

**ANDREW PELLER LIMITED**  
**ANNOUNCES RESULTS FOR THE SECOND QUARTER OF FISCAL 2010**

*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 4, 2009 – Andrew Peller Limited ADW.A/ADW.B (the “Company”) announced today its results for the three and six months ended September 30, 2009.

**HIGHLIGHTS:**

- Six month sales up 7.2% on solid organic growth and contribution from recent acquisitions
- Cost reduction and control initiatives result in lower operating and administrative expenses
- Cash flow from operating activities increase to \$8.4 million for the period
- Intention to sell beer business to significantly reduce leverage and interest expense

Sales for the second quarter of fiscal 2010 increased 1.7% to \$67.0 million from \$65.8 million in the prior year. For the first six months of fiscal 2010, sales increased 7.2% to \$131.9 million compared to \$123.0 million in the first half of fiscal 2009. The increases are due primarily to the impact of acquisitions, ongoing initiatives to grow sales of the Company’s blended varietal table and premium wines through provincial liquor boards and the introduction of new products. Sales in the second quarter of fiscal 2010 were negatively affected by the economic impact of the recession on export and estate winery sales.

“We are pleased to see continued solid organic growth across the majority of our trade channels in fiscal 2010,” commented John Peller, President and CEO. “Looking ahead, we are beginning to see an improvement in sales at our estate wineries and expect improved performance through the balance of the fiscal year and going forward.”

On October 19, 2009 the Company announced its intention to sell its ownership in Granville Island Brewing Company and Mainland Beverage Distribution Ltd. to Creemore Springs Brewery Ltd, a stand-alone craft brewery owned by Molson Coors Canada. The transaction is expected to be completed in early 2010. Proceeds from the sale will be used to reduce long-term debt and bank indebtedness. The results for the Company’s beer business have been classified as discontinued operations.

Gross profit as a percentage of sales was 37.1% for the three months ended September 30, 2009 compared to 40.5% in the same period last year. For the first six months of fiscal 2010, gross profit as a percentage of sales was 36.9% compared to 40.2% for the same period last year. The lower gross profit compared to fiscal 2009 was due to a significant increase in the cost of domestic grapes and wine purchased on international markets in the current year, increased costs to the Company in the purchases of US dollars, the increased use of higher priced domestic grapes used to produce cellared-in-Canada wines and an increase in the sales mix of lower margin wines. Management believes the Company’s gross profit margins have stabilized and remains focused on enhancing production efficiency and productivity improvements with the goal to further improve overall profitability.

Selling and administrative expenses as a percentage of sales declined to 27.0% for the three months ended September 30, 2009 compared to 28.9% for the same period last year. For the first half of fiscal 2010, selling and administrative expenses as a percentage of sales declined to 25.7% compared to 28.7% in the same period last year. The decrease in selling and administrative expenses during fiscal 2010 is the result of the Company’s on-going focus on reducing costs and the realization of synergies on acquisitions.

Interest expense rose in the second quarter and first half of fiscal 2010 compared to the prior year due to increased debt levels and higher interest rates on the Company’s long-term debt. Proceeds from the sale of the Company’s beer business will be used to reduce long-term debt and bank indebtedness.

Included in net earnings for the three and six months ended September 30, 2009 were net non-cash gains of approximately \$0.2 million and \$1.3 million related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts. This compared to a net non-cash loss of \$1.0 million and \$1.2 million for the three months and six months ended September 30, 2008. These instruments are considered to be effective economic hedges and have enabled management to mitigate the volatility of changing prices on operating costs and interest expense. Unusual items were recorded in fiscal 2009 resulting from carrying charges for the Company's Port Moody facility. The Company closed this facility effective December 31, 2005.

Net earnings from continuing operations, excluding the above mentioned gains or losses on non-hedge derivatives and unusual items in each year, were \$1.6 million and \$4.2 million for the three and six months ended September 30, 2009 respectively compared to \$2.7 million and \$5.1 million for the comparable prior year periods. Including the impact of the other losses and unusual items and the results of discontinued operations, net earnings for the three and six months ended September 30, 2009 were \$2.2 million or \$0.16 per Class A share and \$5.5 million or \$0.38 per Class A share respectively compared to \$2.4 million or \$0.17 per Class A share and \$5.1 million or \$0.35 per Class A share for the same periods in the prior year.

