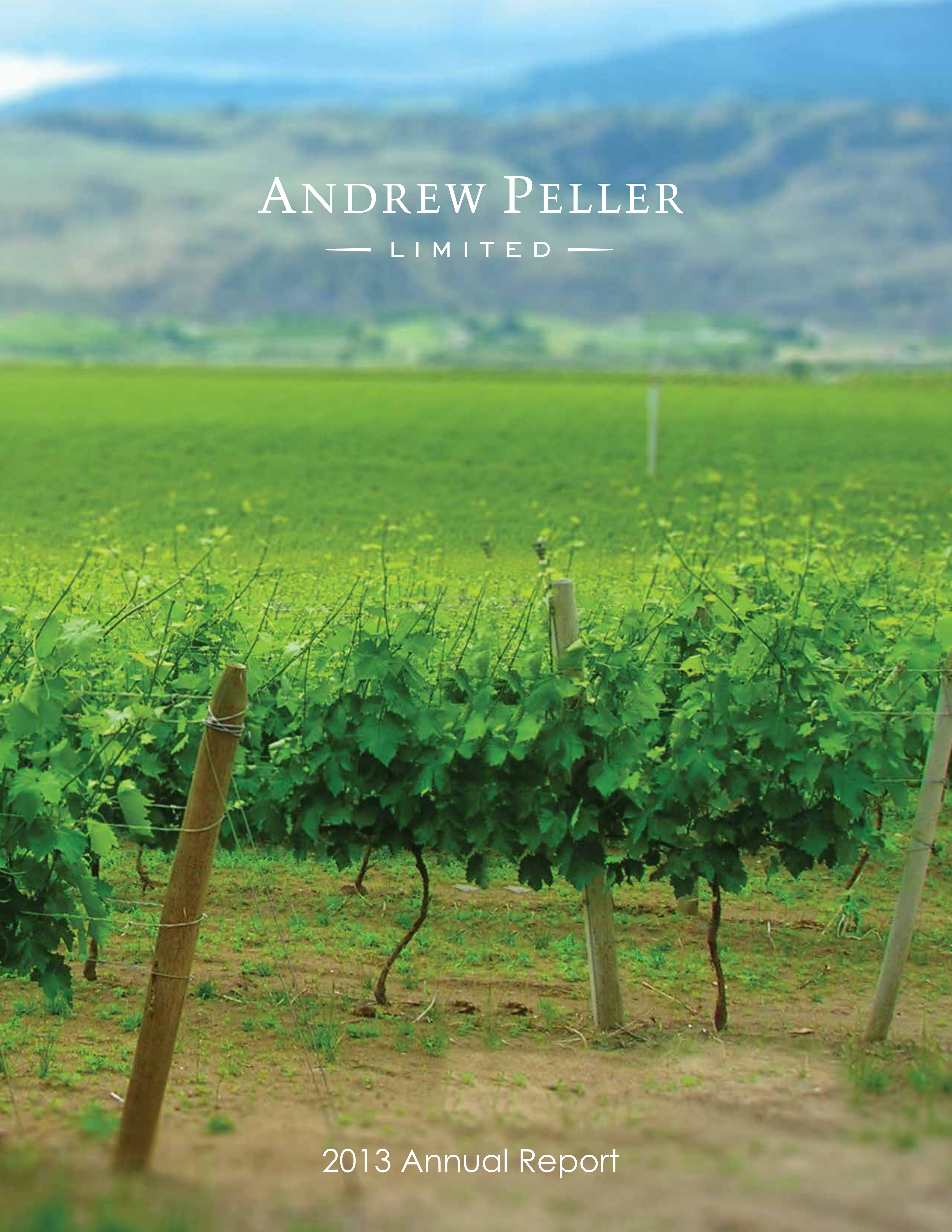


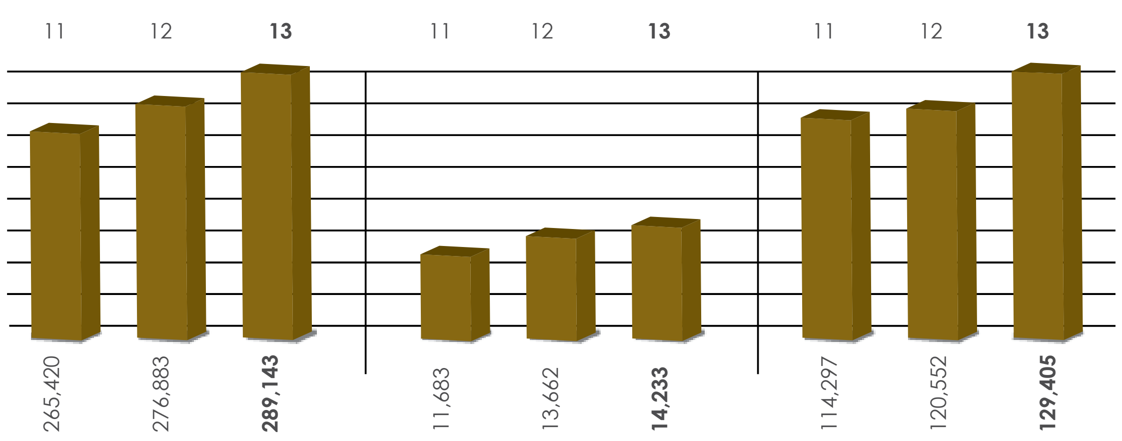
Andrew Peller Limited

2013 Annual Report

FINANCIAL AND OPERATING HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31
(in $000's of Canadian dollars, except per share amounts)

	2013	2012
SALES AND EARNINGS		
Net sales	$ **289,143**	$ 276,883
EBITA	**33,533**	32,651
Net earnings	**14,759**	13,001
FINANCIAL POSITION		
Working capital	**41,670**	34,869
Total assets	**296,519**	285,552
Shareholders' equity	**129,405**	120,552
PER SHARE		
Net earnings per Class A Share - basic and diluted	**1.06**	0.93
DIVIDENDS		
Class A Shares, Non-Voting	**0.360**	0.360
Class B Shares, Voting	**0.314**	0.314
MARKET VALUE		
Class A - HIGH	**11.35**	10.30
Class A - LOW	**9.44**	8.70
Class B - HIGH	**11.80**	10.70
Class B - LOW	**9.75**	8.65
ANALYTICAL INFORMATION		
Return on average shareholders' equity	**12.5%**	11.1%
Return on average capital employed	**11.1%**	11.5%
Ratio of current assets to current liabilities	**1.4:1**	1.3:1



* Net earnings excluding restructuring costs, gains (losses) on derivative financial instruments, other expense, and the related income tax effect.

OVERVIEW

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 Eastern Canada, *Peller Estates Proprietors Reserve* in Western Canada, *Copper Moon, XOXO, skinnygrape*, and *Verano*. *Hochtaler, Domaine D'Or, Schloss Laderheim, Royal*, and *Sommet* are our key value priced brands. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these popularly priced and value priced 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. ("GVI"), the recognized leader in personal winemaking products. GVI 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. GVI's award-winning premium and ultra-premium winemaking brands include *Selection, Vintners Reserve, Island Mist, KenRidge, Cheeky Monkey, Ultimate Estate Reserve, Traditional Vintage*, and *Cellar Craft*. The Company owns and operates 102 well-positioned independent retail locations in Ontario under The Wine Shop and Wine Country Vintners store names. The Company also owns Grady Wine Marketing ("GWM") based in Vancouver and The Small Winemaker's Collection Inc. ("SWM") 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 an agreement to produce and market the *Wayne Gretzky* brands in Canada. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and personal winemaking products.

CONTENTS

REPORT TO SHAREHOLDERS

The Canadian wine industry has been transformed into a large and successful group of world-class producers of high quality wines that proudly contribute approximately $6.8 billion annually to the Canadian economy. Our Company capitalized on these strong industry fundamentals to produce another year of record operating earnings resulting in the fifth increase in common share dividends over the last eight years.

Strong Performance

Sales increased 4.4% in fiscal 2013 to $289.1 million due to solid organic growth arising from new product introductions, increased sales of premium blended and varietal table wines, higher sales at the Company's retail store network, and strong export sales. Growth was also generated by our recent licensing agreement with the *Wayne Gretzky* winery and the acquisition of *Cellar Craft* in our consumer-made wine business. Net earnings rose 13.5% to $14.8 million or $1.06 per Class A Share. Not including a one-time restructuring charge taken in the fourth quarter of the year, net earnings were up 19.9% to $15.6 million or $1.12 per Class A Share.

Our balance sheet remained very strong at year-end with working capital of $41.7 million, up from $34.9 million at March 31, 2012, and an improved debt to equity ratio of 0.83:1. Shareholders' equity was $129.4 million or $9.05 per common share and cash generated from operating activities, after changes in non-cash working capital items, rose to $13.3 million from $7.0 million in the prior year.

Enhancing Shareholder Value

With our solid performance in fiscal 2013 and our highly positive outlook on the future, we were pleased to implement an 11% increase in our common share dividends on June 28, 2013 to annual amounts of $0.400 per Class A Share and $0.348 per Class B Share. This was our fifth dividend increase in the last eight years and was a reflection of our commitment to building shareholder value over the long-term. Andrew Peller Limited has paid common share dividends since 1974. We were also pleased that our shareholders have received a total compound return, including dividends, of 47.9% over the last five years.

Leading Market Presence

We were very proud that our popular *Peller Estates* family of high quality wines remained the top-selling brand in provincial liquor stores across Canada while *Copper Moon* was the third-largest in sales in the popular-price varietal segment of the business. Our *Trius* portfolio stood as one of the top-three Vintner's Quality Alliance ("VQA") brands in the country; *Trius Brut* became the top-selling VQA sparkling wine in the Liquor Control Board of Ontario ("LCBO").

During fiscal 2013 we launched *skinnygrape*, an innovative low calorie wine with only 80 calories per 5 oz. glass. Low calorie wine was a growing segment among consumers and our new entry is now the top-selling wine in this category. We also introduced *Verano* which is made from quality wines imported from Spain. Our new *Crush* brand, which was launched in fiscal 2012, was among the top new VQA product launches at the LCBO.

Our export business also grew in fiscal 2013 as icewine sales were strong in airport Duty Free stores across 21 countries. *Peller Estates Icewine* is listed in many of the world's top culinary establishments including Jean Georges and Per Se in New York City, as well as Gordon Ramsay and Jamie Oliver in London, England.

The brand is now served on flights with British Airways and on board industry-leading cruise lines such as Celebrity in the US and P&O and Cunard in Europe. New duty free listings were secured in a number of well-traveled airports including Jeju in Korea, Gatwick in London, Las Vegas, Houston, and Orlando. An exclusive supply agreement was reached with the Nuance Duty Free stores at Pearson Airport in Toronto – the world's single largest retailer of icewine. Only *Peller Estates, Wayne Gretzky, Trius,* and *Hillebrand* icewines will be sold by Nuance over the next three years.

Prestigious Awards

In fiscal 2013 we were very active competing and winning awards in many of the world's top wine competitions.

Our VQA brands in Western Canada received a total of 237 medals during the year with a very prestigious Gold Medal awarded to *Sandhill Small Lots Chardonnay 2011* at Chardonnay du Monde. Other top Gold Medals were awarded to *Calona Vineyards Chardonnay 2011* at the Canadian Wine Awards, *Red Rooster Pinot Gris 2011* and *Peller Estates Family Series Pinot Gris* at the All Canadian Wine Championships. *Red Rooster Cabernet Merlot 2010* was awarded Top 25 Under $25 in the world by Wine Access Magazine.

Our VQA brands in Eastern Canada also performed well winning 120 medals in fiscal 2013. Key awards included *Thirty Bench Small Lots Chardonnay 2010* winning Grand Gold at Concours Mondial Bruxelles, a Gold Medal and Best General List White Wine for *Trius Sauvignon Blanc 2012* at Cuvée 2012, *Peller Estates Private Reserve Cabernet Sauvignon 2010* being awarded Best Cabernet Sauvignon at Cuvée 2012, *Crush Red 2010* winning Double Gold and Best Non-Bordeaux Blend at the San Francisco International Wine Competition, and 2012 *Trius Brut Rosé* winning a Gold medal at the All Canadian Wine Championships. Our recently-launched *Verano Tempranillo Cabernet* recently won two Best in Class awards in international wine competitions.

Strong Market Share

We continued to maintain a strong and stable presence with a 13.2% share of the total English Canada wine market in fiscal 2013 and a 38.2% share in the domestically-produced wine market. Sales of our higher margin VQA wines rose 7.7% in fiscal 2013 after a slight decrease in the prior year due primarily to improved domestic grape supply this year and the contribution from our new partnership with *Wayne Gretzky*. As Canada's largest Canadian-owned wine producer, we are proud of our track record of growth and look for further market share gains in the years to come.

The Canadian Wine Market – Strong and Growing

Canada's wine economy remains robust, vibrant, and growing. From a collection of small vineyards in the Niagara region at the turn of the twentieth century, Canada is now home to 500 wineries from coast to coast. Providing world-class vintages that are recognized and respected around the globe, Canadian wine producers contribute $6.8 billion annually to the Canadian economy, employ more than 31,000 people, and welcome over 3 million tourists to our tasting rooms and wineries each year resulting in $1.2 billion in tourism-related economic impact. Each year Canadians enjoy over one billion glasses of Canadian-produced wine, the equivalent of 220 million bottles of high quality, award-winning vintages. Canada's wine economy also generates $1.2 billion in provincial and federal taxes and liquor board markups which support government sponsored programs in communities, infrastructure, education, and health care.

Imported wines still represent approximately 70% of the wines sold across the country. Canada remains one of the world's largest importers of wine resulting in significant sales of foreign made wine in our markets. Imports from major international wine-producing countries that support lower prices in our domestic markets continue to expand their share of the Canadian market while being backed by extensive foreign government export and distribution subsidy programs that are unmatched in Canada.

The Canadian wine industry is working with government to improve and increase our domestic presence and market share. As an example, we are attempting to reverse a discriminatory levy implemented by the Ontario government in July 2010 on wines made by blending wine made from domestic grapes with wine purchased on international markets ("International Canadian Blended" or "ICB" wines) sold through independent retail store locations. This levy negatively impacted our sales and gross margin by an estimated $2.0 million and $1.9 million in fiscal 2013 and 2012 respectively. Such wines sold through the LCBO are not subject to this levy.

It is clear that increased sales of Canadian-made wines will serve to enhance the overall Canadian economy. However, in order for the industry to grow, remain competitive at home, and compete with the best in the world we need new and innovative government policies, specifically in marketing support and distribution which will help our industry to continue to grow and prosper. We are working diligently with government to ensure policies are put in place to support this vision.

Looking Ahead

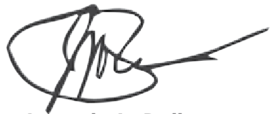
To capitalize on the solid fundamentals in the Canadian wine business and to maintain our track record of growth and performance we will continue to execute the same value-enhancing strategies that have proved so successful over the last fifty years.

Organic growth will come from further market share gains, the introduction of new products and packaging formats, continuing success in our export markets, and a strong and stable consumer-made wine business. One of our greatest strengths is our multi-faceted distribution network through licensed establishments, provincial liquor boards, our network of 102 The Wine Shop and WineCountry Vintner retail locations in Ontario, over 250 Winexpert and Wine Kitz authorized retailers and franchisees, and our estate wineries in Ontario's Niagara region and British Columbia's Okanagan Valley. Our wine clubs and direct-to-consumer programs continue to outperform the market and our two import wine and spirit agencies in Ontario and B.C. are performing well.

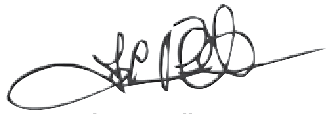
We continue to prudently investigate acquisitions that expand and complement our presence and brand profile within the Canadian wine market. The additions to our family of brands completed over the last few years have made significant contributions to our growth and performance and we will seek out additional acquisitions that strengthen our presence and enhance value for our shareholders.

