

ANDREW PELLER LIMITED REPORTS FIRST QUARTER FISCAL 2014 RESULTS

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 7, 2013 – Andrew Peller Limited ADW.A/ADW.B (“APL” or the “Company”) announced today its results for the three months ended June 30, 2013.

FIRST QUARTER FISCAL 2014 HIGHLIGHTS:

- Sales and net earnings before other items remain consistent with the prior year due to strong competitive pressures in the Canadian market
- Selling and administrative expenses decline due to restructuring initiative completed in Q4 fiscal 2013
- Cash flow from operating activities rises significantly to \$9.1 million
- 11% increase in common share dividends announced in June 2013
- Prestigious awards received in numerous international competitions

“While we experienced pricing pressure in certain of our markets, we are confident promotional and marketing initiatives through the balance of the year are expected to result in another year of record sales and earnings for the full fiscal 2014,” commented John Peller, President and CEO. “We were also pleased to announce an 11% increase in common share dividends in June, a reflection of our highly positive outlook and our commitment to enhancing long-term shareholder value.”

Sales for the first quarter were stable at \$72.7 million in fiscal 2014 and fiscal 2013. Strong sales in British Columbia and through our export and agency trade channels were offset by a decline in co-packing revenue and weaker wine kit sales.

Gross margin was 38.2% of sales in the first quarter of fiscal 2014 compared to 38.8% in the same period last year. Gross margin percentage was negatively affected by increased price competition in Western Canada and by the higher cost for wine purchased on international 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. A special levy implemented by the Ontario government on July 1, 2010 served to reduce sales and gross margin by approximately \$0.5 million in the first quarters of fiscal 2014 and fiscal 2013.

Selling and administrative expenses decreased in the first quarter of fiscal 2014 due to certain restructuring and cost control measures taken in the fourth quarter of fiscal 2013. As a percentage of sales, selling and administrative expenses for the three months ended June 30, 2013 improved to 24.9% from 25.5% last year.

Interest expense has declined in the first quarter of fiscal 2014 due to lower debt levels caused by a decrease in inventory.

The Company recorded a non-cash gain in the first quarter of fiscal 2014 related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts aggregating approximately \$0.7 million compared to a gain of \$0.2 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.

Net earnings excluding gains on derivative financial instruments, other (income) expenses, and the related income tax effect of these items for the three months ended June 30, 2013 and June 30, 2012 were \$4.5 million.

Net earnings for the three months ended June 30, 2013 were \$5.1 million or \$0.37 per Class A Share compared to \$4.6 million or \$0.33 per Class A Share in the first three months of fiscal 2013.

Strong Financial Position

Working capital at June 30, 2013 increased to \$44.3 million compared to \$41.7 million at March 31, 2013. The increase related to higher accounts receivable due to the seasonality of sales, a decrease in accounts payable and accrued charges, and a decrease in bank indebtedness, partially offset by a reduction in inventory. The Company’s debt to equity ratio was 0.76:1 at June 30, 2013 compared to 0.83:1 at March 31, 2013. Shareholders’ equity as at June 30, 2013 was \$134.1 million or \$9.38 per common share compared to \$129.7 million or \$9.07 per common share as at March 31, 2013. The increase in shareholders’ equity is due to higher net earnings for the year partially offset by the payment of dividends.

In the first quarter of fiscal 2014 the Company generated cash from operating activities, after changes in non-cash working capital items, of \$9.1 million compared to a use of funds of \$5.6 million in the prior year. Cash flow from operating activities increased due to strong earnings performance, lower income tax installments, and a larger decrease in non-cash working capital than in the prior year.

Prestigious Awards

The Company was recognized with a number of top awards in domestic and international wine competitions during the quarter.

The Lieutenant Governor's Awards for Excellence in British Columbia Wines were established in 2003 to recognize excellence in the province's growing wine industry. This year was the largest competition in the history of the awards with 402 wines, 100% grown and produced in British Columbia, submitted from 109 wineries. Among the total of 12 winners were the Company's Calona Vineyards Artist Series Pinot Noir 2011 and Red Rooster's Reserve Viognier 2012 and Reserve Syrah 2010.

At the San Francisco International Wine Competition held in June, 4,500 wines were judged from 30 countries. The Company was awarded a total of 32 medals, including a Double Gold Medal for Red Rooster's 2012 VQA Gewurztraminer and Gold for Peller Estates 2011 Vidal Blanc VQA Icewine.

The Concours Mondial de Bruxelles was held in May 2013, where 8,200 wines from 50 countries were reviewed. The Company was awarded a total of 11 medals, including a Grand Gold Medal for Peller Estates Riesling Icewine 2008.

