

**ANDREW PELLER LIMITED**  
**ANNOUNCES RESULTS FOR SECOND QUARTER OF FISCAL 2009**

*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** – November 5, 2008 – Andrew Peller Limited ADW.A/ADW.B (the “Company”) announced today its results for the three and six months ended September 30, 2008.

**Strong Growth Continues**

For the three and six months ended September 30, 2008 sales increased 13.3% to \$69.4 million and 9.0% to \$129.0 million from \$61.2 million and \$118.4 million for the same periods last year. The increase was due primarily to ongoing initiatives to grow sales of the Company’s blended table, premium and ultra-premium wines through all trade channels, the acquisition of World Vintners Inc. on June 30, 2008 and the introduction of new products over the last twelve months.

Gross profit as a percentage of sales declined slightly to 42.0% for the three months ended September 30, 2008 compared to 42.8% in the same period last year. For the first six months of fiscal 2009, gross profit as a percentage of sales was 41.9% compared to 42.8% for the same period last year. The changes were due primarily to an increase in the cost of domestic grapes and wine purchased on international markets combined with higher packaging costs. Selling and administrative expenses decreased marginally for the three and six months ended September 30, 2008 to 30.0% and 29.9% of sales respectively, compared to 30.1% and 30.0% of sales respectively, for the same periods last year due primarily to the launch of new products over the last twelve months and increased efforts to market the Company’s premium and ultra-premium wines.

Net and comprehensive earnings for the three and six months ended September 30, 2008 were \$2.4 million or \$0.17 per Class A share and \$5.1 million or \$0.35 per Class A share compared to \$2.7 million or \$0.18 per Class A share and \$5.6 million or \$0.38 per Class A share for the same periods last year. Included in net and comprehensive earnings in fiscal 2009 were other charges of \$1.2 million related to non-cash mark-to-market adjustments on interest rate swaps and foreign exchange contracts compared to a gain of \$0.04 million last year. Not including the other losses and unusual items in each year, net and comprehensive earnings for the first six months of fiscal 2009 increased 6.8% to \$6.0 million compared to the same period last year.

“We are pleased with our performance in the second quarter and first six months of fiscal 2009,” commented John Peller, President and CEO. “The acquisitions of World Vintners Inc. and the remaining 50% interest in Rocky Ridge Vineyards completed during the second quarter are making a solid contribution to the performance of our Company, while our successful sales and marketing efforts continue to build our brands across all of our targeted trade channels.”

**Solid Financial Position**

The Company’s balance sheet remained strong as at September 30, 2008. Working capital was \$39.6 million at the end of the second quarter of fiscal 2009 compared to \$26.6 million at March 31, 2008. Shareholders’ equity at September 30, 2008 increased to \$104.3 million or \$7.00 per Class A share compared to \$102.7 million or \$6.89 per Class A share at March 31, 2008 and \$99.0 million or \$6.65 per Class A share at September 30, 2007. While credit markets have tightened in recent months, the Company has successfully refinanced its long-term debt to April 30, 2015 and is working on converting its demand operating facility to a one year committed facility.

## Dividend Increase

As previously announced, common share dividends were increased by 10% for shareholders of record on June 30, 2008. The annual dividend on Class A shares was increased to \$0.33 per share from \$0.30 per share. The dividend on Class B shares was increased to \$0.288 per share from \$0.261 per share.

“Looking ahead, in the near term we expect our sales levels and gross margin will remain stable through this unsettled economic period, and we will be increasing our emphasis on generating production efficiencies and reducing overhead costs to enhance our bottom line. Over the longer term, we remain confident that our focus on quality, our leading presence in all our distribution channels, and our strong brand recognition will generate solid and sustainable growth,” Mr. Peller concluded.

