

ANDREW PELLER LIMITED
ANNOUNCES CONTINUED GROWTH IN FIRST QUARTER OF FISCAL 2012

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

GRIMSBY, Ontario – August 30, 2011 – Andrew Peller Limited ADW.A/ADW.B (the “Company”) announced today its results for the three months ended June 30, 2011. Effective April 1, 2011 the Company began reporting its results under International Financial Reporting Standards (“IFRS”). For more information relating to the impact of the transition to IFRS on the Company’s reported financial position, financial performance and cash flows, please refer to the Company’s Management Discussion and Analysis (“MD&A”) for the three months ended June 30, 2011 available on the Company’s web site or at www.sedar.com.

FIRST QUARTER HIGHLIGHTS:

- Sales up 7.7% on solid organic growth and new product launches
- Stronger Canadian dollar and increased sales of high margin products generate improved profitability
- EBITA for the quarter rises to \$9.5 million from \$8.6 million last year
- Company to celebrate its 50th Anniversary in 2011

“We are pleased with the solid organic growth generated through the first quarter of fiscal 2012, building on the strong performance last year” commented John Peller, President and CEO. “We are particularly proud of the success demonstrated by *Crush*, our new VQA brand launched through the LCBO and our retail store networks in May.”

“We are also very proud to be celebrating our 50th Anniversary this year and our presence as the country’s largest Canadian-owned producer of quality wines,” added Mr. Peller.

Sales for the first quarter of fiscal 2012 rose 7.7% to \$69.4 million from \$64.5 million in the prior year. Ongoing initiatives to grow sales of the Company’s blended varietal table and premium wines through provincial liquor boards, the successful introduction of new products and solid performance from the Company’s estate wineries and export sales were partially offset by the impact of the discriminatory levy introduced by the Province of Ontario on July 1, 2010 on sales of International and Canadian Blended (“ICB”) wines sold through the Company’s retail stores and weaker sales of consumer-made wines. The Company also benefited from the timing of sales recorded in April 2011 during the key Easter selling season, which were not recorded in last year’s first quarter.

Gross margin was 39.4% of sales for the three months ended June 30, 2011 compared to 39.5% last year. The strengthening of the Canadian dollar on world currency markets, increased sales of higher margin wines, and the Company’s successful cost control initiatives which served to reduce operating and packaging expenses were offset by the impact of the above-mentioned discriminatory levy introduced by the Province of Ontario and higher pricing on wine purchased on international markets. The impact on EBITA of this levy amounted to approximately \$0.6 million in the first quarter of fiscal 2012. Management remains focused on efforts to enhance production efficiency and productivity to further improve overall profitability and to work with the government to eliminate the discriminatory levy.

Selling and administrative expenses rose in the first quarter of fiscal 2012 due primarily to increased sales and marketing expenses compared with the prior year, as well as certain one-time costs related to the celebration of the Company’s 50th Anniversary. Despite these increases, selling and administration expenses improved to 25.7% of sales in the first quarter of fiscal 2012 compared to 26.1% in the same quarter last year. Management expects the level of sales and administrative expenses will increase slightly in fiscal 2012 due to one-time costs associated with the Company’s 50th Anniversary celebrations.

Interest expense during the first quarter of fiscal 2012 declined to \$1.5 million compared to \$1.9 million last year due to lower interest rates on both short and long-term debt.

The Company incurred a non-cash loss in the first quarter of fiscal 2012 related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts aggregating \$0.3 million compared to a gain of \$0.6 million in the prior year. The Company has elected not to apply hedge accounting and these financial instruments are reflected in the Company's financial statements at fair value each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the volatility of changing costs and interest rates.

Other expenses incurred in the first quarter of fiscal 2012 relate to a \$0.1 million fair value adjustment to vines and \$0.1 million in ongoing maintenance related to the Company's Port Moody facility which was closed effective December 31, 2005. In the first quarter of the prior year, other income of \$0.3 million was recorded related to a gain on the sale of a portion of an Okanagan vineyard.

Earnings before interest, taxes, amortization, and gains or losses on the above mentioned derivative financial instruments ("EBITA") were \$9.5 million for the three months ended June 30, 2011 compared to \$8.6 million in the prior year period. Net earnings excluding gains (losses) on derivative financial instruments and other expenses for the three months ended June 30, 2011 were \$4.3 million compared to \$3.4 million in the prior year.

Net earnings for the first quarter of fiscal 2012 were \$3.9 million or \$0.28 per Class A Share compared to \$4.0 million or \$0.28 per Class A Share in the comparable prior year period.

