

ANDREW PELLER LIMITED
ANNOUNCES SOLID RESULTS FOR SECOND 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 – November 2, 2011 – Andrew Peller Limited ADW.A/ADW.B (the “Company”) announced today its results for the three and six months ended September 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 and six months ended September 30, 2011 available on the Company’s web site or at www.sedar.com.

SIX MONTH HIGHLIGHTS:

- Sales up 4.4% on solid performance in majority of trade channels
- Gross margin remains strong due to cost controls and production efficiencies
- EBITA up 5.0% to \$18.3 million
- Net earnings up 24.2% to \$7.3 million or \$0.52 per Class A share
- Two accretive acquisitions completed subsequent to quarter end

“Our solid growth and strong operating performance continued in the second quarter as we generated strong volume increases through the majority of our trade channels,” commented John Peller, President and CEO. “Looking ahead, we believe this organic growth will continue, augmented by our new strategic partnership with Wayne Gretzky and the recent accretive acquisition of Cellar Craft, a leading consumer-made wine business in Western Canada.”

Sales for the second quarter of fiscal 2012 rose 1.4% to \$70.0 million from \$69.0 million in the prior year. For the six months ended September 30, 2011 sales rose 4.4% to \$139.4 million from \$133.5 million in the same period last 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. Sales in the first quarter of fiscal 2012 were positively impacted by the higher volume during the Easter holiday.

Gross margin was 39.0% of sales for the three months ended September 30, 2011 compared to 39.2% last year. For the first six months of fiscal 2012 gross margin was 39.2%, compared to 39.3% in the same prior-year period. The strengthening of the Canadian dollar on world currency markets and the Company’s successful efforts to control costs and generate production efficiencies that 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 \$1.0 million in the first six months 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 second quarter and first six months 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 were 26.4% of sales during the second quarter of both fiscal years, and 26.0% in the first six months of fiscal 2012 compared to 26.3% in the same period 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 second quarter and first six months of fiscal 2012 declined compared to last year due to a decrease in short and long-term interest rates.

The Company incurred a non-cash loss in the second quarter of fiscal 2012 related to mark-to-market adjustments on an interest rate swap and foreign exchange contracts aggregating \$0.1 million compared to \$1.2 million in the prior year. For the first six months of fiscal 2012 the non-cash loss was \$0.4 million compared to \$0.5 million last 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 fiscal 2012 relate to a \$0.6 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 six months of the prior year, a fair value adjustment to vines of \$1.0 million was recorded, partially offset by other income of \$0.3 million 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 \$8.8 million for the three months ended September 30, 2011 and September 30, 2010. For the six months ended September 30, 2011 EBITA was \$18.3 million compared to \$17.4 million last year. Net earnings excluding gains (losses) on derivative financial instruments and other expenses for the three months ended September 30, 2011 were \$3.8 million compared to \$3.5 million in the prior year, and \$8.1 million for the first six months of fiscal 2012 compared to \$6.9 million last year. Net earnings for the second quarter of fiscal 2012 were \$3.4 million or \$0.24 per Class A Share compared to \$1.9 million or \$0.13 per Class A Share last year. Net earnings for the six months ended September 30, 2011 were \$7.3 million or \$0.52 per Class A Share compared to \$5.9 million or \$0.41 per Class A Share in the comparable prior year period.

Strong Financial Position

Working capital was \$37.1 million at September 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 fiscal 2012 and a decrease in bank indebtedness partially offset by a decline in inventories.

The Company's debt to equity ratio was 0.79:1 at September 30, 2011 compared to 0.85:1 at March 31, 2011 and 0.79:1 at September 30, 2010. Shareholders' equity as at September 30, 2011 was \$117.7 million or \$8.23 per common share compared to \$114.3 million or \$7.99 per common share as at March 31, 2011 and \$115.5 million or \$7.75 per common share as at September 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.