## Financial Highlights (unaudited - complete consolidated financial statements to follow)

| Period Ended September 30,<br>(in \$000 except per share amounts)         | Three Months |           | Six Months |            |
|---|--------------|-----------|------------|------------|
|   | 2008         | 2007      | 2008       | 2007       |
| Sales   | \$ 69,356    | \$ 61,236 | \$ 128,974 | \$ 118,376 |
| EBITA   | 8,294        | 7,765     | 15,478     | 15,196     |
| Earnings before other income and unusual items                            | 4,663        | 4,408     | 8,635      | 8,514      |
| Other income (loss) and unusual items                                     | (1,073)      | (394)     | (1,292)    | (80)       |
| Net and comprehensive earnings  | 2,444        | 2,652     | 5,097      | 5,566      |
| Net earnings per share<br>(Basic per Class A share)                       | \$ 0.17      | \$ 0.18   | \$ 0.35    | \$ 0.38    |
| Cash from operations<br>(after changes in non-cash working capital items) | 1,251        | 12,811    | 2,695      | 10,910     |
| Working capital   |              |           | \$ 39,586  | \$ 23,939  |
| Shareholders' equity per share  |              |           | \$7.00     | \$6.65     |

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 vineyards around the world. The Company's award-winning premium and ultra-premium brands include Peller Estates, Trius, Hillebrand, Thirty Bench, Croc Crossing, XOXO, Sandhill, Copper Moon, Calona Vineyards Artist Series and Red Rooster VQA wines. Complementing these premium brands are a number of popular priced products including Hochtaler, Domaine D'Or, Schloss Laderheim, Royal and Sommet. With the acquisition of Cascadia Brands Inc., the Company also markets craft beer under the Granville Island brand. With a focus on serving the needs of all wine consumers, the Company produces and markets consumer-made wine kit products through Winexpert and Vineco International Products. In addition, the Company owns and operates Vineyards Estate Wines, Aisle 43 and WineCountry Vintners, independent wine retailers in Ontario with more than 100 well-positioned retail locations. Andrew Peller Limited common shares trade on the Toronto Stock Exchange (symbols ADW.A and ADW.B).

*The Company utilizes EBITA (defined as earnings before interest, incomes taxes, depreciation, amortization, other income (losses) and unusual items). EBITA is not a recognized measure under GAAP. 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 GAAP 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. In addition, the Company's method of calculating EBITA may differ from the methods used by other companies and, accordingly, may not be comparable to measures used by other companies.*

## **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](http://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

These financial statements have not been reviewed  
by our auditors

|   | September 30          | March 31              |
|---|-----------------------|-----------------------|
|   | 2008                  | 2008                  |
|   | \$                    | \$                    |
| <b>(expressed in thousands of Canadian dollars)</b> |                       |                       |
| <b>Assets</b>                                       |                       |                       |
| <b>Current Assets</b>                               |                       |                       |
| Accounts receivable                                 | 29,721                | 23,072                |
| Inventories   | 94,715                | 93,817                |
| Prepaid expenses and other assets                   | 5,617                 | 4,242                 |
| Income taxes recoverable                            | 2,232                 | 823                   |
|   | <u>132,285</u>        | <u>121,954</u>        |
| <b>Property, plant and equipment</b>                | <b>101,354</b>        | <b>94,480</b>         |
| <b>Goodwill (note 3)</b>                            | <b>44,515</b>         | <b>36,171</b>         |
| <b>Other assets</b>                                 | <b>7,383</b>          | <b>7,139</b>          |
|   | <u><u>285,537</u></u> | <u><u>259,744</u></u> |
| <b>Liabilities</b>                                  |                       |                       |
| <b>Current Liabilities</b>                          |                       |                       |
| Bank indebtedness                                   | 51,046                | 57,722                |
| Accounts payable and accrued liabilities            | 34,298                | 29,705                |
| Dividends payable                                   | 1,197                 | 1,088                 |
| Current portion of long - term debt (note 4)        | 6,158                 | 6,830                 |
|   | <u>92,699</u>         | <u>95,345</u>         |
| <b>Long-term debt (note 4)</b>                      | <b>74,767</b>         | <b>46,946</b>         |
| <b>Employee future benefits</b>                     | <b>2,964</b>          | <b>3,167</b>          |
| <b>Future income taxes</b>                          | <b>10,791</b>         | <b>11,606</b>         |
|   | <u>181,221</u>        | <u>157,064</u>        |
| <b>Shareholders' Equity</b>                         |                       |                       |
| <b>Capital Stock</b>                                | <b>7,375</b>          | <b>7,375</b>          |
| <b>Retained Earnings</b>                            | <b>96,941</b>         | <b>95,305</b>         |
|   | <u>104,316</u>        | <u>102,680</u>        |
|   | <u><u>285,537</u></u> | <u><u>259,744</u></u> |