Over the last few years we also invested in our people and our business systems, our marketing initiatives, our production capabilities, our vineyards, and our supply chain and distribution networks. We are confident these investments will contribute to increased sales and strong profitability in the future.

In closing, we face an exciting future and we thank everyone in the Company for their dedication and commitment. Our greatest asset is our people and it is their effort that will continue to support our strong record of growth and prosperity. We also want to thank our suppliers, our customers, and our shareholders for their continued commitment.



Joseph A. Peller
Chairman



John E. Peller
President and CEO

MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months and year ended March 31, 2013

The following management's discussion and analysis ("MD&A") provides a review of corporate developments, results of operations, and financial position for the three months and year ended March 31, 2013 in comparison with those for the three months and year ended March 31, 2012. This discussion is prepared as of June 26, 2013 and should be read in conjunction with the audited consolidated financial statements for the years ended March 31, 2013 and 2012 and the accompanying notes contained therein. The financial years ending March 31, 2013, March 31, 2012, and March 31, 2011 are referred to as "fiscal 2013", "fiscal 2012", and "fiscal 2011" respectively. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour provisions" of the *Securities Act (Ontario)*, with respect to APL 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 MD&A, 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 and Euro/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 of its products; the regulation of liquor distribution and retailing in Ontario; the application of federal and provincial environmental laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks and Uncertainties" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company 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 the 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 MD&A, and except as required by applicable law, APL undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events, or circumstances.

Outlook

The Company's stated mission is to build sales volumes of its blended, premium, and ultra-premium brands by delivering to its customers and consumers the highest quality wines at the best possible value. To meet this goal, the Company is investing in improvements in the quality of grapes and wines, its winemaking capabilities, sales and marketing initiatives, and in its quality management programs. Over the long term, the Company believes premium wine sales will continue to grow in Canada and these products generate higher sales and increased profitability compared to lower-priced table wines.

APL is focussed on initiatives to reduce costs and enhance its production efficiencies through an ongoing review of its operations. The Company continually reviews its cost structure with a view to enhancing profitability. The Company continues to expand and strengthen its distribution through provincial liquor boards, the 102 Ontario independent retail locations under The Wine Shop and Wine Country Vintners retail locations, estate wineries, restaurants, and other licensed establishments. This distribution network is supported by enhanced sales, marketing, and promotional programs. From time to time the Company also evaluates the potential for acquisitions and partnerships, both in Canada and internationally, to further complement its product portfolio and market presence.

Recent Events

On June 5, 2013 the Company's Board of Directors announced an 11% increase in common share dividends for shareholders of record on June 28, 2013 payable on July 5, 2013. The annual amount of dividends on Class A Shares was increased to $0.400 per share from $0.360 per share and the Class B Shares increased to $0.348 per share from $0.314 per share.

On November 8, 2011 the Company finalized a ten-year agreement with Wayne Gretzky which gives the Company the exclusive right to use certain *Wayne Gretzky* related brand names in the manufacturing and selling of wine in Canada.

On October 28, 2011 the Company completed the purchase of the inventory and intangible assets of Cellar Craft International, a consumer made wine business located in Western Canada for $2.7 million. *Cellar Craft* is best known for their grape skin product which allows the consumer to ferment red wine on the skin pulling more of the natural tannins into the wine.

On June 8, 2011 the Company's Board of Directors announced a 9% increase in common share dividends for shareholders of record on June 30, 2011 payable on July 8, 2011. The annual dividend on Class A Shares was increased to $0.360 per share from $0.330 per share and the Class B Shares increased to $0.314 per share from $0.288 per share.

During fiscal 2012 the Company celebrated its 50th Anniversary. A number of special events and promotions were held to recognize this important milestone.

Effective July 1, 2010 the Province of Ontario introduced, as part of the Harmonized Sales Tax ("HST"), a special wine levy on ICB wines sold through the Company's Ontario 102 independent retail store locations. ICB wines are made through the blending of wine made from domestic grapes with wine purchased on international markets. Imported and domestic wines sold through the LCBO do not incur any additional taxation. This discriminatory wine levy has put pressure on the Company's gross margin, as well as on domestic grape prices and purchases.

The Canadian Wine Market

The market for wine in Canada has continued to grow because of increased consumption by young consumers who have more recently adopted wine as their beverage of choice, the widely reported health benefits of moderate wine consumption, and a movement towards an increased consumption of wine made by an aging population who favour the more sophisticated experience that wine offers. Imports from major wine-producing countries continue to expand their share of the Canadian market, in many cases supported by extensive government subsidy programs that support lower prices that are unmatched in Canada. Because Canada remains one of the world's largest importers of wine, there has been significant growth in foreign wine sales in Canada over the past five years. To ensure that fair and open trade practices exist in the domestic Canadian wine market, the Company is working closely with other Canadian wine producers and the Canadian government to address this important issue.

For the year ended March 31, 2013 consumption of wine in Canada (excluding Quebec, where the Company does not participate, and excluding the refreshment wine category) rose by approximately 3.9% after increasing by 3.0% in fiscal 2012. Imported wines accounted for 65.4% of total volume in fiscal 2013 down from 65.7 % in fiscal 2012. Canadian-made wines experienced a slight increase in market share from 34.3% in fiscal 2012 to 34.6% in fiscal 2013. The Company's share of the total Canadian market in fiscal 2013 was 13.2% compared to 13.6% in 2012. The Company's share of the Canadian domestic market decreased from 38.2% in fiscal 2012 to 37.4% in fiscal 2013 primarily due to aggressive pricing and product introductions by competitors in key markets.

VQA, established in 1989, has become recognized throughout the world as the appellation system for Canadian wines that meet strict standards of excellence. The Company's sales of VQA designated wines increased by 7.7% in fiscal 2013 compared to a 0.6% decrease in fiscal 2012 due to a return to more normal domestic grape supply conditions and to the impact of the Company's partnership with Wayne Gretzky.

Red table wines continued to grow in popularity with total Canadian volume sales rising 2.7% in fiscal 2013 compared to 2.5% in 2012. Volume sales of the Company's red wine portfolio decreased 0.2% in fiscal 2013 due to intense price competition in key markets after an 8.3% increase in fiscal 2012. Volume sales of white table wines in Canada rose 5.3% in fiscal 2013 and 3.8% in 2012, while the Company's sales of white table wines were up 2.7% in fiscal 2013 compared to 4.2% in fiscal 2012.

The Company believes that sales for personal winemaking products declined in Canada by approximately 4.0% in fiscal 2013 and fiscal 2012. Sales of the Company's personal winemaking products experienced a slight decrease during the year as consumers increased their purchases of lower priced bottled wines which were partially offset by an increase in export sales to the United States. The Company believes that its share of personal winemaking product sales has increased in both Canada and the United States.

Results of Operations

For the year ended March 31, (in $000's except per share amounts)	2013	2012	2011
Sales	$ **289,143**	$ 276,883	$ 265,420
Gross margin	**109,787**	107,257	103,262
Gross margin (% of sales)	**38.0%**	38.7%	38.9%
Selling and administrative expenses	**76,254**	74,606	71,718
EBITA	**33,533**	32,651	31,544
Restructuring costs	**1,118**	-	-
Unrealized gain on derivative financial instruments	**(1,295)**	(257)	(117)
Other (income) expenses	**(544)**	1,163	791
Net earnings	**14,759**	13,001	11,223
Earnings per share – basic and diluted - Class A	**$1.06**	$0.93	$0.78
Earnings per share – basic and diluted - Class B	**$0.92**	$0.81	$0.67
Dividend per share – Class A (annual)	**$0.360**	$0.360	$0.330
Dividend per share – Class B (annual)	**$0.314**	$0.314	$0.288

Sales for the year ended March 31, 2013 increased by approximately 4.4% compared to the prior year due to the positive impact on sales from the licensing agreement with Wayne Gretzky effective November 8, 2011 and the acquisition of Cellar Craft effective October 28, 2011, the introduction of new products such as *skinnygrape* and *Verano*, increased sales of premium blended and varietal brands sold through provincial liquor boards across the country, growth in revenues at the Company's retail store network in Ontario, and a solid increase in the Company's export sales.

The Company defines gross margin as gross profit excluding amortization. Gross margin as a percentage of sales was 38.0% for the year ended March 31, 2013 compared to 38.7% in the prior year. Gross margin percentage was negatively affected by higher costs for wine purchased on international markets as well as by increased price competition in certain of the Company's markets. The decrease in gross margin percentage was partially offset by 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 in future years. The special levy implemented by the Ontario government discussed above served to reduce sales and gross margin by approximately $2.0 million in fiscal 2013 and approximately $1.9 million in fiscal 2012. Management is focussed on efforts to enhance production efficiency and productivity to further improve overall profitability.

Selling and administrative expenses increased in fiscal 2013 due to an increase in advertising and promotional initiatives on new product launches and consulting expenses incurred to implement cost control and information technology initiatives. As a percentage of sales, selling and administrative expenses for the year ended March 31, 2013 improved to 26.4% compared to 26.9% in the prior fiscal year. The Company is focussed on ensuring selling and administrative expenses are tightly controlled.

Earnings before interest, amortization, restructuring costs, unrealized derivative gains (losses), other expenses, and income taxes ("EBITA") were $33.5 million for the year ended March 31, 2013 compared to $32.7 million in the prior year. The increase was due to the higher sales which were partially offset by a lower gross margin percentage in fiscal 2013 due to the higher costs for wine purchased on international markets and increased price competition in key markets.

In the fourth quarter of fiscal 2013 the Company incurred a one-time restructuring charge of $1.1 million in its personal winemaking division. The expenses relate to the closing of a Western Canadian distribution centre as the Company implemented a cost savings initiative to outsource all of its distribution to an experienced third-party and reduced certain marketing and administrative positions.

Interest expense in fiscal 2013 declined due to a decrease in short and long-term interest rates negotiated through the refinancing of the Company's credit facilities that occurred on September 16, 2011. The decrease in interest expense was partially offset by higher debt levels.

The Company recorded a non-cash gain in the year ended March 31, 2013 related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts aggregating approximately $1.3 million compared to a gain 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 during the year.

Other income in fiscal 2013 related primarily to $0.5 million recorded upon expropriation of a small part of the property that surrounds the Company's Port Moody facility. The entire property is being temporarily used, as a staging area, 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 began on July 1, 2012. Other expenses in fiscal 2012 included a $0.4 million fair value adjustment to vines, $0.2 million in maintenance costs for the Company's Port Moody facility, and a one-time charge of approximately $0.4 million related to the reassessment of employee payroll taxes from prior periods.

Net earnings excluding the one-time restructuring charge incurred in the fourth quarter of fiscal 2013, gains (losses) on derivative financial instruments, other expenses, and the related income tax effect of these items for the year ended March 31, 2013 were $14.2 million compared to $13.7 million in the prior year.

Net earnings for the year ended March 31, 2013 were $14.8 million or $1.06 per Class A Share compared to $13.0 million or $0.93 per Class A Share in fiscal 2012. Excluding the after tax impact of the one-time restructuring charge taken in the fourth quarter of fiscal 2013, net earnings would have been $15.6 million or $1.12 per Class A Share.

The Company believes that sales will continue to grow due to the strong positioning of key brands and continued growth in the Canadian wine market. The Company will continue to benefit to the extent that the high value of the Canadian dollar relative to the U.S. dollar or the Euro continues but will experience continued pressure on earnings due to increased costs for raw materials, continued pricing pressure from major competitors, the impact of the special levy, and higher levels of spending on advertising and promotion related to new product launches. The Company uses foreign exchange forward contracts to protect against changes in foreign currency rates and currently at June 26, 2013 has locked in $21.0 million in U.S. dollar contracts at rates averaging $0.98 to $1.03 Canadian and €2.5 million in Euro contracts at rates averaging $1.25 Canadian. These contracts expire at various dates through January 2014.

Quarterly Performance

The following table outlines key quarterly highlights.

(in $000's except per share amounts)	**Q4 13**	Q3 13	Q2 13	Q1 13	Q4 12	Q3 12	Q2 12	Q1 12
Sales	**$ 63,586**	$ 79,813	$ 73,082	$ 72,662	$ 60,891	$ 76,595	$ 69,990	$ 69,407
Gross margin	**22,646**	30,812	28,102	28,227	21,953	30,719	27,272	27,313
Gross margin (% of sales)	**35.6%**	38.6%	38.5%	38.8%	36.1%	40.1%	39.0%	39.4%
EBITA	**3,089**	11,870	8,897	9,677	2,506	11,858	8,805	9,482
Restructuring charge	**1,118**	-	-	-	-	-	-	-
Unrealized (gain) loss on financial instruments	**(216)**	(683)	(198)	(198)	(553)	(117)	113	300
Other (income) expense	**(331)**	214	(513)	86	463	44	492	164
Net earnings	**(875)**	6,632	4,340	4,662	(604)	6,309	3,385	3,911
Earnings per share – Class A basic & diluted	**$(0.06)**	$0.47	$0.31	$0.34	$(0.05)	$0.46	$0.24	$0.28
Earnings per share – Class B basic & diluted	**$(0.06)**	$0.42	$0.27	$0.29	$(0.04)	$0.39	$0.22	$0.24

The third quarter of each year is historically the strongest in terms of sales, gross margin, and net earnings due to increased consumer purchasing of the Company's products during the holiday season.

Sales in the fourth quarter of fiscal 2013 increased by 4.4% compared to the same quarter of fiscal 2012 due to the benefits from new product introductions, increases in sales through provincial liquor boards, and strong export sales. Gross margin for the three months ended March 31, 2013 was 35.6% of sales compared to 36.1% during the prior year. The change was due primarily to higher costs for wine purchased on international markets and increased price competition in key markets offset by sales of higher margin products and successful cost control initiatives to reduce distribution, operating, and packaging expenses. Selling and administrative expenses as a percentage of sales decreased to 30.8% in the fourth quarter of fiscal 2013 compared to 31.9% in the fourth quarter of fiscal 2012. In the fourth quarter of fiscal 2013 the Company incurred a one-time restructuring charge of $1.1 million in its personal winemaking division. The expenses relate to the closing of a Western Canadian distribution centre as the Company implemented a cost savings initiative to outsource all of its distribution to an experienced third-party and reduced certain marketing and administrative positions.

Liquidity and Capital Resources

As at March 31,2013 and 2012 (in $000's)		**2013**		2012
Current assets	**$**	**144,194**	$	137,412
Property, plant, and equipment		**88,841**		84,490
Biological assets		**13,405**		12,556
Goodwill		**37,473**		37,473
Intangibles		**12,606**		13,621
Total assets	**$**	**296,519**	$	285,552
Current liabilities	**$**	**102,524**	$	102,543
Long-term debt		**41,473**		41,456
Long-term derivative financial instruments		**1,215**		1,943
Post-employment benefit obligations		**6,816**		7,151
Deferred income		**1,314**		-
Deferred income tax		**13,772**		11,907
Shareholders' equity		**129,405**		120,552
Total liabilities and shareholders' equity	**$**	**296,519**	$	285,552

Bank indebtedness has increased at March 31, 2013 compared to March 31, 2012 due to increased capital expenditures to expand capacity at the Grimsby winery, 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. These amounts were partially offset by strong net earnings for the period and the advanced payments received for the use of the property in Port Moody.

Inventory increased at March 31, 2013 compared to March 31, 2012 due primarily to a larger harvest of grapes than in the prior year. Inventory is dependent on the increased use of domestically grown grapes that are used in the sale of premium and ultra-premiums wines that are held for a longer period than imported wine. These grapes are typically aged for one to three years before they are sold. The cost of domestically grown grapes is also significantly higher than wine purchased on international markets. The Company harvested 1,924 tonnes of grapes from its 762 acres of vineyard land during the year.