Through the first six months of fiscal 2012 the Company generated cash from operating activities, after changes in non-cash working capital items, of \$10.2 million compared to \$16.2 million in the prior year period. Cash flow from operating activities declined primarily due to an increase in accounts receivable during the period partially offset by stronger earnings performance and lower levels of inventory.

Recent Events

On October 28, 2011 the Company announced the formation of a strategic alliance with Wayne Gretzky Estate Winery Limited.

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 approximately \$2.8 million. Cellar Craft is a leader in the consumer-made wine business utilizing grape skins as well as juice.

On September 16, 2011 the Company completed a refinancing package with its existing bank group and entered into a new \$125.0 million syndicated loan facility maturing on September 16, 2015. The operating loan facility in the amount of \$75.0 million matures on September 16, 2015 and bears interest at the one to six-month Canadian Dealer Offered Rate ("CDOR") plus 1.75%. The term facility in the amount of \$50.0 million matures on September 16, 2015. The Company maintains an interest rate swap on \$45.6 million of the term facility that effectively fixes the interest rate at 6.19%. This loan is repayable in monthly principal payments of \$0.444 million. The balance of the term facility in the amount of \$4.4 million incurs interest at the one-month CDOR plus 1.75% with no scheduled principal payments.

Financial Highlights (Unaudited)
(Complete consolidated financial statements to follow)

(in \$000 except as otherwise stated)	Three Months		Six Months	
For the Period Ended September 30,	2011	2010	2011	2010
Sales	69,990	69,031	139,397	133,497
Gross margin	27,272	27,038	54,585	52,528
Gross margin (% of sales)	39.0%	39.2%	39.2%	39.3%
Selling and administrative expenses	18,467	18,256	36,298	35,102
Earnings before interest, taxes, amortization, unrealized gain (loss) and other expenses	8,805	8,782	18,287	17,426
Unrealized (gain) loss on derivative financial instruments	113	1,162	413	516
Other expenses	492	1,108	656	859
Net earnings	3,385	1,873	7,296	5,876
Earnings per share - Class A	\$0.24	\$ 0.13	\$0.52	\$ 0.41
Earnings per share - Class B	\$0.22	\$ 0.11	\$0.46	\$ 0.35
Dividend per share – Class A (annual)			\$0.360	\$ 0.330
Dividend per share – Class B (annual)			\$0.314	\$ 0.288
Cash provided by operations (after changes in non-cash working capital items)	11,449	13,582	10,155	16,247
Working capital			37,101	32,822
Shareholders' equity per share			\$8.23	\$7.75

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		Six Months	
Period ended September 30,	2011	2010	2011	2010
Net earnings	3,385	1,873	7,296	5,876
Unrealized loss on financial instruments	113	1,162	413	516
Other expenses	492	1,108	656	859
Income tax effect on the above	(164)	(613)	(289)	(371)
Net earnings before other expenses	3,826	3,530	8,076	6,880

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).

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.

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. 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

	September 30	March 31
	2011	2011
(in thousands of Canadian dollars)	\$	\$
Assets		
Current Assets		
Accounts receivable	27,926	23,390
Inventories	88,578	94,692
Current portion of biological assets	2,664	759
Prepaid expenses and other assets	2,378	818
	<u>121,546</u>	<u>119,659</u>
Property, plant and equipment	84,075	84,744
Biological assets	11,993	11,950
Intangibles and other assets	12,874	14,170
Goodwill	37,473	37,473
	<u>267,961</u>	<u>267,996</u>
Liabilities		
Current Liabilities		
Bank indebtedness	43,867	48,758
Accounts payable and accrued liabilities	32,554	33,883
Dividends payable	1,252	1,148
Income taxes payable	57	1,000
Current portion of derivative financial instruments	1,349	1,894
Current portion of long-term debt	5,366	5,333
	<u>84,445</u>	<u>92,016</u>
Long-term debt	44,267	42,720
Long-term derivative financial instruments	2,917	1,578
Employee future benefits	7,092	5,565
Deferred income taxes	11,526	11,820
	<u>150,247</u>	<u>153,699</u>
Shareholders' Equity		
Capital stock	7,026	7,026
Retained earnings	110,688	107,271
	<u>117,714</u>	<u>114,297</u>
	<u>267,961</u>	<u>267,996</u>