Strong Financial Position

Working capital was \$30.9 million at June 30, 2011 compared to \$27.6 million at March 31, 2011. The increase compared to March 31, 2011 was due primarily to increased accounts receivable on strong sales during the quarter and increased bank indebtedness partially offset by the decrease in inventories and accounts payable and accrued charges due to seasonal fluctuations.

The Company's debt to equity ratio was 0.86:1 at June 30, 2011 compared to 0.85:1 at March 31, 2011 and 0.88:1 at June 30, 2010. Shareholders' equity as at June 30, 2011 was \$116.7 million or \$8.16 per common share compared to \$114.3 million or \$7.99 per common share as at March 31, 2011 and \$116.8 million or \$7.77 per common share as at June 30, 2010. The increase in shareholders' equity is primarily due to higher net earnings for the period. There was also a decline in capital stock and retained earnings due to the cancellation of 594,412 Class A Shares in the fourth quarter of fiscal 2011 arising from purchase of shares under the Company's normal course issuer bid.

In the first quarter of fiscal 2012 the Company used cash from operating activities, after changes in non-cash working capital items of \$1.3 million compared to generating cash of \$2.7 million in the prior year's first quarter. Cash flow from operating activities declined due to an increase in accounts receivable partially offset by stronger earnings performance.

Financial Highlights (Unaudited)

(Complete consolidated financial statements to follow)

(in \$000 except as otherwise stated)		
For the Three Months Ended June 30,	2011	2010
Sales	69,407	64,466
Gross margin	27,313	25,490
Gross margin (% of sales)	39.4%	39.5%
Selling general and administrative expenses	17,831	16,846
Earnings before interest, taxes, amortization, and other expenses	9,482	8,644
Unrealized loss (gain) on derivative financial instruments	300	(646)
Other expenses	164	(249)
Net earnings	3,911	4,003
Earnings per share – basic and diluted - Class A	\$0.28	\$0.28
Dividend per share – Class A	\$0.360	\$0.330
Dividend per share – Class B	\$0.314	\$0.288
Class A Common Shares outstanding (000 shares)	11,294	11,888
Cash provided by operations (after changes in non-cash working capital items)	(1,294)	2,665
Working capital	30,850	31,688
Shareholders' equity per share	\$8.16	\$7.77

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*, *Sandhill*, *Calona Vineyards Artist Series*, and *Red Rooster*. Complementing these premium brands are a number of popularly priced varietal wine brands including *Peller Estates French Cross* in the East, *Peller Estates Proprietors Reserve* in the West, *Copper Moon*, *XOXO*, and *Croc Crossing*. *Hochtaler*, *Domaine D'Or*, *Schloss Laderheim*, *Royal*, and *Sommet* are our key value priced wine blends. The Company imports wines from major wine regions around the world to blend with domestic wine to craft these popularly priced and value priced wine brands. With a focus on serving the needs of all wine consumers, the Company produces and markets premium personal winemaking products through its wholly-owned subsidiary, Global Vintners Inc., the recognized leader in personal winemaking products. Global Vintners distributes products through over 250 Winexpert and Wine Kitz authorized retailers and franchisees and more than 600 independent retailers across Canada, United States, United Kingdom, New Zealand, and Australia. Global Vintners award-winning premium and ultra-premium winemaking brands include *Selection*, *Vintners Reserve*, *Island Mist*, *Kenridge*, *Cheeky Monkey*, *Ultimate Estate Reserve*, *Traditional Vintage*, and *Artful Winemaker*. The Company owns and operates more than 100 well-positioned independent retail locations in Ontario under the Vineyards Estate Wines, Aisle 43, and WineCountry Vintners store names. The Company also owns Grady Wine Marketing Inc. based in Vancouver, and The Small Winemaker's Collection Inc. based in Ontario; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company's products are sold predominantly in Canada with a focus on export sales for our icewine products. Andrew Peller Limited common shares trade on the Toronto Stock Exchange (symbols ADW.A and ADW.B).

Net earnings before other expenses is defined as net earnings before the net unrealized loss (gain) on financial instruments, and other expenses, all adjusted by income tax rates as calculated below:

Unaudited (in \$000)	Three Months	
Period ended June 30,	2011	2010
Net earnings	3,911	4,003
Unrealized loss (gain) on financial instruments	300	(646)
Other expenses (income)	164	(249)
Income tax effect on the above	(125)	242
Net earnings before other expenses	4,250	3,350

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

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FORWARD-LOOKING INFORMATION

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

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

For more information, please contact:

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ANDREW PELLER LIMITED

Consolidated Balance Sheets

Unaudited

These financial statements have not been reviewed by our auditors

	June 30	March 31	April 1
	2011	2011	2010
(in thousands of Canadian dollars)	\$	\$	\$
Assets			
Current Assets			
Accounts receivable	28,151	23,390	22,902
Inventories	90,180	94,692	88,818
Current portion of biological assets	1,751	759	615
Prepaid expenses and other assets	1,820	818	1,818
Income taxes recoverable	-	-	1,327
	<u>121,902</u>	<u>119,659</u>	<u>115,480</u>
Property, plant and equipment	84,049	84,744	85,133
Biological assets	12,328	11,950	12,395
Intangibles and other assets	13,015	14,170	14,775
Goodwill	37,473	37,473	37,473
	<u>268,767</u>	<u>267,996</u>	<u>265,256</u>
Liabilities			
Current Liabilities			
Bank indebtedness	54,121	48,758	48,877
Accounts payable and accrued liabilities	28,521	33,883	28,229
Dividends payable	1,252	1,148	1,197
Income taxes payable	1	1,000	-
Current portion of derivative financial instruments	1,824	1,894	1,922
Current portion of long-term debt	5,333	5,333	6,158
	<u>91,052</u>	<u>92,016</u>	<u>86,383</u>
Long-term debt	41,499	42,720	47,633
Long-term derivative financial instruments	1,948	1,578	1,667
Employee future benefits	5,723	5,565	5,414
Other long-term liabilities	-	-	600
Deferred income taxes	11,830	11,820	9,879
	<u>152,052</u>	<u>153,699</u>	<u>151,576</u>
Shareholders' Equity			
Capital stock	7,026	7,026	7,375
Retained earnings	109,689	107,271	106,305
	<u>116,715</u>	<u>114,297</u>	<u>113,680</u>
	<u>268,767</u>	<u>267,996</u>	<u>265,256</u>

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

ANDREW PELLER LIMITED
Consolidated Statements of Earnings

Unaudited

These financial statements have not been reviewed by our auditors

	For the three months ended	For the three months ended
	June 30, 2011	June 30, 2010
(in thousands of Canadian dollars)	\$	\$
Sales	69,407	64,466
Cost of goods sold, excluding amortization (note 4)	<u>42,094</u>	<u>38,976</u>
	27,313	25,490
Selling and administration (note 4)	<u>17,831</u>	<u>16,846</u>
Earnings before interest and amortization	9,482	8,644
Interest	1,549	1,942
Amortization of plant, equipment and intangible assets (note 4)	<u>1,947</u>	<u>1,882</u>
Earnings before other items	5,986	4,820
Net unrealized losses (gains) on derivative financial instruments	300	(646)
Other expenses (income) (note 4)	<u>164</u>	<u>(249)</u>
Earnings before income taxes	<u>5,522</u>	<u>5,715</u>
Provision for income taxes		
Current	1,516	1,553
Deferred	<u>95</u>	<u>159</u>
	<u>1,611</u>	<u>1,712</u>
Net earnings for the period	3,911	4,003
Net earnings per share		
Basic and diluted		
Class A shares	<u>0.28</u>	<u>0.28</u>
Class B shares	<u>0.24</u>	<u>0.24</u>

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ANDREW PELLER LIMITED
Consolidated Statements of Cash Flows

Unaudited

These financial statements have not been reviewed by our auditors

	For the three months ended	For the three months ended
	June 30, 2011	June 30, 2010
(in thousands of Canadian dollars)	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings for the period	3,911	4,003
Items not affecting cash:		
Gain on disposal of property, plant and equipment	-	(304)
Amortization of plant, equipment and intangibles	1,947	1,882
Revaluation of vine biological assets	113	6
Employee future benefits	(168)	(143)
Net unrealized (gain) loss on derivative financial instruments	300	(646)
Deferred income taxes	95	159
Amortization of deferred financing costs	112	185
	<u>6,310</u>	<u>5,142</u>
Changes in non-cash working capital items related to operations (note 5)	<u>(7,604)</u>	<u>(2,477)</u>
	<u>(1,294)</u>	<u>2,665</u>
Investing activities		
Proceeds of disposal of property, plant, equipment and vine biological assets	-	766
Purchase of property, equipment and vine biological assets	(1,582)	(811)
Purchases of other assets	(6)	(42)
Acquisition of businesses	-	(825)
	<u>(1,588)</u>	<u>(912)</u>
Financing activities		
Increase in bank indebtedness	5,363	777
Repayment of long-term debt	(1,333)	(1,333)
Dividends paid	(1,148)	(1,197)
	<u>2,882</u>	<u>(1,753)</u>
Increase (decrease) in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	<u>-</u>	<u>-</u>
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest	1,426	1,869
Income taxes	2,515	590

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