Accounts receivable are predominantly with provincial liquor boards and to a lesser extent licensed establishments and independent retailers of consumer made wine kits. The Company had $15.0 million dollars of accounts receivable with provincial liquor boards at March 31, 2013, all of which is expected to be collectible. The balance represents amounts due from licensees, export customers, and independent retailers of consumer made wine products. The amount of accounts receivable that is beyond 60 days is $0.6 million at March 31, 2013. Against these amounts, an allowance for doubtful accounts of $0.1 million has been provided which the Company has determined to represent a reasonable estimate of amounts that may not be collectible. During fiscal 2013 the Company received the $1.0 million holdback from Creemore Springs Brewery Ltd. due on May 1, 2012 related to the sale of Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd.

The following table outlines the Company's contractual obligations, including long-term debt, operating leases, and commitments on short-term forward foreign exchange contracts used to hedge the currency risk on U.S. dollar purchases.

As at March 31, 2013 (in $000's)	Total	<1 Year	2-3 years	4-5 years	>5 years
Long-term bank loan and other long-term debt	$ 48,563	$ 6,452	$ 41,979	$ 66	$ 66
Swap agreement and loan interest	4,968	2,339	2,629	-	-
Operating leases and royalties	22,060	4,742	6,591	2,765	7,962
Plant and equipment purchases	2,085	2,085	-	-	-
Pension obligations	6,812	1,046	1,990	1,288	2,488
Foreign exchange contracts	13,056	13,056	-	-	-
Long-term grape contracts	265,459	24,193	54,978	51,438	134,850
Total long-term obligations	$ 363,003	$ 53,913	$ 108,167	$ 55,557	$ 145,366

The ratio of debt to equity was 0.83:1 at March 31, 2013 compared to 0.87:1 at March 31, 2012. At March 31, 2013 the Company had unutilized debt capacity in the amount of $22.5 million on its operating loan facility.

On September 16, 2011 the Company completed a refinancing package with its existing bank group and entered into a $130.0 million syndicated loan facility maturing on September 16, 2015. The operating loan facility in the amount of $80.0 million matures on September 16, 2015 and bears interest at the one to nine-month Canadian Dealer Offered Rate ("CDOR") plus a rate that is dependent on leverage. The rate that is dependent on leverage for the period ended March 31, 2013 was 2.00%. The term facility in the amount of $50.0 million matures on September 16, 2015. At March 31, 2013, $48.0 million was outstanding. The Company maintains an interest rate swap on the term facility that effectively fixes the interest rate at 5.98% on $42.0 million of the loan. During the year ended March 31, 2013 the Company drew an additional $6.5 million on its term loan facility. As a result of these increases, the loan will be repayable in monthly principal payments of $0.5 million until it matures on September 16, 2015. The current portion of long-term debt has increased to $6.5 million at March 31, 2013 from $5.4 million at March 31, 2012 as a result of these changes.

Management expects to generate sufficient cash flow from operations to meet its debt servicing, principal payment, and working capital requirements over both the short- and the long-term through increased profitability and strong management of working capital and capital expenditures. The Company continually reviews all of its assets to ensure appropriate returns on investment are being achieved and fit with the Company's long-term strategic objectives.

In fiscal 2013 the Company generated cash from operating activities, after changes in non-cash working capital items, of $13.3 million compared to $7.0 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.

Investing activities of $11.4 million were made in fiscal 2013 compared to $9.2 million in the prior year. The additional capital spending was incurred to complete the expansion of processing and cooperage capacity at the Grimsby winery.

Working capital as at March 31, 2013 increased to $41.7 million compared to $34.9 million at March 31, 2012. The increase 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. Shareholders' equity as at March 31, 2013 was $129.4 million or $9.05 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 due to higher net earnings for the year partially offset by the payment of dividends.

Common Shares Outstanding

The Company is authorized to issue an unlimited number of Class A and Class B Shares. Class A Shares are non-voting and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B Shares. Class B Shares are voting and convertible into Class A Shares on a one-for-one basis.

Shares outstanding	June 26, 2013	March 31,2012	March 31, 2011
Class A Shares	11,293,829	11,293,829	11,293,829
Class B Shares	3,004,041	3,004,041	3,004,041
Total	14,297,870	14,297,870	14,297,870

Strategic Outlook and Direction

Andrew Peller Limited is committed to a strategy of growth that focusses on the expansion of its core business as a producer and marketer of quality wines through concentrating on and developing leading brands that meet the needs of our consumers and customers.

The market for wine in Canada continues to grow due to a movement toward the consumption of wine made by young consumers who have adopted wine as their beverage of choice, an aging population that favours the more sophisticated experience that wine offers, and the widely reported health benefits of moderate wine consumption. The Company recorded strong growth in its sales through its retail store network and its export channel along with moderate growth through provincial liquor boards. The Company continued to see weakness for its personal winemaking products. The Company has focussed its product development and sales and marketing initiatives at capitalizing on the trend of increased wine consumption and expects to see continued sales growth. The Company will continue to closely monitor its costs and will react quickly to changes to risks and opportunities in the marketplace. Net earnings are forecasted to increase again in fiscal 2014 due to tight controls over spending, the streamlining of management positions, and investments to improve productivity and efficiency.

The Company will continue to launch new blended varietal and ultra-premium brands in the future and increase its use of unique package formats. The Company will also make packaging design changes that are more appealing to its target markets and are consistent with its initiative to be more environmentally friendly. Increased focus will be made on coordination between the Company's business-to-consumer trade channels to provide customers with a more intimate awareness of its broad brand portfolio. New product launches and directed spending to support key brands through all of the Company's distribution channels will receive increased marketing and sales support in fiscal 2014.

The Company will continue to maximize the efficiency of its existing assets while also making additional investments in capital expenditures to increase capacity, to support the ongoing commitment to producing the highest-quality wines, and to improve productivity. Improvements to enhance the coordination throughout its supply chain have been implemented recently and benefits are expected to accrue beginning in fiscal 2014. Investments made over the past few years are expected to continue to result in increased sales and improved profitability.

From time to time the Company evaluates investment opportunities, including acquisitions, which support its strategic direction.

The Company plans to dedicate further resources towards rectifying unfair trade practices and taxes by continuing to work closely with other members of the Canadian wine industry and the Canadian and provincial governments.

The Company anticipates it will generate increased sales in fiscal 2014 while gross margin dollars are expected to increase moderately. The increased use of domestic grapes, the higher cost of imported and domestic wine, and pricing pressure in key markets will have a modest negative impact on gross margin percentage in fiscal 2014.

The Company's product portfolio covers the complete spectrum of price levels within the Canadian wine market. While there may be an increase in purchases of ultra-premium wine, this is expected to be offset by a slight decrease in sales of blended varietal wine. In addition, the Company will be accelerating its efforts to generate production efficiencies and reduce overhead costs to enhance its overall profitability.

Risks and Uncertainties

The Company's sales of wine are affected by general economic conditions such as changes in discretionary consumer spending and consumer confidence, in future economic conditions, tax laws, and the prices of its products. A steep and sustained decline in economic growth may cause a lower demand for the Company's products. Such general economic conditions could impact the Company's sales through the Company's estate wineries and restaurants, direct sales through licensed establishments, and export sales through Duty Free shops. APL believes that these effects would likely be temporary and would not have a significant impact on financial performance.

The Canadian wine market continues to be the target of low-priced imported wines from regions and countries that subsidize wine production and grape growing as well as providing sizeable export subsidies. Many of these countries and regions prohibit or restrict the sale of imported wine in their own domestic markets. The Company, along with other members of the Canadian wine industry, is working with the Canadian government to rectify these unfair trade practices.

The Company operates in a highly competitive industry and the dollar amount and unit volume of sales could be negatively impacted by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption, or the decision of retailers or consumers to purchase competitive products instead of the Company's products. Retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products including their quality or pricing compared to competitive products. Unit volume and dollar sales could also be affected by purchasing, financing, operational, advertising, or promotional decisions made by provincial agencies and retailers which could affect supply of or consumer demand for, the Company's products. APL could also experience higher than expected selling and administrative expenses if it finds it necessary to increase the number of its personnel, advertising, or promotional expenditures to maintain its competitive position.

APL expects to increase its sales of its premium wines in Canada principally through the sale of VQA wines, and as a result, is dependent on the quality and supply of domestically grown premium quality grapes. If any of the Company's vineyards or the vineyards of our grape suppliers experience certain weather variations, natural disasters, pestilence, other severe environmental problems, or other occurrences, APL may not be able to secure a sufficient supply of grapes, a situation which could result in a decrease in production of certain products from those regions and/or results in an increase in costs. In the past where there has been a significant reduction in domestically sourced grapes, the Government of Ontario, in conjunction with the Ontario Grape Growers Marketing Board, has agreed to temporarily increase the blending of imported wines which would enable the Company to continue to supply products to the market. The inability to secure premium quality grapes could impair the ability of the Company to supply certain wines to its customers. APL has developed programs to ensure it has access to a consistent supply of premium quality grapes and wine. The price of grapes is determined through negotiations with the Ontario Grape Growers Marketing Board in Ontario and with independent growers in British Columbia.

Foreign exchange risk exists on the purchases by the Company of bulk wine and concentrate that are primarily made in United States dollars and Euros. The Company's strategy is to hedge approximately 50% - 80% of its foreign exchange requirements throughout the fiscal year and to regularly review its ongoing requirements. APL has entered into a series of foreign exchange contracts as a hedge against movements in U.S. dollar and Euro exchange rates. The Company does not enter into foreign exchange contracts for trading or speculative purposes. These contracts are reviewed periodically. Each one percent change in the value of the U.S. dollar has a $0.2 million impact on the Company's net earnings. Each one percent change in the value of the Euro has a $0.1 million impact on the Company's net earnings.

The Company purchases glass, bag in box, tetra paks, and other components used in the bottling and packaging of wine. The largest component in the packaging of wine is glass, of which there are few domestic or international suppliers. There is currently only one commercial supplier of glass in Canada and any interruption in supply could have an adverse impact on the Company's ability to supply its markets. APL has taken steps to reduce its dependence on domestic suppliers through the development of relationships with several international producers of glass and through carrying increased inventory of selected bottles.

The Company operates in a highly regulated industry with requirements regarding the production, distribution, marketing, advertising, and labelling of wine. These regulatory requirements may inhibit or restrict the Company's ability to maintain or increase strong consumer support for and recognition of its brands and may adversely affect APL's business strategies and results of operations. Privatization of liquor distribution and retailing has been implemented in varying degrees across the country. The possibility of privatization in Ontario remains a risk to the Company through its impact on the Company's retail operations. The provincial government has stated that, should it consider privatization, it would engage in a consultation process and would acknowledge the special role of Ontario's wine industry.

The wine industry, and the domestic and international market in which the Company operates, are consolidating. This has resulted in fewer, but larger, competitors who have increased their resources and scale. The increased competition from these larger market participants may affect the Company's pricing strategies and create margin pressures resulting in potentially lower revenues. Competition also exerts pressure on existing customer relationships which may affect APL's ability to retain existing customers and increase the number of new customers. The Company has worked to improve production efficiencies, selectively increase pricing to increase gross margin, and implement a higher level of promotion and advertising activity to combat these initiatives. APL and other wine industry participants also generally compete with other alcoholic beverages like beer and spirits for consumer acceptance, loyalty, and shelf space. No assurance can be given that consumer demand for wine and premium wine products will continue at current levels in the future.

The Company has experienced increases in energy costs and further increases in the cost of energy would result in higher transportation, freight, and other operating costs. The Company's future operating expenses and margins are dependent on its ability to manage the impact of cost increases. The Company cannot guarantee that it will be able to pass along increased energy costs to its customers through increased prices.

Federal and provincial governments impose excise and other taxes on beverage alcohol products which have been subject to change. Significant increases in excise and other taxes on beverage alcohol products could materially and adversely affect the Company's financial condition or results of operations. Federal and provincial governmental agencies extensively regulate the beverage alcohol products industry concerning such matters as licensing, trade practices, permitted and required labelling, advertising, and relations with consumers and retailers. Certain federal and provincial regulations also require warning labels and signage. New or revised regulations, increased licensing fees, requirements, or taxes could also have a material adverse effect on the Company's financial condition or results of operations.

The Company's future operating results also depend on the ability of its officers and other key employees to continue to implement and improve its operating and financial systems and manage the Company's significant relationships with its suppliers and customers. The Company is also dependent upon the performance of its key senior management personnel. The Company's success is linked to its ability to identify, hire, train, motivate, promote, and retain highly qualified management. Competition for such employees is intense and there can be no assurances that the Company will be able to retain current key employees or attract new key employees.

The Company has defined benefit pension plans. The expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan assets set aside to pay these benefits. A pension committee reviews the performance of plan assets on a regular basis and has a policy to hold diversified investments. Nevertheless, a decline in long-term interest rates or in asset values could increase the Company's costs related to funding the deficit in these plans.

The competitive nature of the wine industry internationally has resulted in the discounting of retail prices of wine in key markets such as the United States and the United Kingdom. The Company does not believe that significant price discounting will occur in Canada beyond current levels.

The Company considers its trademarks, particularly certain brand names and product packaging, advertising and promotion design, and artwork to be of significant importance to its business and ascribes a significant value to these intangible assets. APL relies on trademark laws and other arrangements to protect its proprietary rights. There can be no assurance that the steps taken by APL to protect its intellectual property rights will preclude competitors from developing confusingly similar brand names or promotional materials. The Company believes that its proprietary rights do not infringe upon the proprietary rights of third parties, but there can be no assurance in this regard.

As an owner and lessor of property, the Company is subject to various federal and provincial laws relating to environmental matters. Such laws provide that the Company could be held liable for the cost of removal and remediation of hazardous substances on its properties. The failure to remedy any situation that might arise could lead to claims against the Company. A perceived failure to maintain high ethical, social, and environmental standards could have an adverse effect on the Company's reputation.

The success of the Company's brands depends upon the positive image that consumers have of those brands. Contamination of APL's products, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for those brands could adversely affect their sales. Contaminants in raw materials purchased from third parties and used in the production of the Company's products or defects in the fermentation process could lead to low product quality as well as illness among, or injury to, consumers of the products and may result in reduced sales of the affected brand or all of the Company's brands.

Financial Statements and Accounting Policies

These interim consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 – Interim Financial Reporting.

Non-IFRS Measures

The Company utilizes EBITA (defined as earnings before interest, amortization, unrealized derivative gains (losses), other expenses, and income taxes) to measure its financial performance. EBITA is not a recognized measure under IFRS; however, management believes that EBITA is a useful supplemental measure to net earnings as it provides readers with an indication of earnings available for investment prior to debt service, capital expenditures, and income taxes.

	For the three months ended March 31,		For the year ended March 31,	
(in $000's)	**2013**	2012	**2013**	2012
Net earnings	**$ (875)**	$ (604)	**$ 14,759**	$ 13,001
Add:				
Interest	**1,276**	1,153	**5,142**	5,354
Provision for income taxes	**(58)**	(9)	**6,225**	5,538
Amortization of plant and equipment used in production	**1,571**	1,149	**5,098**	4,826
Amortization of equipment and intangibles used in selling and administration	**604**	907	**3,030**	3,026
Restructuring charge	**1,118**	-	**1,118**	-
Net unrealized gains on derivatives	**(216)**	(553)	**(1,295)**	(257)
Other (income) expenses	**(331)**	463	**(544)**	1,163
EBITA	**$ 3,089**	$ 2,506	**$ 33,533**	$ 32,651

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 gross profit excluding amortization) as calculated below.

	For the three months ended March 31,		For the year ended March 31,	
(in $000's)	**2013**	2012	**2013**	2012
Gross profit	**$ 21,075**	$ 20,804	**$ 104,689**	$ 102,431
Add: Amortization of plant and equipment used in production	**1,571**	1,149	**5,098**	4,826
Gross margin	**22,646**	21,953	**109,787**	107,257
Gross margin (% of sales)	**35.6%**	36.1%	**38.0%**	38.7%

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

	For the three months ended March 31,		For the year ended March 31,	
(in $000's)	**2013**	2012	**2013**	2012
Net earnings	**$ (875)**	$ (604)	**$ 14,759**	$ 13,001
Restructuring costs	**1,118**	-	**1,118**	-
Net unrealized gains on derivatives	**(216)**	(553)	**(1,295)**	(257)
Other expenses (income)	**(331)**	463	**(544)**	1,163
Income tax effect of the above	**(154)**	24	**195**	(245)
Net earnings excluding gains (losses) on derivative financial instruments, other expenses, and the related income tax effect	**$ (458)**	$ (670)	**$ 14,233**	$ 13,662

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 the corresponding measures used by other companies.

