ANDREW PELLER

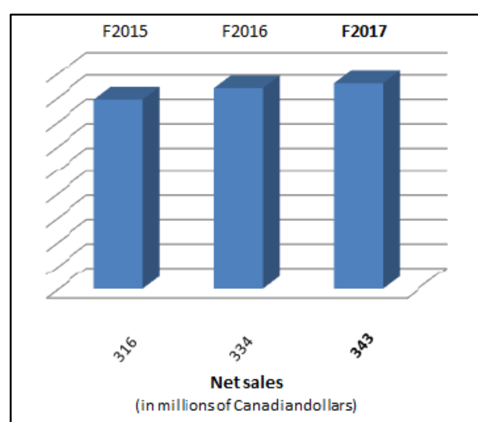
LIMITED

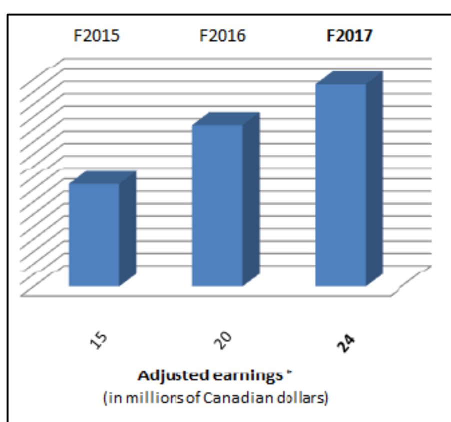
2017 Annual Report

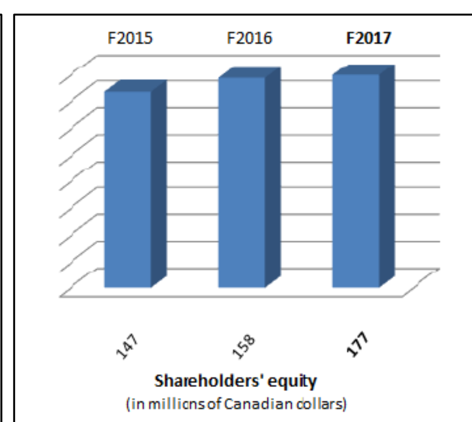
OPERATIONAL HIGHLIGHTS

FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars, except per share amounts)

SALES AND EARNINGS		2017		2016
Net sales	$	342,606	$	334,263
EBITA		45,137		40,916
Adjusted earnings *		23,599		20,322
FINANCIAL POSITION				
Working capital		78,825		71,665
Total assets		327,478		308,309
Shareholders' equity		177,317		157,736
PER SHARE				
Net earnings per Class A Share - basic and diluted		0.64		0.46
DIVIDENDS				
Class A Shares, non-voting		0.1632		0.1500
Class B Shares, voting		0.1420		0.1304
MARKET VALUE				
Class A - HIGH		13.00		10.17
Class A - LOW		8.38		5.14
Class B - HIGH		13.00		11.33
Class B - LOW		8.67		6.65
ANALYTICAL INFORMATION				
Return on average shareholders' equity		15.7%		12.6%
Return on average capital employed		14.1%		13.2%
Ratio of current assets to current liabilities		2.0:1		1.9:1







*Adjusted earnings is defined as net earnings excluding restructuring costs, gains (losses) on derivative financial instruments, other expenses (income), non-recurring, non-operating (gains) and losses and the related income tax effect.

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Overview

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 Vintners' Quality Alliance ("VQA") brands include Peller Estates, Trius, Thirty Bench, Wayne Gretzky, Sandhill, Conviction and Red Rooster. Complementing these premium brands are a number of popularly priced varietal brands including Peller Estates French Cross in Eastern Canada, Peller Estates Proprietors Reserve in Western Canada, Copper Moon, Black Cellar and XOXO. 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. The Company also produces wine based liqueurs and cocktails under the brand Panama Jack and a new craft cider called No Boats on Sunday. In October 2016, the Company also launched its new Wayne Gretzky No. 99 Red Cask Canadian Whisky in certain markets across Canada and will be continuing to launch new offerings from the Wayne Gretzky Estate Winery and Craft Distillery in the coming year. 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. ("GVI"), the recognized leader in personal winemaking products. GVI distributes products through over 170 Winexpert authorized retailers and more than 600 independent retailers across Canada, the United States, the United Kingdom, New Zealand, Australia, and China. GVI's award-winning premium and ultra-premium winemaking brands include Selection, Vintners Reserve, Island Mist, KenRidge, Cheeky Monkey, Traditional Vintage, and Cellar Craft. The Company owns and operates 101 well-positioned independent retail locations in Ontario under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names. The Company also operates Andrew Peller Import Agency and The Small Winemaker's Collection Inc., importers and marketing agents for premium wines from around the world.