At the International Wine and Spirit Competition, now in its 44th year, the jury received entries from 90 countries with the Company winning 46 medals including Gold for 2011 Peller Estates Oak Aged icewine and Outstanding Silver for Trius' 2010 Showcase RHS (Right Hand Side) Merlot.

At the Decanter World Wine Awards held in London, England, industry experts, Masters of Wine and Master Sommeliers awarded the Company ten medals including Silver Medals for Wayne Gretzky 2011 Vidal Icewine and Trius' 2010 Showcase Cabernet Franc Icewine.

The All Canadian Wine Championship, established in 1981, is the country's top competition and this year the Company received 34 awards including Double Gold Medals for Red Rooster's 2012 Reserve Viognier and 2012 Riesling, Double Gold for Peller Estates 2011 Cabernet Franc Icewine and 2008 Riesling Icewine, Best Red Wine of the Year for Trius' 2010 Showcase Red Shale Cabernet Franc, and Best Sparkling Wine of the Year for Trius Brut Rose.

At the International Wine Challenge, in its 30th year, Peller Estates 2008 Riesling Icewine was awarded the Canadian Icewine Trophy and Canadian Riesling Trophy, while Wayne Gretzky 2011 No. 99 Vidal Icewine was awarded the Canadian Vidal Trophy.

Other key awards were won at the Los Angeles International Wine Competition (31 awards), Selections Mondiales des Vins Canada (4 gold medals), the Tasters Guild (23 awards), the 2013 Ontario Wine Awards (3 key awards), the Sunset International Wine Competition (7 awards), and the 2013 Korea Wine Challenge (4 awards).

Financial Highlights (Unaudited)

(Complete condensed consolidated financial statements to follow)

(in \$000 except as otherwise stated)

For the three months ended June 30, 2013 and 2012	2013	2012
Sales	\$ 72,718	\$ 72,662
Gross margin	27,810	28,216
Gross margin (% of sales)	38.2%	38.8%
Selling and administrative expenses	18,135	18,550
EBITA	9,675	9,666
Unrealized gain on financial instruments	(731)	(198)
Other (income) expenses	(32)	86
Net earnings	5,092	4,602
Earnings per share – Class A	\$0.37	\$0.33
Earnings per share – Class B	\$0.32	\$0.29
Dividend per share – Class A (annual)	\$0.400	\$0.360
Dividend per share – Class B (annual)	\$0.348	\$0.314
Cash provided by operations (after changes in non-cash working capital items)	9,136	(5,607)
Working capital	44,300	34,670
Shareholders' equity per share	\$9.38	\$8.68

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

For the three months ended June 30, 2013 and 2012 (Unaudited)	2013	2012
(in \$000)		
Net earnings	5,092	4,602
Net unrealized gains on derivatives	(731)	(198)
Other (income) expenses	(32)	86
Income tax effect of the above	198	29
Net earnings excluding gains on derivative financial instruments, other (income) expenses, and the related income tax effect	4,527	4,519

Andrew Peller Limited 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 brands including *Peller Estates French Cross* in the East, *Peller Estates Proprietors Reserve* in the West, *Copper Moon*, *XOXO*, *skinnygrape* and *Verano*. *Hochtaler*, *Domaine D'Or*, *Schloss Laderheim*, *Royal*, and *Sommet* are our key value priced 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., the recognized leader in personal winemaking products. Global Vintners distributes products through over 250 Winexpert and Wine Kitz authorized retailers and franchisees and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand, Australia, and China. Global Vintners award-winning premium and ultra-premium winemaking brands include *Selection*, *Vintners Reserve*, *Island Mist*, *KenRidge*, *Cheeky Monkey*, *Ultimate Estate Reserve*, *Traditional Vintage*, and *Cellar Craft*. The Company owns and operates more 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 Inc. based in

Vancouver and The Small Winemaker's Collection Inc. based in Ontario; both of these wine agencies are importers of premium wines from around the world and are marketing agents for these fine wines. The Company has entered into an agreement to produce and market the *Wayne Gretzky* brands across Canada. The Company's products are sold predominantly in Canada with a focus on export sales for its icewine and personal winemaking products.