Critical Accounting Estimates

During the year management is required to make estimates or rely on assumptions that are inherently uncertain. These estimates can vary with respect to the level of judgment involved and ultimately the impact that these estimates may have on the Company's financial statements. Estimates are deemed to be critical when a different estimate could reasonably be used or where changes are reasonably likely to occur which would materially affect the Company's financial position or financial performance. The Company's significant accounting policies are discussed in the Notes to the Consolidated Financial Statements. Critical estimates inherent in these accounting policies are set out below.

Inventory Valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. The Company utilizes a weighted average cost calculation to determine the value of ending inventory (bulk wine and finished goods). Average cost is determined separately for import wine and domestic wine and is calculated by varietal and vintage year.

Grapes produced from vineyards controlled by the Company that are part of inventory are measured at their fair value less costs to sell at the point of harvest.

The Company includes borrowing costs in the cost of certain wine inventory that requires a substantial period of time to become ready for sale.

Inventory is counted as close as possible to year end without impacting the operations of the Company. Management has provided an allowance for slow moving and obsolete inventory which is considered to be sufficient for potential losses.

Biological Assets

The Company measures biological assets, consisting of grape vines, at fair value less costs to sell. Agricultural produce, consisting of grapes grown on vineyards controlled by the Company, is measured at fair value less costs to sell at the point of harvest and becomes the basis for the cost of inventory after harvest.

Gains or losses arising from a change in fair value less costs to sell are included in the consolidated statement of earnings in the period in which they arise.

Goodwill

The Company determines an impairment based on the ability to recover the balance of goodwill from expected future discounted operating cash flows or the fair value of certain asset groups. This assessment requires making estimates and assumptions about the future cash flows, growth rates, market conditions, and discount rates which are inherently uncertain.

Intangible Assets

Intangible assets primarily relate to customer contracts, brands, and customer based relationships that have been acquired through recent acquisitions. Management believes that brands do not have a fixed or determinable life and consequently brands are not amortized but are subject to annual impairment tests based on a comparison of the carrying amount to the estimated fair market value of the brands. The amortization periods related to those intangible assets with finite lives are based on the expected duration of the contracts and relationships acquired. These intangible assets will be tested for impairment when events or circumstances arise that indicate impairment may exist.

Fair Value of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities, and bank indebtedness are reflected in the consolidated financial statements at carrying values which approximate fair value due to the short-term maturity of these instruments.

Long-term debt has a floating interest rate and its carrying value, as reflected in the consolidated financial statements, approximates fair value. Interest on long-term debt has been fixed through the use of an interest rate swap.

The Company purchases wine and other inventory items throughout the year. These purchases are made in United States dollars and Euros. The Company uses foreign exchange contracts as a hedge against changes in currency values. The Company's strategy is to hedge approximately 50% - 80% of its foreign exchange requirements throughout the fiscal year. The Company does not enter into foreign exchange contracts for trading or speculative purposes. Contracts are matched against forecasted purchases of inventory and other purchases in U.S. dollars and Euros.

All financial instruments are initially recorded at fair value, which include the Company's interest rate swap and foreign exchange contracts. The Company has not designated any of its derivative financial instruments as hedges and accordingly, changes to the fair value of these instruments are recorded through earnings each period as a net unrealized gain or loss on derivative financial instruments.

Employee Future Benefits

The Company provides defined benefit pension plans and other post-employment benefit plans to certain of its employees. The assumptions used to measure the accrued benefit obligations and benefit costs are: discount rate for measuring expenses 4.5% (2012 – 5.0%), discount rate for measuring liability 4.2% (2012 – 4.5%), expected long-term rate of return on plan assets 4.8-6.3% and rate of compensation increase 4.0%. To measure the obligation for post-employment medical benefits, it was assumed that the health care inflation rate will be 7% in fiscal 2013 reducing by 1% each year for the next three years. All actuarial gains and losses are recognized immediately in other comprehensive income ("OCI"). The corresponding change in shareholders' equity is adjusted to retained earnings for the period. The liability recorded represents the estimated deficit position of the plans adjusted for unamortized past service credits.

Recently Issued Accounting Pronouncements

In December 2011 the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures which increase the disclosure requirements related to the offsetting of financial assets and financial liabilities. The new requirements are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the potential impact of this standard.

In June 2011 the IASB issued amendments to IAS 1 – Financial Statement Presentation which require changes in the presentation of other comprehensive income ("OCI") including grouping together certain items of OCI that may be reclassified to net earnings. The new requirements are effective for annual periods beginning on or after July 1, 2012. The Company is currently evaluating the potential impact of this standard.

In June 2011 the IASB issued amendments to IAS 19 – Employee Benefits which require changes to the recognition and disclosure of defined benefit plans, including eliminating the deferral of actuarial gains and losses, requiring that actuarial gains and losses be included in OCI and increasing disclosures on the characteristics and risks of defined benefit plans. The new requirements are effective for annual periods beginning on or after January 1, 2013. The requirement of the amended standard to record a net interest cost on the plan deficits rather than interest on the liability net of the expected return on plan assets will lead to an increase in interest of $0.2 million to $0.3 million for the year ended March 31, 2013 when presented for comparative purposes next year. There will be a corresponding decrease in actuarial losses recorded in OCI. The impact for the year ending March 31, 2014 is expected to be in a similar range provided there are no significant changes to post-employment benefit plans.

In May 2011 the IASB issued IFRS 13 – Fair Value Measurements which defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. The standard applies when another standard requires or permits a fair value measurement. The new requirements are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the potential impact of this standard.

In May 2011 the IASB issued IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities. IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces IAS 27 - Consolidated and Separate Financial Statements and SIC-12 – Consolidation - Special Purpose Entities. IFRS 11 – Joint Arrangements establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS 31 - Interests in Joint Ventures and SIC-13 - Jointly Controlled Entities - Non-Monetary Contributions by Venturers. IFRS 12 changes the disclosure requirements for subsidiaries, joint arrangements, associates, and unconsolidated structured entities. As a consequence of these new standards the IASB also issued amended and retitled versions of IAS 27 - Separate Financial Statements and IAS 28 - Investments in Associates and Joint Ventures. The new requirements are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company is currently evaluating the potential impact of these standards.

In November 2009 the IASB issued IFRS 9 – Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities. In October 2010 it added requirements for financial liabilities. IFRS 9 will replace IAS 39 - Financial Instruments: Recognition and Measurement. The IASB also issued additional disclosure requirements on transition to IFRS 9 in IFRS 7 – Financial Instruments: Disclosures. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in OCI instead of net earnings. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the potential impact of this standard.

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Compliance with National Instrument 52-109 ("NI 52-109") provided the Company with a review and documentation of the processes and internal controls that are in place within the organization. As a result of the review, the Company found no material weaknesses and will continue to update the review and documentation of processes and internal controls on an ongoing basis.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed by the Company in reports filed with or submitted to various securities regulators are recorded, processed, summarized, and reported within the time periods specified. This information is gathered and reported to the Company's management, including the President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that decisions can be made regarding the Company's disclosure to the public.

The Company's management, under the supervision of, and with the participation of the CEO and CFO, have designed and maintained the Company's disclosure controls and procedures as required in Canada by "National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings".

Internal Controls over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to reliability of financial reporting and financial statement preparation.

Designing, establishing, and maintaining adequate internal controls over financial reporting is the responsibility of management. Internal controls over financial reporting is a process designed by, or under the supervision of senior management and effected by the Board of Directors to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements in accordance with IFRS.

For the year ended March 31, 2013 there have been no material changes in the Company's internal controls over financial reporting or changes to disclosure controls and procedures that materially affected, or were likely to affect, the Company's internal control systems.

As at June 26, 2013, the CEO and CFO of the Company have evaluated the effectiveness of the Company's internal controls over financial reporting. Based on these evaluations the CEO and CFO have concluded that the controls and procedures were operating effectively.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Andrew Peller Limited

We have audited the accompanying consolidated financial statements of Andrew Peller Limited, which comprise the consolidated balance sheets as at March 31, 2013 and March 31, 2012 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Andrew Peller Limited as at March 31, 2013 and March 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada
June 26, 2013

Consolidated Balance Sheets

As at March 31, 2013 and 2012
(in thousands of Canadian dollars)

		2013		2012
Assets				
Current assets				
Accounts receivable (note 20)	$	**25,484**	$	24,937
Inventories (note 4)		**115,931**		110,256
Current portion of biological assets (note 6)		**938**		881
Prepaid expenses and other assets		**1,573**		1,338
Income taxes recoverable (note 14)		**268**		-
		144,194		137,412
Property, plant, and equipment (note 5)		**88,841**		84,490
Biological assets (note 6)		**13,405**		12,556
Intangible assets (note 7)		**12,606**		13,621
Goodwill (note 8)		**37,473**		37,473
	$	**296,519**	$	285,552
Liabilities				
Current liabilities				
Bank indebtedness (note 9)	$	**60,099**	$	57,495
Accounts payable and accrued liabilities (note 10)		**33,616**		37,118
Dividends payable		**1,252**		1,252
Income taxes payable (note 14)		**-**		40
Current portion of derivative financial instruments (note 20)		**1,107**		1,272
Current portion of long-term debt (note 11)		**6,450**		5,366
		102,524		102,543
Long-term debt (note 11)		**41,473**		41,456
Long-term derivative financial instruments (note 20)		**1,215**		1,943
Post-employment benefit obligations (note 12)		**6,816**		7,151
Deferred income (note 13)		**1,314**		-
Deferred income taxes (note 14)		**13,772**		11,907
		167,114		165,000
Shareholders' equity				
Capital stock (note 15)		**7,026**		7,026
Retained earnings		**122,379**		113,526
		129,405		120,552
	$	**296,519**	$	285,552

Commitments (note 18)

John E. Peller, Director

Brian J. Short, Director

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

Consolidated Statements of Earnings

For the years ended March 31, 2013 and 2012
(in thousands of Canadian dollars, except per share amounts)

		2013		2012
Sales	$	**289,143**	$	276,883
Cost of goods sold (note 16)		**179,356**		169,626
Amortization of plant and equipment used in production		**5,098**		4,826
Gross profit		**104,689**		102,431
Selling and administration (note 16)		**76,254**		74,606
Amortization of equipment and intangible assets used in selling and administration		**3,030**		3,026
Interest		**5,142**		5,354
Restructuring costs (note 16)		**1,118**		-
Operating earnings		**19,145**		19,445
Net unrealized gains on derivative financial instruments (note 20)		**(1,295)**		(257)
Other (income) expenses (note 16)		**(544)**		1,163
Earnings before income taxes		**20,984**		18,539
Provision for income taxes (note 14)				
Current		**4,045**		4,841
Deferred		**2,180**		697
		6,225		5,538
Net earnings for the year	$	**14,759**	$	13,001
Net earnings per share (notes 2 and 17)				
Basic and diluted				
Class A Shares	$	**1.06**	$	0.93
Class B Shares	$	**0.92**	$	0.81

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

Consolidated Statements of Comprehensive Income

For the years ended March 31, 2013 and 2012
(in thousands of Canadian dollars)

		2013		2012
Net earnings for the year	**$**	**14,759**	$	13,001
Net actuarial losses on post-employment benefit plans (note 12)		**(1,212)**		(2,347)
Deferred income taxes (note 14)		**315**		610
Other comprehensive loss for the year		**(897)**		(1,737)
Net comprehensive income for the year	**$**	**13,862**	$	11,264

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

Consolidated Statements of Changes in Equity

For the years ended March 31, 2013 and 2012
(in thousands of Canadian dollars)

		Capital stock		Retained earnings		Total shareholders' equity
Balance at April 1, 2011	$	7,026	$	107,271	$	114,297
Net earnings for the year		-		13,001		13,001
Net actuarial losses (net of $610 deferred tax recovery) (note 12)		-		(1,737)		(1,737)
Net comprehensive income for the year		-		11,264		11,264
Dividends (Class A $0.360 per share, Class B $0.314 per share)		-		(5,009)		(5,009)
Balance at March 31, 2012	$	7,026	$	113,526	$	120,552
Balance at April 1, 2012	$	7,026	$	113,526	$	120,552
Net earnings for the year		-		14,759		14,759
Net actuarial losses (net of $315 deferred tax recovery) (note 12)		-		(897)		(897)
Net comprehensive income for the year		-		13,862		13,862
Dividends (Class A $0.360 per share, Class B $0.314 per share)		-		(5,009)		(5,009)
Balance at March 31, 2013	$	7,026	$	122,379	$	129,405

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

Consolidated Statements of Cash Flows

For the years ended March 31, 2013 and 2012
(in thousands of Canadian dollars)

		2013		2012
Cash provided by (used in)				
Operating activities				
Net earnings for the year	$	**14,759**	$	13,001
Adjustments for				
Loss (gain) on disposal of property and equipment		**(536)**		203
Amortization of plant, equipment, and intangible assets		**8,128**		7,852
Impairment of intangible assets (note 16)		**-**		200
Interest expense		**5,142**		5,354
Provision for income taxes (note 14)		**6,225**		5,538
Revaluation of biological assets – net of insurance recovery		**(33)**		412
Net unrealized loss on derivative financial instruments (note 20)		**(1,295)**		(257)
Post-employment benefits		**(1,547)**		(761)
Deferred income		**1,718**		-
Interest paid		**(4,823)**		(5,520)
Income taxes paid		**(4,353)**		(5,801)
		23,385		20,221
Change in non-cash working capital items related to operations (note 19)		**(10,060)**		(13,228)
		13,325		6,993
Investing activities				
Proceeds from disposal of property, plant, and equipment		**533**		27
Purchase of property, equipment, and vine biological assets		**(12,949)**		(7,272)
Purchase of intangible assets		**-**		(1,395)
Proceeds from disposal of a business		**1,000**		-
Acquisition of businesses		**-**		(600)
		(11,416)		(9,240)
Financing activities				
Decrease in bank indebtedness		**2,604**		8,737
Issuance of long-term debt		**6,500**		50,263
Repayment of long-term debt		**(5,849)**		(50,944)
Deferred financing costs		**(155)**		(904)
Dividends paid		**(5,009)**		(4,905)
		(1,909)		2,247
Net change in cash during the year		**-**		-
Cash – beginning and end of year	$	**-**	$	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2013 and 2012

1. Nature of operations

Andrew Peller Limited (the "Company") produces and markets wine and wine related products. The Company's products are produced and sold predominately in Canada. The Company is incorporated under the *Canada Business Corporations Act* and is domiciled in Canada. The address of its head office is 697 South Service Road, Grimsby, Ontario, L3M 4E8.

2. Significant accounting policies

(A) Basis of presentation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved by the Board of Directors for issue on June 26, 2013.

(B) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for derivatives which are measured at fair value, and biological assets which are measured at fair value less costs to sell.

(C) Basis of consolidation

These consolidated financial statements include the accounts of the Company and all subsidiary companies. Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

(D) Revenue

The Company records a sale when it has transferred the risks and rewards of ownership of the goods to the buyer; the Company has no continuing managerial involvement over the goods; it is probable that the consideration will be received by the Company; and the amount of revenue and costs related to the transaction can be measured reliably. For transactions with provincial liquor boards, licensee retail stores and wine kit retailers, the Company's terms are "FOB shipping point". Accordingly, sales are recorded when the product is shipped from the Company's distribution facility. Sales to consumers through retail stores, winery restaurants, and estate wineries are recorded when the product is purchased.

Excise taxes collected on behalf of the federal government, licensing fees and levies paid on wine sold through the Company's independent retail stores in Ontario, product returns, breakage, and discounts provided to customers are deducted from gross revenue to arrive at sales.