Report to Shareholders

Another Record Year

Fiscal 2017 was another record year for the Company as a strong, broad-based increase in revenues and further strengthening in our gross margins drove a significant increase in our net income.

For the year ended March 31, 2017, sales rose to $342.6 million, up 2.5% from the prior year, driven by solid performance across the majority of our well-established trade channels. Our business with provincial liquor stores, our network of company-owned retail stores in Ontario, our award-winning estate wineries, our sales to licensed restaurants and clubs, our export business, our two wine importing and marketing agencies, and our personal winemaking business all continue to perform well. The introduction of new wine brands over the last year, and our entry into new beverage alcohol market segments have also expanded our distribution channels and customer base.

Our gross margins continued to strengthen in fiscal 2017, rising to 38.3% of sales from 36.8% in the prior year. Our focus remains on cost control and production efficiency in such key areas as distribution, operating expenses and packaging. We will to continue to look across the company for gains in profitability going forward.

As a result of our solid sales growth and continuing improvement in gross margins, our adjusted net earnings, not including net unrealized gains and losses on derivative financial instruments, other expenses or income, non-recurring, non-operating gains or losses and the related income tax effect rose 16.1% to $23.6 million. Net earnings for the year were $26.4 million or $0.64 per Class A Share, up 37.2% from $19.2 million or $0.46 per Class A Share in fiscal 2016.

The Company's balance sheet and financial position remained strong at year-end with an increase in working capital to $78.8 million and an increase in shareholders' equity to $177.3 million or $4.16 per common share. Despite the increase in overall bank debt arising from our investments during the year in our recently-opened Wayne Gretzky Estate Winery and Craft Distillery, our debt to equity ratio strengthened to 0.49:1 from 0.55:1 at the end of the prior year.

Enhancing Shareholder Value

We were very pleased to announce another increase in common share dividends in June 2017 with cash dividends rising a significant 10.3% effective with the July 2017 payment. This was our fifth dividend increase in the last five years, a reflection of our continuing strong growth, our record performance, and our confidence in the future. The Company has paid dividends every year since 1979, a remarkable track record of delivering value to shareholders, and we look for this momentum to continue going forward.

Our Dividend Reinvestment Plan (DRIP), introduced in August 2016, continues to provide a cost-effective method for Class A shareholders to increase their investment in the Company without the commissions incurred in open market share purchases. Under the DRIP, registered Class A shareholders can elect to have 100% of their dividends reinvested to purchase additional shares.

New Milestones for the Company

In early June 2017 we were proud to celebrate a key milestone in the Company's history with the official opening of the Wayne Gretzky Estate Winery and Craft Distillery at a gala celebration in Niagara-on-the Lake. This brand new, 15,000 square foot state-of-the-art facility includes a winery, craft distillery, barrel aging cellars, tasting rooms, retail and hospitality facilities, all surrounded by beautiful landscaping and vineyards. We are confident the new winery and distillery will become another very popular destination and a real complement to our other estate wineries. We look forward to welcoming you to the new Gretzky Winery, and all our other locations in the Niagara wine region and British Columbia's Okanagan Valley, including Peller Estates, Trius, Thirty Bench, Sandhill and Red Rooster.

We established our strategic alliance with the Gretzky family and the Wayne Gretzky Estate Winery in 2011, and have generated significant growth across the country in all of their fine wines. The extension of the Gretzky brand with the launch of our Wayne Gretzky No.99 'Red Cask' Canadian Whisky in October 2016 is a perfect complement to their top-performing wines, which are also performing very well. We are confident the new estate winery, and the Gretzky brand, will continue to grow and build value for shareholders in the years to come.