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

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

FORWARD-LOOKING INFORMATION

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

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

For more information, please contact:

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ANDREW PELLER LIMITED

Condensed Consolidated Balance Sheets

Unaudited

These financial statements have not been reviewed by our auditors

	June 30 2013	March 31 2013 Restated ⁽¹⁾	April 1 2012 Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$	\$
Assets			
Current Assets			
Accounts receivable	26,172	25,484	24,937
Inventory	108,802	115,931	110,256
Current portion of biological assets	2,191	938	881
Prepaid expenses and other assets	2,182	1,573	1,338
Income taxes recoverable	-	268	-
	139,347	144,194	137,412
Property, plant, and equipment	88,004	88,841	84,490
Biological assets	13,645	13,405	12,556
Intangibles	12,936	12,606	13,621
Goodwill	37,473	37,473	37,473
	291,405	296,519	285,552
Liabilities			
Current Liabilities			
Bank indebtedness	54,951	60,099	57,495
Accounts payable and accrued liabilities	28,800	33,616	37,118
Dividends payable	1,391	1,252	1,252
Income taxes payable	2,408	-	40
Current portion of derivative financial instruments	1,007	1,107	1,272
Current portion of long-term debt	6,490	6,450	5,366
	95,047	102,524	102,543
Long-term debt	40,416	41,473	41,456
Long-term derivative financial instruments	840	1,215	1,943
Post-employment benefit obligations	5,268	6,411	6,665
Deferred income	1,213	1,314	-
Deferred income taxes	14,537	13,881	12,038
	157,321	166,818	164,645
Shareholders' Equity			
Capital stock	7,026	7,026	7,026
Retained earnings	127,058	122,675	113,881
	134,084	129,701	120,907
	291,405	296,519	285,552
Commitments			

(1) Restated to reflect the adoption of the amendments to IAS 19.

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

ANDREW PELLER LIMITED

Condensed Consolidated Statements of Earnings

Unaudited

These financial statements have not been reviewed by our auditors

	For the three months ended	For the three months ended
	June 30, 2013	June 30, 2012
		Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$
Sales	72,718	72,662
Cost of goods sold	44,908	44,446
Amortization of plant and equipment used in production	1,350	1,209
Gross profit	26,460	27,007
Selling and administration	18,135	18,550
Amortization of plant, equipment, and intangibles used in selling and administration	726	768
Interest	1,301	1,317
Operating earnings	6,298	6,372
Net unrealized gains on derivative financial instruments	(731)	(198)
Other (income) expenses	(32)	86
Earnings before income taxes	7,061	6,484
Provision for income taxes		
Current	1,552	1,653
Deferred	417	229
	1,969	1,882
Net earnings for the period	5,092	4,602
Net earnings per share		
Basic and diluted		
Class A shares	0.37	0.33
Class B shares	0.32	0.29

(1) Restated to reflect the adoption of the amendments to IAS 19.

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ANDREW PELLER LIMITED

Condensed Consolidated Statements of Comprehensive Income

Unaudited

These financial statements have not been reviewed by our auditors

	For the three months ended	For the three months ended
	June 30, 2013	June 30, 2012
		Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$
Net earnings for the period	5,092	4,602
Items that are never reclassified to net income		
Net actuarial gains (losses) on post-employment benefit plans	921	(259)
Deferred income tax (provision) recovery	(239)	66
Other comprehensive income (loss) for the period	682	(193)
Net comprehensive income for the period	5,774	4,409

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ANDREW PELLER LIMITED
Condensed Consolidated Statements of Cash Flows
Unaudited

These financial statements have not been reviewed by our auditors

	For the three months ended June 30, 2013	For the three months ended June 30, 2012 Restated ⁽¹⁾
(in thousands of Canadian dollars)	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings for the period	5,092	4,602
Adjustments for:		
Amortization of plant, equipment, and intangibles	2,076	1,977
Interest expense	1,301	1,317
Provision for income taxes	1,969	1,882
Revaluation of biological assets	33	47
Post-employment benefits	(222)	(88)
Deferred income	(101)	-
Net unrealized gain on derivative financial instruments	(731)	(198)
Interest paid	(1,247)	(1,258)
Income taxes refunded (paid)	1,124	(1,286)
	<u>9,294</u>	<u>6,995</u>
Changes in non-cash working capital items related to operations	<u>(158)</u>	<u>(12,602)</u>
	<u>9,136</u>	<u>(5,607)</u>
Investing activities		
Purchase of property, equipment, and biological assets	(1,030)	(5,019)
Purchase of intangibles	(615)	(88)
	<u>(1,645)</u>	<u>(5,107)</u>
Financing activities		
(Decrease) increase in bank indebtedness	(5,148)	13,299
Issuance of long-term debt	586	-
Repayment of long-term debt	(1,677)	(1,333)
Dividends paid	(1,252)	(1,252)
	<u>(7,491)</u>	<u>10,714</u>
Increase (decrease) in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	<u>-</u>	<u>-</u>

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