(E) Cost of goods sold

Cost of goods sold includes the cost of finished goods inventories sold during the year, inventory write-downs and revaluations of agricultural produce to fair value less costs to sell at the point of harvest.

(F) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. The Company utilizes a weighted average cost calculation to determine the value of ending inventory (bulk wine and finished goods). Average cost is determined separately for import wine and domestic wine and is calculated by varietal and vintage year.

Grapes produced from vineyards controlled by the Company that are part of inventories are measured at their fair value less costs to sell at the point of harvest.

The Company includes borrowing costs in the cost of certain wine inventories that require a substantial period of time to become ready for sale.

(G) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization. Cost includes borrowing costs for assets that require a substantial period of time to become ready for use. Amortization of buildings, vineyard infrastructure and machinery and equipment is calculated on the straight-line basis in amounts sufficient to amortize the cost of buildings, vineyard infrastructure and machinery and equipment over their estimated useful lives as follows:

Buildings	2.5% per year
Vineyard infrastructure	5% per year
Machinery and equipment	2.5% to 20% per year

Vineyard infrastructure amortization commences in the year the vineyard yields a crop that approximates 50% of expected annual production.

(H) Biological assets

The Company measures biological assets, consisting of grape vines, at fair value less costs to sell. Agricultural produce, consisting of grapes grown on vineyards controlled by the Company, is measured at fair value less cost to sell at the point of harvest and becomes the basis for the cost of inventories after harvest.

Gains or losses arising from a change in fair value less costs to sell are included in the consolidated statement of earnings in the period in which they arise.

(I) Intangible assets

Intangible assets include brands, customer contracts, contract co-packaging arrangements, and customer-based relationships. These intangible assets are recorded at their estimated fair value on the date of acquisition.

	Amortization method	Useful life	Remaining useful life
Brands	N/A	Indefinite	Indefinite
Customer based	Straight-line	10-20 years	10-17 years
Contract packaging	Straight-line	10 years	6 years
Software	Straight-line	5 years	5 years
Other	Straight-line	5 years	4 years

Brands have been assessed as having an indefinite life because the expected usage, period of control and other factors do not limit the life of these assets. Intangible assets with an indefinite life are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate that the asset might be impaired.

(J) Goodwill

Goodwill represents the cost of a business combination in excess of the fair values of the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if circumstances indicate that goodwill may be impaired. The Company assigns goodwill combined with other assets to a cash generating unit ("CGU") based on certain regions and product lines which is the lowest level at which the combined assets generate independent cash inflows. To test for impairment the Company primarily compares a CGU's value in use, determined based on expected future discounted cash flows, to its carrying value. If necessary, a CGU's fair value is also considered. An impairment charge is recorded to the extent that the carrying value of a CGU exceeds the greater of the CGU's fair value and its value in use. An impairment loss in respect of goodwill is not reversed. Management has determined that there is no impairment in goodwill for the years ended March 31, 2013 and March 31, 2012.

(K) Post-employment benefits

The Company sponsors defined contribution pension plans, defined benefit pension plans, post-employment medical benefits plans, and other post-employment benefit plans for certain employees. Contributions to the defined contribution pension plans are recognized as an expense as services are rendered by employees. The costs of the defined benefit plans, the post-employment medical benefit plans, and other post-employment benefit plans are actuarially determined and include management's best estimate of expected plan investment performance, the interest rate on the plan obligation, salary escalation, expected retirement ages, and medical cost escalation. The liability recognized in the balance sheet in respect of these plans is the present value of the defined benefit obligation at the end of the reporting period as determined by the Company's actuary less the fair value of plan assets adjusted for the unamortized portion of negative past service credits. The current service cost, amortization of past service credits, and the interest cost net of the expected return on plan assets are recognized in earnings in the period they arise. Adjustments arising from actuarially determined gains or losses are recognized in other comprehensive income in the period in which they arise. The corresponding change in shareholders' equity is adjusted to retained earnings for the period.

(L) Deferred income

Advanced payments received for use of the Company's assets are initially recorded in deferred income. The income is recognized on a straight-line basis in net earnings over the period of use.

(M) Financial instruments and hedge accounting

The Company classifies its financial instruments into the following categories: loans and receivables, liabilities at amortized cost, available-for-sale investments, and financial assets and liabilities at fair value through profit or loss.

The Company has chosen not to apply hedge accounting to any of its derivative financial instruments. As a result of this optional policy these hedging instruments are recorded initially and subsequently at fair value and the change in the fair value is recorded directly in earnings.

The Company classifies accounts payable and accrued liabilities, dividends payable, bank indebtedness, and long-term debt as liabilities at amortized cost. Accounts payable and accrued liabilities and dividends payable are initially measured at the amount to be paid which approximates fair value because of the short-term nature of these liabilities. Subsequently, they are measured at amortized cost. Bank indebtedness and long-term debt are measured initially at fair value, net of transaction costs incurred, and subsequently at amortized costs using the effective interest method.

Accounts receivable are classified as loans and receivables. Accounts receivable are primarily amounts due from customers from the sale of goods or the rendering of services. The Company maintains an allowance for doubtful accounts to record an estimate of credit losses. When no recovery of an amount owing is possible, the account receivable is reduced directly.

Transaction costs related to long-term debt are netted against the carrying value of the liability and are then amortized over the expected life of the instrument using the effective interest method. The Company recognizes financial instruments when it becomes a party to the terms of the instrument and has elected to use "trade date" accounting for regular way purchases and sales of financial assets.

Embedded derivatives (elements of contracts whose cash flows move independently from the host contract similar to a stand-alone derivative) are required to be separated and measured at fair values if certain criteria are met. Management reviewed its contracts and determined that the Company does not currently have any embedded derivatives in these contracts that require separate accounting and disclosure.

(N) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of earnings on a straight-line basis over the period the asset is used under the lease. Leases under which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Payments on finance leases are allocated to the liability and expense so as to recognize a constant rate of interest on the remaining balance of the liability. Assets acquired under finance leases are depreciated over their useful life.

(O) Impairment of non-financial assets

The Company reviews long-lived assets and definite life intangible assets for impairment when events or circumstances indicate that an asset may be impaired. Assets are assigned to a CGU based on the lowest level at which they generate independent cash inflows. When there is an indication of impairment, an impairment charge is recorded to the extent that the carrying value of a CGU exceeds the greater of the CGU's fair value less costs to sell and its value in use determined by discounting expected cash flows ("recoverable amount"). An impairment loss is reversed if a CGU's recoverable amount increases to the extent that the related assets' carrying amounts are no larger than the amount that would have been determined, net of amortization, had no impairment loss been recorded.

(P) Net earnings per share

Basic net earnings per share have been calculated using the weighted average number of Class A and Class B Shares outstanding during the year. Diluted net earnings per share have been calculated by considering the impact of any potential ordinary shares that are dilutive on the two classes of shares when considered together.

(Q) Dividends

Dividends on Class A and Class B Shares are recognized in the period in which they are formally declared by the Board of Directors.

(R) Segmented information

The Company produces and markets wine products in Canada. A significant portion of the Company's sales are made to the liquor control boards in each province in which the Company transacts business. Management has concluded that based on the type of products sold and the fact that its customers are similar in nature, the Company operates in a single operating segment. In addition, a substantial portion of the Company's sales are made in Canada. As a result, management has concluded that the Company operates in one geographic segment.

(S) Income taxes

Current income tax is the expected amount of tax payable or recoverable on taxable income or loss during the period. Current income tax may also include adjustments to taxes payable or recoverable in respect of previous periods.

The Company accounts for deferred income taxes based on temporary differences which are the differences between the carrying amount of an asset or liability and its tax base. Deferred income taxes are provided for all temporary differences between the carrying amount and tax bases of assets and liabilities except for those arising from the initial recognition of goodwill or for those arising from the initial recognition of an asset or liability in a transaction that is not a business combination and has no impact on earnings or taxable income or loss. Deferred income tax assets and liabilities are measured using the enacted or substantially enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The deferred income tax provision (recovery) recorded in net earnings and other comprehensive income represents the change during the year in deferred income tax assets and deferred income tax liabilities.

(T) Contingencies

In the ordinary course of business activities the Company may be contingently liable for litigation and claims. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential claims, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

(U) Comprehensive income (loss)

Comprehensive income (loss) is comprised of net earnings and other comprehensive income (loss) ("OCI"). OCI represents the change in equity for a period that arises from transactions that are required to be or are elected to be recognized outside of net earnings. The Company has chosen to record actuarial gains and losses on defined benefit pension plans and other post-employment benefit plans in OCI in the period incurred.

(V) Equity

The Company separately presents changes in equity related to capital stock and retained earnings in the consolidated statements of changes in equity.

(W) Recently adopted accounting pronouncements

In December 2010, the IASB amended IAS 12 – Income taxes which introduced an exception to the requirement to measure the deferred tax assets or liabilities arising on an investment property measured at fair value based on its expected manner of recovery. The new requirement was effective for annual periods beginning on or after January 1, 2012. This amendment did not impact the Company.

In October 2010, the IASB amended IFRS 7 – Financial Instruments: Disclosures which increased disclosure requirements in relation to transferred financial assets. The standard was effective for annual periods beginning on or after July 1, 2011. This amendment did not impact the Company.

(X) Recently issued accounting pronouncements

In December 2011 the IASB issued amendments to IFRS 7 – Financial Instruments: Disclosures which increase the disclosure requirements related to the offsetting of financial assets and financial liabilities. The new requirements are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the potential impact of this standard.

In June 2011 the IASB issued amendments to IAS 1 – Financial Statement Presentation which requires changes in the presentation of other comprehensive income ("OCI") including grouping together certain items of OCI that may be reclassified to net earnings. The new requirements are effective for annual periods beginning on or after July 1, 2012. The Company is currently evaluating the potential impact of this standard.

In June 2011 the IASB issued amendments to IAS 19 – Employee Benefits which require changes to the recognition and disclosure of defined benefit plans, including eliminating the deferral of actuarial gains and losses, requiring that actuarial gains and losses are included in OCI and increasing disclosures on the characteristics and risks of defined benefit plans. The new requirements are effective for annual periods beginning on or after January 1, 2013. The requirement of the amended standard to record a net interest cost on the plan deficits rather than interest on the liability net of the expected return on plan assets will lead to an increase in interest of $200 to $300 for the year ended March 31, 2013 when presented for comparative purposes next year. There will be a corresponding decrease in actuarial losses recorded in OCI. The impact for the year ending March 31, 2014 is expected to be in a similar range provided there are no significant changes to post-employment benefit plans.

In May 2011 the IASB issued IFRS 13 – Fair Value Measurements which defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. The standard applies when another standard requires or permits a fair value measurement. The new requirements are effective for annual periods beginning on or after January 1, 2013. The Company is currently evaluating the potential impact of this standard.

In May 2011 the IASB issued IFRS 10 – Consolidated Financial Statements IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities. IFRS 10 provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 replaces IAS 27 - *Consolidated and Separate Financial Statements* and SIC-12 – *Consolidation - Special Purpose Entities*. IFRS 11- *Joint Arrangements* establishes principles for the financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS 31 - Interests in Joint Ventures and SIC-13 - *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. IFRS 12 changes the disclosure requirements for subsidiaries, joint arrangements, associates, and unconsolidated structured entities. As a consequence of these new standards, the IASB also issued amended and retitled versions of IAS 27 - *Separate Financial Statements* and IAS 28 - *Investments in Associates and Joint Ventures*. The new requirements are effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company is currently evaluating the potential impact of these standards.

In November 2009 the IASB issued IFRS 9 – Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities. In October 2010 it added requirements for financial liabilities. IFRS 9 will replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in OCI instead of net earnings. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the potential impact of this standard.

3. Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting period, and the extent of and the reported amounts in disclosures. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, are recorded in the period in which they change. Specific areas of uncertainty include but are not limited to:

Impairment of goodwill

Testing goodwill for impairment at least annually involves estimating the recoverable amount of the CGUs to which goodwill is allocated. This requires making assumptions about future cash flows, growth rates, market conditions, and discount rates which are inherently uncertain. Actual amounts may vary from these assumptions and cause significant adjustments.

Post-employment benefits

Measuring the liability for post-employment benefits uses assumptions for the discount rates, increases in compensation, increases in medical costs and timing of the payment of benefits. Actual amounts may vary from these assumptions and cause significant adjustments.

Fair value of biological assets

Determining the fair value of grape vines involves making assumptions about how market participants assign the value of a vineyard between vines, land, and other assets. Changes in the fair value of vines may occur as a result of changes in numerous factors including vine health and expected future yields.

To estimate the fair value of controlled vines planted on leased land, discounted cash flows over the estimated remaining life of vines or the remaining lease term, whichever is shorter, were used. The fair value of vines on leased land reduces to $nil as the lease nears its expiration date. Assumptions used include the discount rate, expected yields, grape price trends, and annual growing cost trends.

To estimate the fair value of vines in the middle and later stages of development, the estimated fair value of mature vines was reduced by the net discounted cash outflows necessary to bring the vines to a fully developed state.

Actual amounts may vary from these assumptions and cause significant adjustments.

Fair value of grapes at the point of harvest

Where possible the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of the same varietal and a similar quality. For grapes for which local market prices are not readily available, the average price of similar grapes is used. Actual amounts may vary from these assumptions and cause significant adjustments.

4. Inventories

	2013	2012
Packaging materials and supplies	$ **8,948**	$ 10,624
Bulk wine	**69,377**	61,389
Finished goods	**37,606**	38,243
	$ **115,931**	$ 110,256
Interest included in the cost of inventories	$ **1,224**	$ 986

Inventory write-downs recognized as an expense amounted to $1,314 (2012 - $1,663).

The cost of inventories recognized as an expense and included in cost of goods sold, excluding amortization was $178,042 (2012 - $167,963).

5. Property, plant, and equipment

	Land	Vineyard land and infrastructure	Buildings	Machinery and equipment	Total
At March 31, 2011					
Cost	$ 4,807	$ 25,390	$ 39,872	$ 81,634	$ 151,703
Accumulated amortization	-	(3,767)	(12,491)	(50,701)	(66,959)
Net carrying amount	$ 4,807	$ 21,623	$ 27,381	$ 30,933	$ 84,744
Year ended March 31, 2012					
Additions	$ -	$ 26	$ 600	$ 6,458	$ 7,084
Disposals	-	(42)	-	(188)	(230)
Amortization	-	(574)	(1,131)	(5,403)	(7,108)
Closing net carrying amount	$ 4,807	$ 21,033	$ 26,850	$ 31,800	$ 84,490
At March 31, 2012					
Cost	$ 4,807	$ 25,361	$ 40,472	$ 87,261	$ 157,901
Accumulated amortization	-	(4,328)	(13,622)	(55,461)	(73,411)
Net carrying amount	$ 4,807	$ 21,033	$ 26,850	$ 31,800	$ 84,490
Year ended March 31, 2013					
Additions	$ -	$ 168	$ 2,468	$ 8,785	$ 11,421
Disposals	(30)	(8)	-	-	(38)
Amortization	-	(573)	(1,131)	(5,328)	(7,032)
Closing net carrying amount	$ 4,777	$ 20,620	$ 28,187	$ 35,257	$ 88,841
At March 31, 2013					
Cost	$ 4,777	$ 25,521	$ 42,940	$ 94,955	$ 168,193
Accumulated amortization	-	(4,901)	(14,753)	(59,698)	(79,352)
Net carrying amount	$ 4,777	$ 20,620	$ 28,187	$ 35,257	$ 88,841

Included in machinery and equipment are assets amounting to $873 (2012 - $nil) that are under development and are not being amortized.

Contractual commitments to purchase property, plant, and equipment were $2,085 at March 31, 2013 (2012 - $5,411).

Included in machinery and equipment are assets with a net carrying amount of $315 (2012 - $nil) that were purchased under a finance lease.