### Financial Position

Working capital was \$27.0 million at the end of the second quarter of fiscal 2009 compared to \$29.2 million at March 31, 2009 and \$39.6 million at September 30, 2008. Including the after-tax impact of mark-to-market adjustments on an interest rate swap and foreign exchange contracts, shareholders' equity at September 30, 2009 amounted to \$99.9 million or \$6.71 per common share compared to \$104.3 million or \$7.00 per common share at September 30, 2008. The decline in shareholders' equity relates to the impact of unrealized losses on derivative financial instruments.

### Financial Highlights (Unaudited)

Complete consolidated financial statements to follow)

(in \$000 except per share amounts)	<b>Three Months</b>		<b>Six Months</b>	
Period Ended September 30,	<b>2009</b>	2008	<b>2009</b>	2008
Sales	<b>\$ 66,961</b>	\$ 65,808	<b>\$ 131,911</b>	\$ 123,045
EBITA	<b>6,750</b>	7,642	<b>14,698</b>	14,146
Net earnings from continuing operations before unrealized derivative losses and unusual items	<b>1,617</b>	2,739	<b>4,189</b>	5,144
Net unrealized derivative gains (losses) and unusual items	<b>145</b>	(655)	<b>911</b>	(788)
Net earnings from continuing operations	<b>1,762</b>	2,084	<b>5,100</b>	4,356
Net earnings from discontinued operations	<b>482</b>	360	<b>395</b>	741
Net earnings	<b>2,244</b>	2,444	<b>5,495</b>	5,097
Net earnings per share from continuing operations (Basic per Class A share)	<b>\$ 0.12</b>	\$ 0.14	<b>\$ 0.35</b>	\$ 0.30
Net earnings per share (Basic per Class A share)	<b>\$0.16</b>	\$0.17	<b>\$0.38</b>	\$0.35
Cash from operations (after changes in non-cash working capital items)			<b>8,422</b>	4,487
Working capital			<b>\$ 27,010</b>	\$39,581
Shareholders' equity per share			<b>\$6.71</b>	\$7.00

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, 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 also produces and markets consumer-made wine kit products through Global Vintners Inc. A broad range of high quality wine kit brands are available through Global Vintners including Selection, Vintners Reserve, World Vineyard, KenRidge, California Connoisseur, Island Mist, Niagara Mist and Heron Bay. 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.

Net earnings from continuing operations is defined as net earnings before the net unrealized gain (loss) on financial instruments, unusual items and net earnings from discontinued operations, all adjusted by income tax rates as calculated below:

(in \$000 except per share amounts)

	<b>Three Months</b>		<b>Six Months</b>	
Period ended September 30,	<b>2009</b>	2008	<b>2009</b>	2008
Net and comprehensive earnings	<b>2,244</b>	2,444	<b>5,495</b>	5,097
Unrealized (gain)/loss on financial instruments	<b>(213)</b>	1,017	<b>(1,340)</b>	1,178
Unusual items	-	56	-	114
Income tax effect on the above	<b>68</b>	(418)	<b>429</b>	(504)
Net (earnings) from discontinued operations	<b>(482)</b>	(360)	<b>(395)</b>	(741)
Net earnings from continuing operations before other or unusual items	<b>1,617</b>	2,739	<b>4,189</b>	5,144

The Company utilizes EBITA (defined as earnings before interest, incomes taxes, depreciation, amortization, other income (losses) and unusual items and net earnings before discontinued operations). 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.