The Board of Directors was also pleased to announce the appointment of Randy A. Powell as President of the Company in November 2016. Randy is an experienced and proven senior executive with a successful track record in both public and privately-held companies in the consumer packaged goods and hospitality sectors. He has been a member of the Company's Board of Directors since 2010 and its' former Chairman. He knows the Company, its people and its operations very well, and we are confident that Randy will make a significant and lasting contribution to our operational performance going forward.

Looking Ahead

The last decade has seen significant growth and strong financial performance for our company. Sales have risen primarily due to strong and successful marketing programs and the introduction of new products and product categories. With this growth, profitability has improved, and a focus on increasing shareholder value has led to five dividend increases in the last five years and two three-for-one common share splits. Today the Company is one of Canada's most successful wine producers with a reputation for quality and value, an industry-leading distribution network, well-established and popular brands, and proven programs that continue to build brand awareness and growing sales.

However, this track record of success does not mean we have become complacent. We continue to focus on a number of initiatives aimed ultimately at growing our business and enhancing value for our shareholders.

Operating profitability has strengthened considerably over the last few years, and we will continue to invest in our operating capacity and production efficiency through technological advancements that ensure we continue to generate solid and improving gross margins. We have a strong operations and supply chain team, and we believe there are further opportunities to drive additional efficiencies going forward.

We will also be increasing our investment in our brands. We possess a strong portfolio of powerful national and regional brands, and going forward we will build on this enviable market presence through innovative investments that drive growth. A recent example is the launch of our Wayne Gretzky Red Cask Canadian Whisky and the opening of the new Wayne Gretzky Estate Winery and Craft Distillery. The Gretzky brand has proven very successful to date, and we are anticipating meaningful growth as we move forward.

Another focus of our investments is building brand awareness by concentrating on innovative programs that underpin what our brands represent to ensure consumers are well aware of the many features and benefits that they will experience from buying our products. The events and festivals at our estate wineries, our social media and marketing programs, and numerous other initiatives continue to attract wine lovers to our products and build brand loyalty.

In addition to these investments to drive organic growth, we are always looking for accretive acquisition opportunities to augment the strength of our brand portfolio. We will continue to evaluate potential opportunities in the Canadian market, building on the success we have generated with the fourteen accretive acquisitions we have completed and successfully integrated since 1995.

In summary, all of these initiatives and programs are targeted at growing our business and increasing profits with the ultimate goal of enhancing value for our shareholders. The Company has a successful track record of growth and strong operating performance for more than 40 years, and we look forward to building on this success in the years ahead.

Finally, we would like to thank our employees for all their contributions that have enabled our success. We have an incredible team of hard working and passionate employees who are focused on winning in our market and are the best in the industry!

John E. Peller
Chairman & CEO

Randy A. Powell
President

This Year's Top Awards

PELLER ESTATES

NIAGARA-ON-THE-LAKE

Tasters Guild – Michigan, USA
Double Gold – *2014 Family Series Baco Noir*

Los Angeles Int'l Wine Competition – USA
Gold – 'Best in Class' (92 pts.)
2013 APSS Riesling Icewine
Gold – 90 pts. – *2014 APSS Vidal Icewine*
Gold – 90 pts. – *2013 APSS Cabernet Franc Icewine*

WineAlign – National Wine Awards of Canada
Gold – *2014 Private Reserve Cabernet Franc*

Lieutenant Governor's Award for Excellence in Ontario Wines
2012 Peller AP Signature Series Cabernet Franc

Intervin – Vines magazine – Canada
Gold – *2014 APSS Sauvignon Blanc*

International Wine & Spirit Competition – UK
Gold – *2014 Peller Private Reserve Vidal Icewine*
Gold – *2013 Peller Signature Series Riesling Icewine*

International Wine Challenge – UK
Gold – *2014 Peller AP Signature Series Sauvignon Blanc*

OKANAGAN VALLEY

Los Angeles Int'l Wine Competition 2016
Gold – 'Best of Class' (92 pts.)
2015 Family Series Pinot Gris

Okanagan Spring Wine Festival Best of Varietals 2016
Gold – *2014 Family Series Pinot Blanc*