6. Biological assets

Biological assets consist of grape vines and grapes prior to harvest that are controlled by the Company. The Company owns and leases land in Ontario and British Columbia to grow grapes in order to secure a supply of quality grapes for the making of wine.

During the year ended March 31, 2013 the Company harvested grapes valued at $4,979 (2012 - $4,521).

The changes in the carrying amount of biological assets are as follows:

	2013	2012
Carrying amount – beginning of year	$ **13,437**	$ 12,709
Net increase in fair value less costs to sell due to biological transformation, prices and other changes	**5,098**	4,258
Decrease in fair value less costs to sell of vines on leased land	**(29)**	(27)
Transferred to inventory upon harvest	**(4,979)**	(4,521)
Net gains (losses)	**90**	(290)
	13,527	12,419
Purchases of vines	**816**	1,018
Carrying amount – end of year	**14,343**	13,437
Current portion of biological assets	**(938)**	(881)
Biological assets	$ **13,405**	$ 12,556

The significant assumptions used to determine the fair value of vines planted on leased land are as follows:

	2013	2012
Yield	**3-5 tonnes per acre**	3-5 tonnes per acre
Discount rate	**10 - 12%**	10 - 12%
Inflation rate	**2.5%**	2.0%
Annual vineyard operating costs	**$6 to $7 per acre**	$5 to $7 per acre

The Company is exposed to financial risk because of the long period of time between the cash outflow required to plant grape vines, cultivate vineyards, and harvest grapes and the cash inflow from selling wine and related products from the harvested grapes. To ensure the Company has access to sufficient cash to meet its obligations, the Company has negotiated sufficient credit facilities to meet its needs. The Company regularly monitors working capital requirements and cash budgets.

Substantially all of the grapes from owned and leased vineyards are used in the Company's winemaking processes. Owned and leased vineyards, in combination with supply contracts with grape growers, are used to secure a supply of domestically grown premium quality grapes. These strategies reduce the financial risks associated with changes in grape prices.

7. Intangible assets

	Brands – indefinite life	Customer-based intangible assets	Contract packaging	Software	Other	Total
At March 31, 2011						
Cost	$ 3,800	$ 10,259	$ 1,100	$ -	$ 2,766	$ 17,925
Accumulated amortization	-	(2,466)	(316)	-	(973)	(3,755)
Net carrying amount	$ 3,800	$ 7,793	$ 784	$ -	$ 1,793	$ 14,170
Year ended March 31, 2012						
Additions	$ 375	$ 888	$ -	$ -	$ 132	$ 1,395
Transfer	-	-	-	-	(1,000)	(1,000)
Disposals	(200)	-	-	-	-	(200)
Amortization	-	(634)	(110)	-	-	(744)
Closing net carrying amount	$ 3,975	$ 8,047	$ 674	$ -	$ 925	$ 13,621
At March 31, 2012						
Cost	$ 4,175	$ 11,147	$ 1,100	$ -	$ 1,898	$ 18,320
Accumulated amortization	(200)	(3,100)	(426)	-	(973)	(4,699)
Net carrying amount	$ 3,975	$ 8,047	$ 674	$ -	$ 925	$ 13,621
Year ended March 31, 2013						
Additions	$ -	$ -	$ -	$ 81	$ -	$ 81
Amortization	-	(704)	(110)	-	(282)	(1,096)
Closing net carrying amount	$ 3,975	7,343	$ 564	$ 81	$ 643	$ 12,606
At March 31, 2013						
Cost	$ 4,175	$ 11,147	$ 1,100	$ 81	$ 1,898	$ 18,401
Accumulated amortization	(200)	(3,804)	(536)	-	(1,255)	(5,795)
Net carrying amount	$ 3,975	$ 7,343	$ 564	$ 81	$ 643	$ 12,606

8. Goodwill

In order to test goodwill for impairment, the Company allocates the carrying value of goodwill to CGUs based on the lowest level that goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit is as follows:

	2013	2012
Ontario and Eastern Canadian wine	**$ 3,134**	$ 3,134
Western Canadian wine	**10,530**	10,530
Personal winemaking products	**23,809**	23,809
	$ 37,473	$ 37,473

The Company determined the recoverable amount of the related CGUs by estimating their value in use. Key assumptions used are:

	2013	2012
Pre-tax discount rate	**12%**	10%
Period of projected cash flows	**5 years**	5 years
Growth rate beyond period of projected cash flows	**4%**	4%

The Company uses past experience and current expectations about future performance in projecting cash flows which are based on financial budgets for 5 years. For the period after 5 years, the Company projects cash flows using an assumed growth rate which is based on expectations about long-term economic growth in Canada and any known industry specific factors that may influence long-term growth in the Canadian wine industry. The discount rate is estimated by referring to external sources of information about the cost of capital and leverage of companies that operate in a similar industry to the Company and that are of similar size. The rate determined is then adjusted to a pre-tax basis.

9. Bank indebtedness

In September 2011 the Company entered into a new operating loan facility. Significant terms of this facility and the previous short-term loan facility are summarized below. The floating rates are stated in relation to the one to six month Canadian Dealer Offered Rate ("CDOR").

	2013	2012
Bank indebtedness	**$ 60,099**	$ 57,495
Significant terms		
Committed until	**September 16, 2015**	September16, 2015
Borrowing limit	**$80,000**	$80,000
Interest rate	**CDOR + 2.00%**	CDOR + 1.75%
Unused amount	**$22,533**	$24,162

10. Accounts payable and accrued liabilities

	2013	2012
Trade payables	$ **24,057**	$ 28,464
Accrued liabilities and other	**8,080**	8,654
Restructuring provision	**1,075**	-
Deferred income	**404**	-
	$ **33,616**	$ 37,118

11. Long-term debt

	2013	2012
Term loan, maturing September 16, 2015	$ **47,984**	$ 47,333
Other	**264**	264
Finance lease obligation	**315**	-
	48,563	47,597
Less: Financing costs	**640**	775
	47,923	46,822
Less: Current portion	**6,450**	5,366
	$ **41,473**	$ 41,456

The significant conditions of the term loan, maturing September 16, 2015, are as follows:

	2013	2012
Monthly payment until maturity	$ **523**	$ 444
Amount bearing fixed interest as a result of an interest rate swap	**42,000**	47,333
Amount bearing floating interest	**5,984**	-
Fixed interest rate	**5.98% (3.98% + 2.00% leverage premium)**	5.73% (3.98% + 1.75% leverage premium)
Floating interest rate	**CDOR + 2.00%**	n/a

The Company and its subsidiaries have provided their assets as security for this loan.

The loan described above replaced the Company's previous term loan, which was to mature on April 30, 2015 and was also repayable in monthly principal payments of $444 plus interest prior to maturity. Under its previous term loan and interest rate swap, the Company effectively paid a fixed interest rate of 5.64% plus additional interest of 1.50% based on leverage and funding premiums.

The minimum lease payments of the finance lease obligation are as follows:

	Minimum lease payment	Future interest	Present value of minimum lease payment
2013	$ 121	$ 4	$ 117
2014	121	11	110
2015	101	13	88
	$ 343	$ 28	$ 315

Interest expense on long-term debt during the year was $3,026 (2012 - $3,302).

Annual principal repayments for the years ending March 31 are as follows:

2014	$ 6,452
2015	6,424
2016	35,555
2017	33
2018	33
Thereafter	66
	$ 48,563

12. Post-employment benefits

The Company has defined benefit pension plans and defined contribution savings plans for its employees. The total expenses for the defined contribution savings plans were $1,223 (2012 - $1,220). The Company also has a post-retirement medical benefits plan for certain employees and provides a monthly wine allowance to retired employees which are collectively referred to as other post-employment benefits.

Information about the funded defined benefit pension plans and the unfunded other post-employment benefits plans are as follows:

			2013
	Pension benefits	Other post-employment benefits	Total
Plan assets			
Fair value - beginning of year	$ 16,076	$ -	$ 16,076
Expected return on plan assets	992	-	992
Actuarial gains (losses)	(446)	-	(446)
Company's contributions	1,767	81	1,848
Employees' contributions	3	-	3
Benefits paid	(856)	(81)	(937)
Fair value - end of year	$ 17,536	$ -	$ 17,536
Plan obligations			
Accrued benefit obligations - beginning of year	$ 20,675	$ 2,066	$ 22,741
Employees' contributions	3	-	3
Total current service cost	530	57	587
Interest cost	935	94	1,029
Benefits paid	(856)	(81)	(937)
Curtailment gain	(201)	(41)	(242)
Actuarial losses (gains)	776	(10)	766
Accrued benefit obligations - end of year	21,862	2,085	23,947
Plan deficits	4,326	2,085	6,411
Unamortized past service credits from amendment to post-employment medical benefits plan	-	405	405
Accrued benefit liability	$ 4,326	$ 2,490	$ 6,816
Benefit plan expense			
Current service cost	$ 530	$ 57	$ 587
Interest cost	935	94	1,029
Expected return on plan assets	(992)	-	(992)
Employees' contributions	(3)	-	(3)
Amortization of past service credits	-	(81)	(81)
Curtailment gain	(201)	(41)	(242)
Net benefit plan expense	$ 269	$ 29	$ 298
Amount recognized in other comprehensive income			
Net actuarial loss (gain)	$ 1,222	$ (10)	$ 1,212
Actual return (loss) on plan assets	$ 546	-	$ 546
Experience adjustments			
Plan assets	$ (446)	$ -	$ (446)
Plan liabilities	(776)	10	(766)
	$ (1,222)	$ 10	$ (1,212)

			2012
	Pension benefits	Other post-employment benefits	Total
Plan assets			
Fair value - beginning of year	$ 16,178	$ -	$ 16,178
Expected return on plan assets	977	-	977
Actuarial gains (losses)	(1,353)	-	(1,353)
Company's contributions	1,222	75	1,297
Employees' contributions	3	-	3
Benefits paid	(951)	(75)	(1,026)
Fair value - end of year	$ 16,076	$ -	$ 16,076
Plan obligations			
Accrued benefit obligations - beginning of year	$ 19,366	$ 1,810	$ 21,176
Employees' contributions	3	-	3
Total current service cost	476	58	534
Interest cost	969	91	1,060
Benefits paid	(951)	(75)	(1,026)
Actuarial losses (gains)	812	182	994
Accrued benefit obligations - end of year	$ 20,675	$ 2,066	$ 22,741
Plan deficits	4,599	2,066	6,665
Unamortized past service credits from amendment to post-employment medical benefits plan	-	486	486
Accrued benefit liability	$ 4,599	$ 2,552	$ 7,151
Benefit plan expense			
Current service cost	$ 476	$ 58	$ 534
Interest cost	969	91	1,060
Expected return on plan assets	(977)	-	(977)
Employees' contributions	(3)	-	(3)
Amortization of past service credits	-	(81)	(81)
Net benefit plan expense	$ 465	$ 68	$ 533
Amount recognized in other comprehensive income			
Net actuarial loss (gain)	$ 2,165	$ 182	$ 2,347
Actual return (loss) on plan assets	$ (376)	$ -	$ (376)
Experience adjustments			
Plan assets	$ (1,353)	$ -	$ (1,353)
Plan liabilities	(812)	(182)	(994)
	$ (2,165)	$ (182)	$ (2,347)

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and benefits costs are as follows:

	2013	2012
Discount rate for expenses	**4.5%**	5.0%
Discount rate for obligations	**4.2%**	4.5%
Expected long-term rate of return on plan assets	**4.8 – 6.3%**	4.8 – 6.3%
Rate of compensation increase	**4%**	4%
Rate of medical cost increases	**7% decreasing to 5% after 2 years**	8% decreasing to 5% after 3 years
Retirement age	**60 – 65 years**	60 – 65 years

To determine the expected long-term rate of return on plan assets, a weighted average of the expected returns of each asset category is used. The calculation is weighted based on the proportion of assets expected to be held by the plans in each asset category.

An increase of one percent in the assumed rate of medical cost increases would lead to an increase in the aggregate of the current service cost and interest cost component of the benefit plan expense of $3 (2012 - $3) and an increase in the accrued benefit obligation of $158 (2012 - $62). A decrease of one percent in the assumed rate of medical cost increases would lead to an decrease in the aggregate of the current service cost and interest cost component of the benefit plan expense of $3 (2012 - $3) and a decrease in the accrued benefit obligation of $51 (2012 - $55).

At March 31, 2013, the accumulated actuarial losses recognized in OCI were $4,396 (2012 - $3,184).

Plan assets

The plan assets consist of the following:

	2013 %	2012 %
Mutual funds		
Fixed income	**65**	55
Equity	**35**	20
Balanced	**-**	25
	100	100

Estimated contributions

The Company expects to make contributions of $1,675 to its defined benefit plans in the year ending March 31, 2014.

13. Deferred income

During the year ended March 31, 2013 the Company received an expropriation notice that its idle facility in Port Moody, British Columbia will be used, on a temporary basis, while construction of a rapid transit project takes place. Advance payments amounting to $2,021 were received for the temporary use of the property. The amount received was initially recorded in deferred income and is being reported as other (income) expenses over the five-year term of the expropriation.

	2013	2012
Deferred income	**$ 1,718**	$ -
Less: Current portion	**404**	-
	$ 1,314	$ -

14. Income taxes

	2013	2012
Current tax on earnings for the year	**$ 4,800**	$ 4,504
Adjustments in respect of prior years	**(755)**	337
Provision for current income taxes	**4,045**	4,841
Change in temporary differences	**1,895**	828
Impact of change in tax rate	**285**	(131)
Provision for deferred income taxes	**2,180**	697
Total provision for income taxes	**$ 6,225**	$ 5,538

The Company's income tax expense consists of the following:

	2013	2012
Provision for income taxes at blended statutory rate of 25.70% (2012 – 26.79%)	**$ 5,394**	$ 4,967
Permanent differences and non-deductible items	**335**	307
Future income tax rate changes	**285**	(131)
Other	**211**	395
	$ 6,225	$ 5,538

The decrease in the blended statutory rate applicable to the Company is primarily a result of an income tax rate decrease in Canada during the year.

The movement of the deferred income tax account is as follows:

	2013	2012
At beginning of year	**$ 11,907**	$ 11,820
Provision for deferred income taxes in net earnings	**2,180**	697
Recovery of deferred income taxes in other comprehensive earnings	**(315)**	(610)
At end of year	**$ 13,772**	$ 11,907

The significant temporary differences giving rise to the deferred income tax liability are comprised of the following:

Deferred income tax liability

		Accelerated tax depreciation and deductions on property, plant, and equipment		Biological assets		Accelerated tax deductions on intangible assets		Tax deductions on goodwill		Total
March 31, 2011	$	6,762	$	2,437	$	2,801	$	2,613	$	14,613
Provision (recovery) in net earnings		(42)		353		(217)		186		280
March 31, 2012		6,720		2,790		2,584		2,799		14,893
Provision (recovery) in net earnings		1,310		279		(110)		160		1,639
March 31, 2013	$	8,030	$	3,069	$	2,474	$	2,959	$	16,532

Deferred income tax asset

		Loss carry forwards		Fair value change on derivatives		Post-employment benefits		Other		Total
March 31, 2011	$	(143)	$	(889)	$	(1,425)	$	(336)	$	(2,793)
Provision (recovery) in net earnings		(8)		77		229		119		417
Recovery in other comprehensive income		-		-		(610)		-		(610)
March 31, 2012		(151)		(812)		(1,806)		(217)		(2,986)
Provision (recovery) in net earnings		151		316		360		(286)		541
Recovery in other comprehensive income		-		-		(315)		-		(315)
March 31, 2013	$	-	$	(496)	$	(1,761)	$	(503)	$	(2,760)

Changes to statutory income tax rates have been announced in British Columbia. The Company estimates that these changes will increase the deferred income tax liability by approximately $200 when and if the related legislation is introduced.

15. Capital stock

		March 31, 2013			March 31, 2012		
	Authorized	Shares		Issued Amount	Shares		Issued Amount
Class A Shares, Non-Voting	Unlimited	**11,293,829**	**$**	**6,626**	11,293,829	$	6,626
Class B Shares, Voting	Unlimited	**3,004,041**		**400**	3,004,041		400
		14,297,870	**$**	**7,026**	14,297,870	$	7,026

All of the issued Class A and Class B Shares are fully paid and have no par value.