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

# ANDREW PELLER LIMITED

## Consolidated Statements of Earnings, Comprehensive Earnings and Retained Earnings

These financial statements have not been reviewed by our auditors  
(expressed in thousands of Canadian dollars)

|  | For the Three Months Ended |                | For the Six Months Ended |                |
|--|----------------------------|----------------|--------------------------|----------------|
|  | September 30               |                | September 30             |                |
|  | 2008                       | 2007           | 2008                     | 2007           |
|  | \$                         | \$             | \$                       | \$             |
| <b>Sales</b>   | <b>69,356</b>              | 61,236         | <b>128,974</b>           | 118,376        |
| Cost of goods sold, excluding amortization                           | <u>40,254</u>              | <u>35,040</u>  | <u>74,936</u>            | <u>67,714</u>  |
| <b>Gross profit</b>  | <b>29,102</b>              | 26,196         | <b>54,038</b>            | 50,662         |
| Selling and administration   | <u>20,808</u>              | <u>18,431</u>  | <u>38,560</u>            | <u>35,466</u>  |
| <b>Earnings before interest and amortization</b>                     | <b>8,294</b>               | 7,765          | <b>15,478</b>            | 15,196         |
| Interest   | <u>1,505</u>               | <u>1,439</u>   | <u>2,907</u>             | <u>2,864</u>   |
| Amortization of plant, equipment and intangibles                     | <u>2,126</u>               | <u>1,918</u>   | <u>3,936</u>             | <u>3,818</u>   |
| <b>Earnings before other items</b>                                   | <b>4,663</b>               | 4,408          | <b>8,635</b>             | 8,514          |
| <b>Other (loss) income</b>   | <b>(1,017)</b>             | (325)          | <b>(1,178)</b>           | 44             |
| <b>Unusual items</b>   | <b>(56)</b>                | (69)           | <b>(114)</b>             | (124)          |
| <b>Earnings before income taxes</b>                                  | <b>3,590</b>               | 4,014          | <b>7,343</b>             | 8,434          |
| <b>Provision for income taxes</b>                                    |                            |                |                          |                |
| Current  | <u>1,480</u>               | <u>1,409</u>   | <u>2,575</u>             | <u>2,725</u>   |
| Future   | <u>(334)</u>               | <u>(47)</u>    | <u>(329)</u>             | <u>143</u>     |
|  | <u>1,146</u>               | <u>1,362</u>   | <u>2,246</u>             | <u>2,868</u>   |
| <b>Net and comprehensive earnings for the period</b>                 | <b>2,444</b>               | 2,652          | <b>5,097</b>             | 5,566          |
| <b>Retained earnings- Beginning of period</b>                        | <b>95,694</b>              | 90,101         | <b>95,305</b>            | 88,147         |
| <b>Impact of adopting accounting pronouncements on April 1, 2007</b> | -                          | -              | -                        | 128            |
| <b>Impact of adopting accounting pronouncement on April 1, 2008</b>  | -                          | -              | <b>(1,067)</b>           | -              |
| <b>Retained earnings- Beginning of period as restated</b>            | <u>95,694</u>              | <u>90,101</u>  | <u>94,238</u>            | <u>88,275</u>  |
| Dividends:   |                            |                |                          |                |
| Class A and Class B  | <u>(1,197)</u>             | <u>(1,087)</u> | <u>(2,394)</u>           | <u>(2,175)</u> |
| <b>Retained earnings - End of period</b>                             | <u>96,941</u>              | <u>91,666</u>  | <u>96,941</u>            | <u>91,666</u>  |
| <b>Net earnings per share</b>  |                            |                |                          |                |
| Basic and diluted  |                            |                |                          |                |
| Class A shares   | <u>0.17</u>                | <u>0.18</u>    | <u>0.35</u>              | <u>0.38</u>    |
| Class B shares   | <u>0.15</u>                | <u>0.16</u>    | <u>0.31</u>              | <u>0.33</u>    |