The above statements should be read in conjunction with the entire interim consolidated financial statements and 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

(in thousands of Canadian dollars)	For the three months ended September 30		For the six months ended September 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
Sales	69,990	69,031	139,397	133,497
Cost of goods sold, excluding amortization	42,718	41,993	84,812	80,969
	27,272	27,038	54,585	52,528
Selling and administration	18,467	18,256	36,298	35,102
Earnings before interest and amortization	8,805	8,782	18,287	17,426
Interest	1,482	1,885	3,031	3,827
Amortization of plant, equipment and intangibles	1,928	1,876	3,875	3,758
Earnings before other items	5,395	5,021	11,381	9,841
Net unrealized losses on derivative financial instruments	113	1,162	413	516
Other expenses	492	1,108	656	859
Earnings before income taxes	4,790	2,751	10,312	8,466
Provision for income taxes				
Current	1,311	1,531	2,827	3,084
Deferred	94	(653)	189	(494)
	1,405	878	3,016	2,590
Net earnings for the period	3,385	1,873	7,296	5,876
Net earnings per share				
Basic and diluted				
Class A shares	0.24	0.13	0.52	0.41
Class B shares	0.22	0.11	0.46	0.35

The above statements should be read in conjunction with the entire interim consolidated financial statements and 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 Comprehensive Income

Unaudited

These financial statements have not been reviewed by our auditors

(in thousands of Canadian dollars)	For the three months ended September 30		For the six months ended September 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
Net earnings for the period	3,385	1,873	7,296	5,876
Other comprehensive income (loss)				
Net actuarial losses on employee future benefits	(1,531)	(1,303)	(1,857)	(2,269)
Deferred income taxes	398	339	483	590
	(1,133)	(964)	(1,374)	(1,679)
Net comprehensive income	2,252	909	5,922	4,197

The above statements should be read in conjunction with the entire interim consolidated financial statements and 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 Cash Flows
Unaudited

These financial statements have not been reviewed by our auditors

	For the six months ended	For the six months ended
	September 30, 2011	September 30, 2010
(in thousands of Canadian dollars)	\$	\$
Cash provided by (used in)		
Operating activities		
Net earnings for the period	7,296	5,876
Items not affecting cash:		
Loss (gain) on disposal of property, plant and equipment	110	(304)
Amortization of plant, equipment and intangibles	3,875	3,758
Revaluation of vine biological assets net of insurance recovery	556	804
Employee future benefits	(330)	(214)
Net unrealized (gain) loss on derivative financial instruments	413	516
Deferred income taxes	189	(494)
Amortization of deferred financing costs	224	369
	<u>12,333</u>	<u>10,311</u>
Changes in non-cash working capital items related to operations	<u>(2,178)</u>	<u>5,936</u>
	<u>10,155</u>	<u>16,247</u>
Investing activities		
Proceeds of disposal of property, plant, equipment and vine biological assets	-	766
Purchase of property, equipment and vine biological assets	(3,591)	(2,910)
Purchases of other assets	(28)	(72)
Acquisition of businesses	(600)	(825)
	<u>(4,219)</u>	<u>(3,041)</u>
Financing activities		
Deferred financing costs	(629)	-
Increase (decrease) in bank indebtedness	(4,891)	(8,146)
Increase in long-term debt	50,263	-
Repayment of long-term debt	(48,278)	(2,666)
Dividends paid	(2,401)	(2,394)
	<u>(5,936)</u>	<u>(13,206)</u>
Increase (decrease) in cash during the period	-	-
Cash, beginning of period	-	-
Cash, end of period	-	-
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest	2,962	3,845
Income taxes	3,770	2,080

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