Class A Shares are non-voting and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B Shares. Class B Shares are voting and convertible into Class A Shares on a one-for-one basis.

Quarterly dividends of $0.0900 (previously $0.0825) per Class A Share and $0.0785 (previously $0.0720) per Class B Share were approved by the Board of Directors on June 8, 2011 and are formally declared in each quarter. Dividend payments are reviewed at least annually by the Board of Directors.

The authorized share capital of the Company also consists of an unlimited number of Preference Shares, issuable in one or more series, of which 33,315 are designated as Preference Shares, Series A. As at March 31, 2013 and 2012, there were no Preference Shares issued or outstanding.

Stock purchase plan

The Company's full-time salaried, certain hourly employees, and directors participate in a Company-sponsored stock purchase plan. Under the terms of the plan, employees can purchase a certain number of Class A Shares on an annual basis. Employees are required to pay 67% of the market price per Class A Share. Directors can purchase 750 Class A Shares and are required to pay 50% of the cost. The Company is responsible for the remainder of the cost and, during 2013, expensed $222 (2012 - $219) related to this program. Officers of the Company also participate in an Equity Incentive Program, where Class A Shares of the Company are purchased on their behalf from the open market.

16. Nature of expenses

The nature of the expenses included in selling and administration and cost of goods sold, excluding amortization are as follows:

		2013		2012
Raw materials and consumables	**$**	**142,862**	$	134,213
Employee compensation and benefits		**54,191**		53,104
Advertising, promotion, and distribution		**28,016**		27,652
Occupancy		**9,551**		9,550
Repairs and maintenance		**6,242**		5,960
Other external charges		**14,748**		13,753
	$	**255,610**	$	244,232

Restructuring costs amounting to $1,118 (2012 - $nil) were recorded during the year ended March 31, 2013. The costs relate to termination payments and benefits for restructuring of the distribution, marketing, and administration functions of the Company's personal winemaking product division.

Other (income) expenses are as follows:

		2013		2012
Revaluation of vines (a)	$	**(33)**	$	411
Ongoing maintenance costs related to Port Moody winery facility (b)		**319**		185
Income related to Port Moody Winery facility (c)		**(830)**		-
Impairment on intangible assets (d)		**-**		200
Change in estimated payroll taxes and benefits (e)		**-**		367
	$	**(544)**	$	1,163

a) Changes in the fair value less costs to sell of vines included in biological assets are included in the revaluation of vine biological assets shown above.

b) During fiscal 2006 the Company closed its Port Moody winery facility and transferred production to its winery operations in Kelowna, British Columbia. Effective July 1, 2012 the property was expropriated for a 5-year period. The cost of maintaining this idle facility and costs associated with its expropriation amounted to $319 in 2013 (2012 - $185).

c) Income amounting to $830 was recorded related to the Company's idle Port Moody property. A pre-tax gain of $527 was recorded from a small part of the property that was expropriated on a permanent basis. Income of $303 was recorded that related to the remainder of the property which was expropriated for a 5-year period that began on July 1, 2012.

d) During 2012 the Company recorded a $200 impairment charge for certain personal winemaking product brand names that will be discontinued.

e) During 2012 the Company recorded an increase in personnel costs for additional estimated payroll taxes and benefits. These additional costs were calculated based on the amount of gratuities that were earned by employees during the years ended March 31, 2007 to March 31, 2011. The additional estimated cost for these periods amounted to $367 and was recorded in other expenses during the year.

17. Net earnings per share

						2013
		Class A		**Class B**		**Total**
Net earnings attributed for the year – basic and diluted	**$**	**11,987**	**$**	**2,772**	**$**	**14,759**
Weighted average number of shares outstanding – basic and diluted		**11,293,829**		**3,004,041**		
Net earnings per share – basic and diluted	**$**	**1.06**	**$**	**0.92**		

						2012
		Class A		**Class B**		**Total**
Net earnings attributed for the year – basic and diluted	$	10,559	$	2,442	$	13,001
Weighted average number of shares outstanding – basic and diluted		11,293,829		3,004,041		
Net earnings per share – basic and diluted	$	0.93	$	0.81		

As at March 31, 2013, there were no stock options outstanding.

18. Commitments

a) In certain instances, the Company leases land for the purpose of operating vineyards. The terms of the land leases are 30 and 32 years which expire in 2036 and 2029 respectively. Under the terms of one land lease, the Company has the option to agree in advance to purchase any grapes grown on the property at market value for five or more years after the termination of the lease. The Company also has a right of first refusal to purchase the land under both land leases which gives the Company the option to buy the land only if the lessor is planning to sell the land. The terms of such a purchase would be negotiated based on market conditions existing at the time of the purchase.

The Company leases various storage facilities, offices, and retail locations. The remaining terms of these leases range between 1 and 6 years. The Company also leases various equipment and vehicles with remaining lease terms between 1 and 6 years. In many cases the Company has renewal options for fair market rental prices at the time of renewal.

Future minimum lease payments as at March 31, 2013 under long-term non-cancellable leases are as follows:

No later than 1 year	$	4,742
Later than 1 year and no later than 5 years		9,356
Later than 5 years		7,962
	$	22,060

In 2013 minimum lease payments of $5,157 (2012 - $3,176) were recognized as expense.

b) As at March 31, 2013 the Company held $10,000 in U.S. dollar-denominated foreign exchange forward contracts at rates averaging between $0.98 and $1.00 expiring at various dates to June 2013. The Company also held €2,500 in Euro-denominated foreign exchange contracts at a rate of $1.25 expiring at various dates until June 2013.

19. Non-cash working capital items

The change in non-cash working capital items related to operations is comprised of the change in the following items:

		2013		2012
Accounts receivable	$	**(1,547)**	$	(547)
Inventories and current portion of biological assets		**(5,732)**		(15,686)
Prepaid expenses and other assets		**167**		(520)
Accounts payable and accrued liabilities		**(2,948)**		3,525
	$	**(10,060)**	$	(13,228)

20. Financial instruments

Classification of financial instruments

The classification and measurement of the financial assets and liabilities, as well as their carrying amounts and fair values are as follows:

			March 31, 2013	
Asset/liability	**Category**	**Measurement**	**Carrying amount $**	**Fair value $**
Accounts receivable	Loans and receivables	Amortized cost	**25,484**	**25,484**
Bank indebtedness	Other liabilities	Amortized cost	**60,099**	**60,099**
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	**33,616**	**33,616**
Dividends payable	Other liabilities	Amortized cost	**1,252**	**1,252**
Long-term debt – term loan	Other liabilities	Amortized cost	**47,923**	**47,923**
Interest rate swap liability	Derivatives	Fair value	**2,322**	**2,322**
Foreign exchange forward contracts asset	Derivatives	Fair value	**402**	**402**

			March 31, 2012	
Asset/liability	**Category**	**Measurement**	**Carrying amount $**	**Fair value $**
Accounts receivable	Loans and receivables	Amortized cost	24,937	24,937
Bank indebtedness	Other liabilities	Amortized cost	57,495	57,495
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	37,118	37,118
Dividends payable	Other liabilities	Amortized cost	1,252	1,252
Long-term debt – term loan	Other liabilities	Amortized cost	46,822	46,822
Interest rate swap liability	Derivatives	Fair value	3,138	3,138
Foreign exchange forward contracts liability	Derivatives	Fair value	77	77

The Company's interest rate swap and foreign exchange contracts are derivatives and are recorded at fair value. As a result, unrealized gains and losses are included each period through earnings which reflect changes in fair value.

Fair value

The fair value of accounts receivable, accounts payable and accrued liabilities, and dividends payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of long-term debt is equivalent to its carrying value because the variable interest rate is comparable to market rates. The fair value of the interest rate swap used to fix this interest rate is included in the current and long-term derivative financial instruments in the balance sheet.

The fair value of the derivative financial instruments generally reflects the estimates of the amounts the Company would receive by way of settlement of favourable contracts or that the Company would pay to terminate unfavourable contracts at the consolidated balance sheet date. The fair value of the interest rate swap and foreign exchange contracts are calculated using the quotes obtained from major financial institutions with adjustment to reflect any changes in the Company's or the counterparty's credit risk. Unrealized gains or losses on derivative financial instruments are recorded in the net unrealized gains on derivative financial instruments in the consolidated statement of earnings.

Fair value estimates are made at a specific point in time using available information about the instrument. These estimates are subjective in nature and often cannot be determined with precision.

The net unrealized gains on derivative financial instruments are comprised of:

	2013	2012
Unrealized gains (losses) on foreign exchange forwards	$ 479	$ 469
Unrealized gains (losses) on the interest rate swap	816	(212)
	$ 1,295	$ 257

The fair value measurements of the Company's financial instruments are classified in the hierarchy below according to the significance of the inputs used in making the fair value measurements.

	March 31, 2013		
Liability	**Quoted prices in active markets for identical assets (Level1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**
Interest rate swap liability	$ -	$ 2,322	$ -
Foreign exchange forward contracts asset	-	402	-

	March 31, 2012		
Liability	**Quoted prices in active markets for identical assets (Level 1)**	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**
Interest rate swap liability	$ -	$ 3,138	$ -
Foreign exchange forward contracts liability	-	77	-

Objectives and policy relating to financial risk management

Interest rate risk

The Company is exposed to interest rate risk as a result of cash balances, floating rate debt, and an interest rate swap. Of these risks, the Company's principal exposure is that increases in the floating interest rates on its debt, if unmitigated, could lead to decreases in cash flow and earnings. The Company's objective in managing interest rate risk is to achieve a balance between minimizing borrowing costs over the long-term, ensuring that it meets borrowing covenants, and ensuring that it meets other expectations and requirements of investors. To meet these objectives, the Company's policy is to effectively fix the rates on long-term debt to match the duration of investments in long-lived assets and to use floating rate funding for short-term borrowing.

The Company has effectively fixed its interest rate on a portion of its long-term debt until August 2015 by entering into an interest rate swap. The interest rate swap is measured at fair value because the Company has elected not to use hedge accounting. An unrealized gain of $816 (2012 - $212 loss) was recognized on the interest rate swap which is classified as net unrealized gains on derivative financial instruments in the statements of earnings. As at March 31, 2013 there is one interest rate swap outstanding with a notional amount of $42,000 and a fixed rate of 3.98%. The fair value of the interest rate swap at March 31, 2013 was $2,322 (2012 - $3,138).

The Company's short-term borrowings are funded using a floating interest rate and as such are sensitive to interest rate movements. As at March 31, 2013 with other variables unchanged, a 1% change in interest rates would impact the Company's net earnings by approximately $482 (2012 - $420) exclusive of the mark-to-market adjustments on the interest rate swap.

Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, and accounts receivable. The Company places its cash and cash equivalents with major Canadian financial institutions of high creditworthiness. Counterparties to derivative contracts are also major Canadian financial institutions of high creditworthiness.

Credit risk for trade receivables is monitored through established credit monitoring activities. Over 55% of the Company's accounts receivable balance relates to amounts owing from Canadian provincial liquor boards. Excluding accounts receivable from Canadian provincial liquor boards, the Company does not have a significant concentration of credit risk with any single counterparty or group of counterparties. Amounts owing from Canadian provincial liquor boards represents $15,030 (2012 - $13,948) of the total accounts receivables for which no allowance has been provided. Of the remaining non-provincial liquor board balances, $457 (2012 - $771) were over thirty days past due as of March 31, 2013. An allowance for doubtful accounts of $142 (2012 - $269) has been provided against these accounts receivable amounts which the Company has determined to represent a reasonable estimate of amounts that may be uncollectible.

Sales to its largest customer, a provincial Crown corporation, were $45,023 (2012 - $45,389) during the year ended March 31, 2013. Sales to its second largest customer, a branch of a provincial government, were $30,220 (2012 - $30,125) during the year.

An analysis of accounts receivable is as follows:

		2013		2012
Liquor boards	$	**15,030**	$	13,948
Non-liquor boards				
Current		**8,275**		7,867
Past due 0 – 30 days, due on delivery accounts		**494**		427
Past due 0 – 30 days		**1,228**		1,924
Past due 31 – 60 days		**316**		461
Past due > 60 days		**283**		579
Allowance for doubtful accounts		**(142)**		(269)
	$	**25,484**	$	24,937

The change in the allowance for doubtful accounts was as follows:

		2013		2012
Balance – beginning of year	$	**269**	$	192
Provision for current year		**74**		147
Bad debt		**(201)**		(70)
Balance – end of year	$	**142**	$	269

Liquidity risk

The Company incurs obligations to deliver cash or other financial assets on future dates. Liquidity risk inherently arises from these obligations which include requirements to repay debt, purchase grape inventory, and make operating lease payments.

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and by appropriately utilizing its line of credit. Company management continuously monitors and reviews both actual and forecasted cash flows and matches the maturity profile of financial assets and financial liabilities. Accounts payable are generally due within 30 days.

The following table outlines the Company's contractual undiscounted obligations. The Company analyzes contractual obligations for financial liabilities in conjunction with other commitments in managing liquidity risk. Contractual obligations include long-term debt, the expected payments under a swap agreement that fixes the Company's interest rate on long-term debt, operating leases, and commitments on short-term forward foreign exchange contracts used to mitigate the currency risk on U.S. dollar purchases as at March 31, 2013:

		Total		< 1 year		2 – 3 years		4 – 5 years		> 5 years
Long-term debt	$	48,563	$	6,452	$	41,979	$	66	$	66
Leases and royalties		22,060		4,742		6,591		2,765		7,962
Plant and equipment purchases		2,085		2,085		-		-		-
Pension obligations		6,812		1,046		1,990		1,288		2,488
Long-term grape purchase contracts		265,459		24,193		54,978		51,438		134,850
		344,979		38,518		105,538		55,557		145,366
Interest rate swap		4,968		2,339		2,629				
Foreign exchange forward contracts		13,056		13,056		-		-		-
Total contractual obligations	$	363,003	$	53,913	$	108,167	$	55,557	$	145,366

The Company's obligations under its interest rate swap and foreign exchange forwards are stated above on a gross basis rather than net of the corresponding contractual benefits.

Foreign exchange risk

Certain of the Company's purchases are denominated in U.S. dollars or Euros. Any increase or decrease to the foreign exchange rates could increase or decrease the Company's earnings. To mitigate the exposure to foreign exchange risk, the Company has entered into forward foreign currency contracts.

The Company's foreign exchange risk arises on the purchase of bulk wine and concentrate which are made in U.S. dollars and Euros. The Company's strategy is to hedge approximately 50% - 80% of its annual foreign exchange requirements throughout the fiscal year. As at March 31, 2013 the Company has forward foreign currency contracts to buy U.S. $10,000 at rates ranging between $0.98 and $1.00. The Company also held €2,500 in Euro-denominated foreign exchange contracts at a rate of $1.25. These contracts mature at various dates to September 2013. Including the impact of these contracts, a one percent increase or decrease to the exchange rate of the U.S. dollar or the Euro would impact the Company's net earnings by approximately $135 (2012 - $123) or $129 (2012 - $93), respectively. The Company has elected not to use hedge accounting and as a result, has recognized $479 of unrealized foreign exchange gains (2012 – $469) in the consolidated statement of earnings as a component of net unrealized gains on derivative financial instruments and has recorded the fair value of $402 in prepaid expenses and other assets in the consolidated balance sheet (2012 - $77 in current portion of derivative financial instruments).

21. Capital disclosures

The Company's objective when managing capital is to safeguard the Company's ability as a going concern, to provide an adequate return to shareholders, and to meet external capital requirements on debt and credit facilities.

The Company's capital consists of cash, bank indebtedness, long-term debt, and shareholders' equity. The primary uses of capital are to make increases to non-cash working capital, fund maintenance and growth related capital expenditures, pay dividends, and finance acquisitions. In order to meet the Company's objectives in managing capital, the Company prepares annual budgets of cash, earnings, and capital expenditures that are updated during the year as necessary. The annual budget is approved by the Board of Directors.