BLACK CELLAR

Tasters Guild – Michigan, USA
Gold – *Sauvignon Blanc Blend 12*
Gold – *Shiraz Cabernet Blend 19*

TRIUS

Los Angeles Int'l Wine Competition – USA
Gold – (90 pts.) – *2013 Showcase Riesling Icewine*

All Canadian Wine Championships
Gold – *Trius Brut Rosé*

Ontario Wine Awards
Craig McDonald – 'Winemaker of the Year'
Gold Medal – *2014 Showcase Riesling Ghost Creek Vineyard*
Gold Medal – *2012 Showcase RHS Merlot*

WineAlign – National Wine Awards of Canada
Gold – *Trius Brut*
Gold – *Trius Brut Rosé*

Lieutenant Governor's Award for Excellence in Ontario Wines
2014 Trius Showcase Riesling Ghost Creek Vineyard

Intervin – Vines magazine – Canada
Ontario Winery of the Year
Gold – *Trius Brut Rosé*
Gold – *2014 Showcase Clean Slate Sauvignon Blanc*
Gold – *2014 Showcase Vidal Icewine*

International Wine & Spirit Competition – UK
Gold – *2014 Trius Vidal Icewine*

The Global Chardonnay Masters – UK
Gold – *2014 Trius Showcase Chardonnay Wild Ferment Oliveira Vineyard*

Six Nations Wine Challenge – Australia
Gold – *2013 Trius Showcase Chardonnay Wild Ferment Oliveira Vineyard*

Craig McDonald
'Winemaker of the Year'
Ontario Wine Awards

353 Awards Nationally

WAYNE GRETZKY ESTATES

NIAGARA-ON-THE-LAKE

International Wine Challenge – UK
Gold – *2013 Wayne Gretzky Estates Vidal Icewine*

The Global Chardonnay Masters – UK
Gold – *2014 Wayne Gretzky Estate Series Chardonnay*

OKANAGAN VALLEY

All Canadian Wine Championships 2016
Gold – *2014 SS Pinot Noir*

Los Angeles Int'l Wine Competition 2016
Gold – (91 pts.) – *2014 Cabernet Sauvignon Syrah*
Gold – (90 pts.) – *2014 The Great Red*

British Columbia Wine Awards 2016
Gold – *2015 Signature Series Riesling*
Gold – *2014 Signature Series Shiraz*

SANDHILL

Pacific Rim Wine Competition - USA
Gold – *2015 Pinot Gris Hidden Terrace Vineyard*
Gold – *2013 Small Lot Three Sandhill Estate Vineyard*
Gold – *2015 Rosé Sandhill Estate Vineyard*

All Canadian Wine Championships 2016
Gold – *2014 Gamay Noir SEV*

Intervin International Wine Awards 2016
Gold – *2014 SL Syrah Phantom Creek Vineyard*
Gold – *2013 Soon Series Red Phantom Creek Vineyard*

WineAlign National Wine Awards of Canada 2016
Gold – *2013 Small Lots TWO Sandhill Estate Vineyard*

Okanagan Spring Wine Festival Best of Varietals 2016
Best of Varietal – Single Red Varietal Category
2013 Small Lots Barbera Sandhill Estate Vineyard

Gold – *2014 Gamay Noir Sandhill Estate Vineyard*

THIRTY BENCH WINE MAKERS

Los Angeles Int'l Wine Competition – USA
Gold – (91 pts.) – *2013 Thirty Bench SL Cabernet Franc*

All Canadian Wine Championships
Gold – *2014 SL Riesling Triangle Vineyard*
(Riesling Dry category)

Ontario Wine Awards
Gold Medal – *2014 SL Riesling Wood Post*

WineAlign – National Wine Awards of Canada
No.2 – Top 10 Best Performing Small Wineries
No.2 – Top 10 Ontario Wineries
Gold – *2015 Winemaker's Blend Riesling*
Gold – *2014 Small Lot Riesling Wood Post Vineyard*
Gold – *2014 Small Lot Riesling Steel Post Vineyard*
Gold – *Sparkling Riesling*

Intervin – Vines magazine – Canada
Top Scoring White Wine of Show
2014 SL Riesling Steel Post Vineyard
Gold – *2014 SL Riesling Steel Post Vineyard*
Gold – *2012 Benchmark Red*