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

### **FORWARD-LOOKING INFORMATION**

*Certain statements in this news release may contain "forward-looking statements" within the meaning of applicable securities laws, including the "safe harbour provision" of the Securities Act (Ontario) with respect to Andrew Peller Limited (the "Company") and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's recent acquisitions; its launch of new premium wines; sales trends in foreign markets; its supply of domestically grown grapes; and current economic conditions. These statements are subject to certain risks, assumptions and uncertainties that could cause actual results to differ materially from those included in the forward-looking statements. The words "believe", "plan", "intend", "estimate", "expect" or "anticipate" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" and "could" often identify forward-looking statements. We have based*

*these forward-looking statements on our current views with respect to future events and financial performance. With respect to forward-looking statements contained in this news release, the Company has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle and wine prices; its ability to obtain grapes, imported wine, glass and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar exchange rates; its ability to market products successfully to its anticipated customers; the trade balance within the domestic Canadian wine market; market trends; reliance on key personnel; protection of its intellectual property rights; the economic environment; the regulatory requirements regarding producing, marketing, advertising and 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.*

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**ANDREW PELLER LIMITED**  
**CONSOLIDATED BALANCE SHEETS**

Unaudited

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

	September 30	March 31
	2009	2009
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Accounts receivable	21,907	20,681
Inventories	95,320	100,816
Prepaid expenses and other assets	1,970	1,999
Income taxes recoverable	3,664	6,317
Discontinued operation (note 3)	5,627	5,005
	<u>128,488</u>	<u>134,818</u>
<b>Property, plant and equipment</b>	<b>97,755</b>	<b>98,209</b>
<b>Goodwill</b>	<b>35,684</b>	<b>35,684</b>
<b>Intangibles and other assets</b>	<b>14,496</b>	<b>14,838</b>
<b>Discontinued operation - long-term assets (note 3)</b>	<b>9,746</b>	<b>9,958</b>
	<u><u>286,169</u></u>	<u><u>293,507</u></u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Bank indebtedness	53,401	52,192
Accounts payable and accrued liabilities	33,545	38,206
Dividends payable	1,197	1,197
Current derivative financial instruments	2,806	2,719
Current portion of long - term debt	6,158	6,158
Discontinued operation (note 3)	4,371	5,143
	<u>101,478</u>	<u>105,615</u>
<b>Long-term debt</b>	<b>68,082</b>	<b>71,549</b>
<b>Long-term derivative financial instruments</b>	<b>3,040</b>	<b>5,963</b>
<b>Employee future benefits</b>	<b>2,371</b>	<b>2,824</b>
<b>Future income taxes</b>	<b>11,000</b>	<b>10,457</b>
<b>Discontinued operation - long-term liabilities (note 3)</b>	<b>306</b>	<b>308</b>
	<u>186,277</u>	<u>196,716</u>
<b>Shareholders' Equity</b>		
<b>Capital Stock</b>	<b>7,375</b>	<b>7,375</b>
<b>Retained Earnings</b>	<b>92,517</b>	<b>89,416</b>
	<u>99,892</u>	<u>96,791</u>
	<u><u>286,169</u></u>	<u><u>293,507</u></u>