As part of the existing debt agreement the Company is subject to financial covenants which consist of the following:

- Funded debt to a rolling twelve-month EBITDA which is defined as consolidated earnings before interest, amortization, and taxes excluding unusual and non-recurring items that are agreed to by the Company and the lender
- Working capital ratio
- Fixed charge coverage ratio

Unfunded capital expenditures are limited to $10,000 on an annual basis. The unspent portion may be carried over to the next fiscal year.

Compliance with these covenants and the capital expenditure limit is monitored by management on a quarterly basis. During the year ended March 31, 2013 and as at March 31, 2013 the Company has remained in compliance with all external lending covenants.

22. Related parties and management compensation

The Company is controlled by Jalger Limited which owns 66.6% of the Company's Class B Voting Shares. The ultimate controlling party of the Company is Dr. Joseph A. Peller.

Compensation of directors and executives

The compensation expense recorded for directors and members of the Executive Management Team of the Company is shown below:

		2013		2012
Compensation and benefits	**$**	**4,166**	$	4,274
Payments to a share purchase plan		**165**		218
	$	**4,331**	$	4,492

The compensation and benefits expense consists of amounts that will primarily be settled within twelve months.

23. Segmented information

During the year, export sales were $11,426 (2012 - $11,222), primarily in the United States. The remainder of sales occurred in Canada. All of the Company's assets are located in Canada.

TEN-YEAR SUMMARY

(in $000's except per share amounts)	2013	2012	2011 Restated[9]	2010	2009 Restated[6]	2008 Restated[6]	2007	2006	2005 Restated[2]	2004 Restated[2]
Sales and earnings										
Net sales	**$ 289,143**	$ 276,883	$ 265,420	$ 263,151[6]	$ 251,136[6]	$ 228,056[6]	$ 228,192	$ 211,775	$ 167,634	$ 155,910
EBITA	**33,533**	32,651	31,544[9]	27,354[6]	23,359[6]	28,109[6]	27,665	22,902	21,787	20,661
Net earnings (loss)	**14,759**	13,001	11,223[9]	21,661[7]	(125)	11,381	9,472	6,054[3]	8,467[2]	8,977[1][2]
Financial position										
Working capital	**41,670**	34,896	27,643[9]	29,357	29,203	25,413	25,316	26,756	29,410[2]	29,288[2]
Total assets	**296,519**	285,552	267,996[9]	263,716	293,507	259,744	238,956	222,087	162,155[2]	146,163[2]
Shareholders' equity	**129,405**	120,552	114,297[9]	113,665	96,791	102,680	95,522	89,580	86,504[2]	80,715[2]
Per share **Net earnings (loss)** [4]										
Basic & diluted Class A	**1.06**	0.93	0.78[9]	1.49[7]	(0.01)	0.78	0.65	0.42[3]	0.59[2]	0.63[1][2]
Basic & diluted Class B	**0.92**	0.81	0.67[9]	1.30[7]	(0.01)	0.68	0.57	0.36[3]	0.51[2]	0.55[1][2]
Dividends [4]										
Class A Shares, Non-voting	**0.360**	0.360	0.330	0.330	0.330	0.300	0.253	0.215	0.215	0.215
Class B Shares, Voting	**0.314**	0.314	0.288	0.288	0.288	0.261	0.220	0.187	0.187	0.187
Number of shares outstanding (in thousands of shares) [4]										
Class A Shares, Non-voting	**11,294**	11,294	11,294	11,888	11,888	11,888	11,888	11,888	11,863	11,763
Class B Shares, Voting	**3,004**	3,004	3,004	3,004	3,004	3,004	3,004	3,004	3,005	3,006
	14,298	14,298	14,298	14,892	14,892	14,892	14,892	14,892	14,868	14,769
Other information										
Return on average shareholders' equity [10]	**11.8%**	11.1%	9.8%[9]	6.8%[5][8]	6.0%[5]	11.5%	10.2%	6.9%	10.1%	10.2%
Return on average capital employed [11]	**11.1%**	11.5%	11.6%[9]	9.1%[5]	7.9%[5]	10.7%	10.3%	9.7%	12.4%	12.3%

(1) Includes an after-tax gain of $1.699 million from the sale of the Alberta winery.

(2) Includes a pre-tax loss of $1.2 million due to a misappropriation of funds by a former employee.

(3) Includes costs related to the integration of Cascadia Brands Inc. and other items of $2.0 million.

(4) After giving effect to a 3:1 split of Class A and Class B shares that occurred on October 31, 2006.

(5) Excludes the after-tax impact of mark-to-market adjustments on an interest rate swap.

(6) Excludes the net impact of discontinued operations.

(7) Includes an after-tax gain of $11.9 million for the sale of Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd.

(8) Excludes an after-tax gain of $11.9 million for the sale of Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd.

(9) March 31, 2012 and subsequent periods have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The March 31, 2011 period was restated in accordance with IFRS. Amounts for March 31, 2010 and prior have not been prepared in accordance with IFRS. They have been presented in accordance with Canadian GAAP prior to IFRS transition and may not be comparable to subsequent periods.

(10) Return on average shareholders' equity is calculated as net earnings divided by average shareholders equity.

(11) To determine return on average capital employed, return is calculated as EBITA less amortization. Capital employed is calculated as total assets less non-interest bearing liabilities. For 2008 and prior periods, certain non-interest-bearing debt was included in capital employed and may not be comparable to subsequent periods.

DIRECTORS & OFFICERS

Directors

MARK W. COSENS
Burlington, Ontario
Managing Director
Kilbride Capital Partners

LORI C. COVERT
Halifax, Nova Scotia
Corporate Director

RICHARD D. HOSSACK, PhD
Toronto, Ontario
President
Hossack and Associates Limited

PERRY J. MIELE
Burlington, Ontario
Chairman and Managing Partner
Beringer Capital

A. ANGUS PELLER, M.D.
Toronto, Ontario
Senior Medical Consultant
Medcan Health Management Inc.

JOHN E. PELLER
Burlington, Ontario
President and
Chief Executive Officer
Andrew Peller Limited

JOSEPH A. PELLER, M.D.
Rockwood, Ontario
Chairman of the Board
Andrew Peller Limited

RANDY A. POWELL
Vancouver, British Columbia
President & CEO
Armstrong Group

JOHN F. PETCH, Q.C.
Toronto, Ontario
Barrister & Solicitor
Vice Chairman
Andrew Peller Limited

BRIAN J. SHORT
Ancaster, Ontario
Corporate Director

Honorary Directors

C. WILLIAM DANIEL, O.C.
Toronto, Ontario

RALPH M. LOGAN
Halifax, Nova Scotia

WILLIAM J. WALSH, M.D.
Hamilton, Ontario

Officers

JOHN E. PELLER
President and Chief
Executive Officer

ANTHONY M. BRISTOW
Chief Operating Officer

PETER B. PATCHET
Chief Financial Officer and
Executive Vice President,
Human Resources

BRENDAN P. WALL
Executive Vice-President, Operations

SHARI A. NILES
Executive Vice-President, Marketing

GREGORY J. BERTI
Vice President, Government Relations and Export

JAMES H. COLE
Vice President, Retail and Estate Wine Group

COLIN M. CAMPBELL
Vice President, Sales, Western Canada

ERIN L. ROONEY
Vice President, Sales, Eastern Canada and Agency

TERRY C. SAURIOL
Vice President, Marketing Core Wines and
Business Planning

SHAREHOLDER INFORMATION

Head Office

ANDREW PELLER LIMITED
697 South Service Road
Grimsby, Ontario L3M 4E8
Tel: (905) 643-4131
Fax: (905) 643-4944

Stock Exchange

TORONTO
Symbols: ADW.A/ADW.B

Registrar and Transfer Agent

COMPUTERSHARE INVESTOR SERVICES INC.

Auditors

PRICEWATERHOUSECOOPERS LLP

Bankers

BANK OF MONTREAL
ROYAL BANK OF CANADA
TORONTO DOMINION BANK
RABOBANK

Shareholder Inquiries

Computershare Investor Services Inc. operates services for inquiries regarding changes of address, stock transfers, registered shareholdings, dividends and lost certificates.

Phone: 1-800-564-6253 toll free North America
(International 514-982-7555)

Fax: 1-866-249-7775 toll free North America
(International 416-263-9524)

Email: service@computershare.com

Internet: www.computershare.com
The Investors section offers enrolment for self-service account management for registered shareholders through Investor Centre.

Mail: Computershare Investor Services
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

Investor Relations

For additional information regarding the Company's activities, please contact:

PETER B. PATCHET
Chief Financial Officer and Executive
Vice-President, Human Resources at the
Head Office address or by email at:
peter.patchet@andrewpeller.com

2013 Annual Shareholders' Meeting

The 2013 Annual Meeting of Shareholders
will be held at:

Trius Winery at Hillebrand
Niagara-on-the-Lake, Ontario
on Wednesday, September 11, 2013
at 3:00 p.m.

THE Wine SHOP

AJAX
955 WESTNEY ROAD SOUTH
(905) 683-1705

260 KINGSTON RD. EAST
(905) 428-6500

30 KINGSTON ROAD WEST
(905) 428-7829

1935 RAVENSCROFT RD.
(905) 427-0270

ANCASTER
977 GOLF LINKS ROAD
(905) 648-1465

BARRIE
201 CUNDLES ROAD, EAST
(705) 739-1553

11 BRYNE DRIVE
(705) 725-8121

BOLTON
487 QUEEN ST. SOUTH
(905) 857-4166

BRAMALEA
25 PEEL CENTRE DRIVE
(905) 793-4246

BRAMPTON
227 VODDEN STREET
(905) 459-2386

930 NORTH PARK DRIVE
(905) 793-9071

10970 AIRPORT RD.
(905) 793-9531

BROCKVILLE
1972 PARKEDALE AVE.
(613) 342-8477

BURLINGTON
2025 GUELPH LINE
(905) 336-3849

4025 NEW STREET
(905) 632-8580

1250 BRANT STREET
(905) 319-8670

3505 UPPER MIDDLE ROAD
(905) 336-9101

5353 LAKESHORE ROAD
(905) 681-8282

CAMBRIDGE
180 HOLIDAY INN DRIVE
(519) 651-1145

400 CONESTOGA BLVD.
(519) 624-1103

980 FRANKLIN BLVD.
(519) 622-1187

COLLINGWOOD
12 HURONTARIO STREET
(705) 446-2237

640 FIRST STREET EXTENSION
(705) 444-1730

EAST YORK
1015 BROADVIEW AVENUE
(416) 467-7760

11 REDWAY RD.
(416) 696-9584

ETOBICOKE
380 THE EAST MALL
(416) 695-9567

FERGUS
800 TOWER ST. SOUTH
(519) 787-7721

GEORGETOWN
171 GUELPH STREET
(905) 877-1815

GRIMSBY
361 SOUTH SERVICE ROAD
(905) 945-9982

GUELPH
297 ERAMOSA ROAD
(519) 824-7922

160 KORTRIGHT ROAD, WEST
(519) 837-9293

167 SILVERCREEK PARKWAY
(519) 837-0540

HAMILTON
50 DUNDURN STREET SOUTH
(905) 528-4003

75 CENTENNIAL PARKWAY NORTH
(905) 561-4504

1579 MAIN STREET WEST
(905) 522-8882

KESWICK
24018 WOODBINE AVENUE
(905) 476-8544

KINGSTON
1048 MIDLAND AVE.
(613) 389-6139

KITCHENER
750 OTTAWA STREET SOUTH
(519) 745-2183

39 - 875 HIGHLAND ROAD WEST
(519) 742-5844

LONDON
1244 COMMISSIONERS ROAD
(519) 657-7517

1030 ADELAIDE STREET NORTH
(519) 679-3717

395 WELLINGTON SOUTH
(519) 649-7180

3040 WONDERLAND SOUTH
(519) 668-2224

MARKHAM
500 COPPER CREEK BLVD.
(905) 471-3602

MILTON
1079 MAPLE AVE.
(905) 693-8850

MISSISSAUGA
4099 ERIN MILLS PKWY.
(905) 607-6246

5602 - 10th LINE W.
(905) 858-0123

2150 BURNHAMTHORPE RD. WEST
(905) 820-9958

250 LAKE SHORE ROAD WEST
(905) 274-2280

NEWMARKET
1111 DAVIS DRIVE
(905) 853-0401

18120 YONGE ST. NORTH
(905) 895-2412

17725 YONGE ST. NORTH
(905) 953-1269

16640 YONGE
(905) 830-3448

NORTH YORK
3501 YONGE STREET
(416) 481-7699

3090 BATHURST ST.
(416) 256-0462

OAKVILLE
511 MAPLE GROVE DRIVE
(905) 338-3042

1500 UPPER MIDDLE ROAD WEST
(905) 847-2944

469 CORNWALL ROAD
(289) 834-2267

ORANGEVILLE
50 - 4TH AVENUE
(519) 942-8752

OSHAWA
285 TAUNTON ROAD EAST
(905) 571-6167

1385 HARMONY ROAD NORTH
(905) 438-1800

1300 KING STREET EAST Unit #32
(905) 438-0478

1300 KING STREET EAST
(905) 728-3767

OTTAWA
2515 BANK STREET
(613) 523-5837

(Ottawa) GLOUCESTER
671 RIVER RD.
(613) 822-3080

(Ottawa) NEPEAN
59 ROBERTSON ROAD
(613) 820-7219

(Ottawa) NEPEAN
1460 MERIVALE ROAD
(613) 723-5507

(Ottawa) STITTSVILLE
1251 MAIN ST STITTSVILLE
(613) 831-3837

(Ottawa) VANIER
100 MCARTHUR ROAD
(613) 749-9618

OWEN SOUND
1150 SIXTEENTH ST. EAST
(519) 371-8664

PETERBOROUGH
769 BORDEN AVE.
(705) 740-2513

RICHMOND HILL
11700 YONGE ST.
(905) 770-2314

SCARBOROUGH
3221 EGLINTON AVENUE EAST
(416) 267-2795

SIMCOE
470 NORFOLK STREET SOUTH
(519) 426-1033

ST. CATHARINES
318 ONTARIO STREET
(905) 685-8898

221 GLENDALE AVENUE
(905) 688-4767

285 GENEVA STREET
(905) 646-7363

411 LOUTH STREET
(905) 685-9779

400 SCOTT STREET
(905) 934-0981

600 ONTARIO STREET
(905) 934-7430

ST. THOMAS
1063 TALBOT STREET
(519) 633-6343

STONEY CREEK
102 HWY. #8
(905) 664-3188

TORONTO
50 MUSGRAVE STREET
(416) 693-6336

656 EGLINTON AVE. EAST
(416) 485-0093

3671 DUNDAS ST. WEST
(416) 762-8635

228 QUEENS QUAY
(416) 598-8880

125 THE QUEENSWAY
(416) 201-8221

87 AVENUE ROAD
(416) 923-6336

22 FORT YORK BLVD.
(416) 623-0793

93 LAIRD DR.
(416) 424-1362

2273 BLOOR STREET WEST
(416) 766-8654

UXBRIDGE
323 TORONTO ST. SOUTH
(905) 852-5008

VAUGHAN
9200 BATHURST
(905) 707-6118

WATERLOO
450 ERB STREET WEST
(519) 747-5897

315 LINCOLN ROAD
(519) 746-7226

WELLAND
821 NIAGARA ST.
(905) 714-9521

WHITBY
1615 DUNDAS STREET EAST
(905) 728-4118

617 VICTORIA STREET WEST
(905) 430-5314

200 TAUNTON ROAD
(905) 668-7568

ST. LAWRENCE WINE COUNTY MERCHANT
93 FRONT ST. EAST
TORONTO, ONTARIO
(416) 364-1811

WINE COUNTRY VINTNERS
27 QUEENS STREET
NIAGARA-ON-THE-LAKE, ONTARIO
(905)468-1881