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

# ANDREW PELLER LIMITED

## Consolidated Statements of Cash Flows

These financial statements have not been reviewed by our auditors  
(expressed in thousands of Canadian dollars)

|  | For the Three Months Ended<br>September 30 |                | For the Six Months Ended<br>September 30 |                |
|--|--|----------------|--|----------------|
|  | 2008<br>\$                                 | 2007<br>\$     | 2008<br>\$                               | 2007<br>\$     |
| <b>Cash provided by (used in)</b>  |  |                |  |                |
| <b>Operating activities</b>  |  |                |  |                |
| Net earnings for the period  | 2,444                                      | 2,652          | 5,097                                    | 5,566          |
| Items not affecting cash:  |  |                |  |                |
| Amortization of plant, equipment and intangibles                                 | 2,126                                      | 1,918          | 3,936                                    | 3,818          |
| Employee future benefits   | (154)                                      | (162)          | (203)                                    | (187)          |
| Net unrealized loss (gain) on foreign exchange contracts and interest rate swaps | 1,017                                      | 325            | 1,178                                    | (44)           |
| Future income taxes  | (334)                                      | (47)           | (329)                                    | 143            |
| Amortization of deferred financing costs   | 55   | 37             | 93                                       | 73             |
|  | <u>5,154</u>                               | <u>4,723</u>   | <u>9,772</u>                             | <u>9,369</u>   |
| Changes in non-cash working capital items related to operations (note 5)         | <u>(3,903)</u>                             | <u>8,088</u>   | <u>(7,077)</u>                           | <u>1,541</u>   |
|  | <u>1,251</u>                               | <u>12,811</u>  | <u>2,695</u>                             | <u>10,910</u>  |
| <b>Investing activities</b>  |  |                |  |                |
| Acquisition of World Vintners Inc. (note 3)                                      | (16)                                       | -              | (10,956)                                 | -              |
| Acquisition of Rocky Ridge Vineyards Inc. (note 3)                               | -  | -              | (4,016)                                  | -              |
| Purchase of property and equipment   | <u>(2,933)</u>                             | <u>(4,396)</u> | <u>(5,431)</u>                           | <u>(8,212)</u> |
|  | <u>(2,949)</u>                             | <u>(4,396)</u> | <u>(20,403)</u>                          | <u>(8,212)</u> |
| <b>Financing activities</b>  |  |                |  |                |
| Increase in deferred financing costs   | (73)                                       | -              | (287)                                    | -              |
| Increase (decrease) in bank indebtedness   | 3,882                                      | (9,321)        | (6,676)                                  | (1,212)        |
| Increase in long-term debt (note 4)  | -  | 3,470          | 29,036                                   | 3,470          |
| Repayment of long-term debt  | (914)                                      | (1,476)        | (2,080)                                  | (2,951)        |
| Dividends paid   | <u>(1,197)</u>                             | <u>(1,088)</u> | <u>(2,285)</u>                           | <u>(2,005)</u> |
|  | <u>1,698</u>                               | <u>(8,415)</u> | <u>17,708</u>                            | <u>(2,698)</u> |
| <b>Cash at beginning and end of period</b>                                       | <u>-</u>                                   | <u>-</u>       | <u>-</u>                                 | <u>-</u>       |
| <b>Supplemental disclosure of cash flow information</b>                          |  |                |  |                |
| Cash paid during the period for  |  |                |  |                |
| Interest   | 1,594                                      | 1,372          | 2,656                                    | 2,687          |
| Income taxes   | 1,532                                      | 2,235          | 2,359                                    | 3,294          |

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