RED ROOSTER

All Canadian Wine Championships 2016
Gold – *2015 Reserve Viognier*
Gold – *2015 Reserve Pinot Gris*

2016 Dan Berger's Int'l Wine Competition
Gold – *2015 Pinot Gris*
Gold – *2015 Reserve Gewürztraminer*
Gold – *2015 Reserve Pinot Gris*

Los Angeles Int'l Wine Competition 2016
Gold – 'Best in Class' (93 pts.) – *2015 Riesling*

British Columbia Wine Awards 2016
Platinum – *2015 Riesling*

Lieutenant Governor's Awards for Excellence in British Columbia Wines
2012 Red Rooster Reserve Merlot

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS AND YEAR ENDED MARCH 31, 2017

The following management's discussion and analysis ("MD&A") provides a review of corporate developments, results of operations, and financial position for the three months and year ended March 31, 2017 in comparison with those for the three months and year ended March 31, 2016 for Andrew Peller Limited (the "Company" or "APL"). This discussion is prepared as of June 7, 2017 and should be read in conjunction with the audited annual consolidated financial statements and accompanying notes contained therein for the years ended March 31, 2017 and 2016. Additional information relating to the Company, including the audited annual consolidated financial statements, MD&A and Annual Information Form for the years ended March 31, 2017 and March 31, 2016, is available on www.sedar.com. The financial years ending March 31, 2018, March 31, 2017, March 31, 2016 and March 31, 2015 are referred to as "fiscal 2018", "fiscal 2017", "fiscal 2016" and "fiscal 2015", respectively. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may contain "forward-looking statements" within the meaning of applicable securities laws including the "safe harbour provisions" of the Securities Act (Ontario) with respect to APL and its subsidiaries. Such statements include, but are not limited to, statements about the growth of the business in light of the Company's acquisitions; its launch of new premium wines and spirits; 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", "could", and similar verbs 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 MD&A, the Company has made assumptions and applied certain factors regarding, among other things: future grape, glass bottle, and wine and spirit prices; its ability to obtain grapes, imported wine, glass, and its ability to obtain other raw materials; fluctuations in the U.S./Canadian dollar, Euro/Canadian dollar, and Australian/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 of its products; the regulation of liquor distribution and retailing in Ontario; the application of federal and provincial environmental laws; and the impact of increasing competition.

These forward-looking statements are also subject to the risks and uncertainties discussed in the "Risks and Uncertainties" section and elsewhere in this MD&A and other risks detailed from time to time in the publicly filed disclosure documents of the Company 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 the 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 MD&A, and except as required by applicable law, Andrew Peller Limited undertakes no obligation to update or revise these forward-looking statements to reflect new information, future events, or circumstances.

Overview

The Company's mission is to build sales volumes of its blended, premium, and ultra-premium brands by delivering to its customers and consumers the highest quality wines and spirits at the best possible value. To meet this goal, the Company invests in improvements in the quality of grapes, wines and spirits raw materials, its winemaking and distillation capabilities, sales and marketing initiatives, and its quality management programs. Furthermore, the Company's wine portfolio covers the complete spectrum of price levels within the Canadian wine market. Over the long term the Company believes premium wine sales will continue to grow in

Canada and these products generate higher prices and increased profitability compared to lower-priced table wines.

The Company is focused on initiatives to reduce costs and enhance its production efficiencies through a continual review of its operations and cost structure with a view to enhancing profitability. The Company continues to expand and strengthen its distribution through provincial liquor boards, the Ontario independent retail locations under The Wine Shop, Wine Country Vintners, and Wine Country Merchants store names, estate wineries, restaurants, and other licensed establishments. This distribution network is supported by enhanced sales, marketing, and promotional programs. From time to time the Company also evaluates the potential for acquisitions and partnerships, both in Canada and internationally, to further complement its product portfolio and market presence.

Recent Events

On June 7, 2017, the Company's Board of Directors approved a 10.3% increase in common share dividends for shareholders of record on June 30, 2017 payable on July 7, 2017. The annual dividend on Class A Shares was increased to $0.1800 per share from $0.1632 per share and the dividend on Class B Shares was increased to $0.1565 per share from $0.1420 per share. The Company has consistently paid common share dividends since 1979 and has increased dividends every year for the past five years. APL currently designates all dividends paid as "eligible dividends" for purposes of the *Income Tax Act* (Canada), unless indicated otherwise.