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

# ANDREW PELLER LIMITED

## Consolidated Statements of Earnings and Retained Earnings

### Unaudited

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	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Sales</b>	66,961	65,808	131,911	123,045
Cost of goods sold, excluding amortization	42,145	39,152	83,298	73,569
<b>Gross profit</b>	24,816	26,656	48,613	49,476
Selling and administration	18,066	19,014	33,915	35,330
<b>Earnings before interest and amortization</b>	6,750	7,642	14,698	14,146
Interest	2,363	1,505	4,546	2,907
Amortization of plant, equipment and intangibles	2,017	2,005	4,010	3,695
<b>Earnings before other items</b>	2,370	4,132	6,142	7,544
<b>Non-hedge derivative gains (losses)</b>	213	(1,017)	1,340	(1,178)
<b>Unusual items</b>	-	(56)	0	(114)
<b>Earnings before income taxes</b>	2,583	3,059	7,482	6,252
<b>Provision for income taxes</b>				
Current	691	1,308	1,839	2,222
Future	130	(333)	543	(326)
	821	975	2,382	1,896
<b>Net and comprehensive earnings for the period from continuing operations</b>	1,762	2,084	5,100	4,356
<b>Net and comprehensive earnings for the period from discontinued operation, net of tax (note 1)</b>	482	360	395	741
<b>Net and comprehensive earnings for the period</b>	2,244	2,444	5,495	5,097
<b>Retained earnings- Beginning of period</b>	91,470	94,886	89,416	95,305
<b>Impact of adopting accounting pronouncement on April 1, 2008</b>	-	-	-	(1,875)
<b>Retained earnings- Beginning of period as restated</b>	91,470	94,886	89,416	93,430
Dividends:				
Class A and Class B	(1,197)	(1,197)	(2,394)	(2,394)
<b>Retained earnings - End of period</b>	92,517	96,133	92,517	96,133
<b>Net earnings per share from continuing operations</b>				
Basic and diluted				
Class A shares	0.12	0.14	0.35	0.30
Class B shares	0.11	0.12	0.31	0.26
<b>Net earnings per share from discontinued operation</b>				
Basic and diluted				
Class A shares	0.04	0.03	0.03	0.05
Class B shares	0.03	0.03	0.02	0.05
<b>Net earnings per share</b>				
Basic and diluted				
Class A shares	0.16	0.17	0.38	0.35
Class B shares	0.14	0.15	0.33	0.31

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

# ANDREW PELLER LIMITED

## Consolidated Statements of Cash Flows

### Unaudited

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	
	2009	2008	2009	2008
	\$	\$	\$	\$

#### Cash provided by (used in)

##### Operating activities

Net earnings for the period	1,762	2,084	5,100	4,356
Items not affecting cash:				
Amortization of plant, equipment and intangibles	2,017	2,005	4,010	3,695
Employee future benefits	(186)	(154)	(453)	(203)
Net unrealized (gain) loss on derivative financial instruments	(213)	1,017	(1,340)	1,178
Future income taxes	130	(333)	543	(326)
Amortization of deferred financing costs	12	55	24	93
	<u>3,522</u>	<u>4,674</u>	<u>7,884</u>	<u>8,793</u>
Changes in non-cash working capital items related to operations (note 4):	<u>7,637</u>	<u>(3,881)</u>	<u>538</u>	<u>(4,306)</u>
	<u>11,159</u>	<u>793</u>	<u>8,422</u>	<u>4,487</u>

##### Investing activities

Acquisition of World Vintners Inc.	-	(16)	-	(10,956)
Acquisition of Rocky Ridge Vineyards Inc.	-	-	(825)	(4,016)
Purchase of property and equipment	(1,589)	(2,817)	(2,957)	(5,315)
	<u>(1,589)</u>	<u>(2,833)</u>	<u>(3,782)</u>	<u>(20,287)</u>

##### Financing activities

Increase in deferred financing costs	-	(73)	-	(287)
Increase (decrease) in bank indebtedness	(7,410)	3,882	1,209	(6,676)
Increase in long-term debt	-	-	0	29,036
Repayment of long-term debt	(1,333)	(914)	(2,666)	(2,080)
Dividends paid	(1,197)	(1,197)	(2,394)	(2,285)
	<u>(9,940)</u>	<u>1,698</u>	<u>(3,851)</u>	<u>17,708</u>

#### Cash (used in) provided from continuing operations

	<u>(370)</u>	<u>(342)</u>	<u>789</u>	<u>1,908</u>
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#### Cash (used in) provided from discontinued operation (note 3)

	<u>370</u>	<u>342</u>	<u>(789)</u>	<u>(1,908)</u>
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#### Cash at beginning and end of period

	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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##### Supplemental disclosure of cash flow information

Cash paid during the period from continuing operations for				
Interest	2,639	1,594	4,535	2,656
Income taxes	(1,016)	1,170	(812)	1,997
Cash paid during the period from discontinued operation for				
Income taxes	590	362	723	362
Cash paid during the period for				
Interest	2,639	1,594	4,535	2,656
Income taxes	(426)	1,532	(89)	2,359

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

**Notes to the Interim Consolidated Financial Statements**  
**September 30, 2009 and 2008**  
(in thousands of dollars)

**UNAUDITED**

**1. Summary of Significant Accounting Policies**

The interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The note disclosure for these interim consolidated financial statements only presents material changes to the disclosure found in the Company's audited consolidated financial statements for the years ended March 31, 2009 and 2008. These interim consolidated financial statements should be read in conjunction with those consolidated financial statements and follow the same accounting policies as the audited consolidated financial statements. In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly, in all material respects the financial position of the Company as at September 30, 2009 and for the three and six-month periods then ended.

**2. Seasonality**

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

**3. Discontinued Operations**

During the second quarter, the Board of Directors approved a plan to dispose of its ownership interests in Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd. (collectively referred to as "GIBCO"). The Company does not expect to retain any continuing involvement in the GIBCO operations upon completion of the eventual disposition of this operation and accordingly, the results of operations of GIBCO have been classified as discontinued operations for the second quarter.

Financial information relating to these discontinued operations is as follows:

**Consolidated balance sheet of discontinued operations**

	September 30 2009 \$	March 31 2009 \$
	<u>                    </u>	<u>                    </u>
Current assets		
Accounts receivable	2,536	1,749
Inventories	2,823	3,341
Prepaid expenses and other assets	156	340
Income taxes recoverable	112	(425)
	<u>5,627</u>	<u>5,005</u>
Long-term assets		
Property, plant and equipment	3,946	4,158
Goodwill	3,700	3,700
Intangible assets	2,100	2,100
	<u>9,746</u>	<u>9,958</u>
Current liabilities		
Accounts payable and accrued liabilities	<u>4,371</u>	<u>5,143</u>
Long-term liabilities		
Future income taxes	<u>306</u>	<u>308</u>

### Consolidated statement of net earnings from discontinued operations

	For the Three Months Ended September 30 2009 \$	For the Three Months Ended September 30 2008 \$	For the Six Months Ended September 30 2009 \$	For the Six Months Ended September 30 2008 \$
Sales	5,296	4,945	10,509	9,352
Cost of goods sold	<u>2,747</u>	<u>2,499</u>	<u>5,452</u>	<u>4,790</u>
Gross profit	2,549	2,446	5,057	4,562
Selling and administration	1,734	1,795	4,263	3,231
Amortization	<u>106</u>	<u>121</u>	<u>213</u>	<u>241</u>
Earnings before income taxes	709	530	581	1,090
Provision for income taxes	<u>227</u>	<u>170</u>	<u>186</u>	<u>349</u>
Net earnings from discontinued operations	<u>482</u>	<u>360</u>	<u>395</u>	<u>741</u>

Included in cost of goods sold is \$2,015 (2009 - \$1,610) for the six months ended September 30, 2009 and \$1,008 (2009 - \$805) for the three months ended September 30, 2009 for costs relating to manufacturing services provided by a related company. The costs incurred by the Company for these activities are not expected to continue upon completion of the eventual disposition.

### Condensed statement of cash flows from discontinued operations

	For the Three Months Ended September 30 2009 \$	For the Three Months Ended September 30 2008 \$	For the Six Months Ended September 30 2009 \$	For the Six Months Ended September 30 2008 \$
Cash provided by (used in) operating activities	370	459	(789)	(1,791)
Cash used in investing activities	-	(117)	-	(117)
Cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>370</u>	<u>342</u>	<u>(789)</u>	<u>(1,908)</u>

#### 4. Changes in non-cash working capital items

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

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	\$	\$	\$	\$
Accounts receivable	58	(6,416)	(1,226)	(4,239)
Inventories	3,062	(1,215)	5,496	(804)
Prepaid expenses and other assets	(261)	(1,231)	(1,467)	(1,864)
Accounts payable and accrued liabilities	3,072	4,841	(4,918)	2,373
Income taxes recoverable	<u>1,706</u>	<u>140</u>	<u>2,653</u>	<u>228</u>
	<u>7,637</u>	<u>(3,881)</u>	<u>538</u>	<u>(4,306)</u>

#### 5. Comparative Figures

Certain of the prior year balances have been restated to conform with the current year's presentation.