On June 7, 2017, the Company officially opened its new Wayne Gretzky Estate Winery and Craft Distillery in Niagara-on-the-Lake, Ontario. Located on land adjacent to the Company's Trius Winery, the 15,000 square foot facility includes a winery, craft distillery, barrel aging cellars, tasting rooms, retail and hospitality facilities, all surrounded by landscaping and vineyards. The Company established its strategic alliance with the Wayne Gretzky Estate Winery in 2011, and has generated significant growth in their brands to where their wines are now among the top-ten VQA best sellers across Canada.

On November 17, 2016, the Company's Board of Directors announced that Mr. Randy A. Powell had been appointed President of the Company effective November 28, 2016. With his appointment, Mr. Powell resigned from the Company's Board of Directors and its Committees. The Board of Directors also announced that, effective November 17, 2016, Mr. John Peller was appointed the new Board Chair and has retained his position as Chief Executive Officer of the Company.

At the Annual and Special Meeting of Shareholders held on September 9, 2016, the Company's Class B shareholders approved a three-for-one share split for both the Company's Class A and Class B common shares. The additional shares were issued on October 14, 2016 to shareholders of record on September 23, 2016. The Company recorded the effect of the share split retroactively to all disclosures of share capital and per share amounts in accordance with International Financial Reporting Standards ("IFRS").

On June 2, 2016, the Company's Board of Directors approved a Dividend Reinvestment Plan (DRIP) for Class A shares. The DRIP was effective as of September 9, 2016. Under the DRIP, registered Class A shareholders can elect to have 100% of their dividends reinvested to purchase additional Class A common shares. The Board of Directors believes the DRIP provides Class A shareholders with a cost-effective method to increase their investment in the Company.

In February 2016, the Government of Ontario's Premier Advisory Council completed its review of the wine retailing and distribution system in Ontario. The recommendations will result in issuance of 150 new wine licenses over the next ten years to allow for the sale of both imported and domestic wine in grocery stores. The Company has committed to move some of its 101 independent retail locations to inside the main aisles of the grocery store during 2017. In March 2017, the Company relocated its first independent retail location and several more stores will be relocated during fiscal 2018. These retail spaces will be co-located next to beer and will also feature other Ontario VQA wines. The Company is not required to move its remaining independent retail locations and wine licenses will not be granted to grocery stores where the Company already has a winery

retail store. This project is still in its early stages and at this point the Company does not anticipate a material impact on earnings as the increase in sales due to being located in the stores is expected to compensate for potential lost sales due to providing shelf space to other wineries and higher tax rates imposed on these locations.

The Canadian Wine Market

The Canadian wine market continues to grow due to increased consumption by young consumers who have more recently adopted wine as their beverage of choice, the reported health benefits of moderate wine consumption, and a movement towards an increased consumption of wine made by an aging population who favour the more sophisticated experience that wine offers.

For the year ended March 31, 2017 consumption of wine in Canada (excluding Quebec, where the Company does not participate, and excluding the refreshment wine category) rose by 1.8% after increasing by 4.8% in fiscal 2016. Imported wines accounted for 62.2% of total volume in fiscal 2017 down from 62.8% in fiscal 2016. Market share of Canadian-made wines remained flat in fiscal 2017 compared to fiscal 2016 at 37.8%. The Company's share of the total Canadian market in fiscal 2017 was 14.6% compared to 14.4% in 2016.

The VQA, established in 1989, has become recognized throughout the world as the appellation system for Canadian wines that meet strict standards of excellence. In fiscal 2017, the Company decreased its share of BC VQA wines from 11.6% to 10.5% but increased its share of Ontario VQA wines from 12.3% to 13.2%.

Red table wines continued to grow in popularity with total Canadian volume sales rising 1.1% in fiscal 2017 compared to 4.0% in 2016. Volume sales of the Company's red wine portfolio increased 3.1% in fiscal 2017 after increasing by 8.1% in fiscal 2016. Volume sales of white table wines in Canada rose 1.7% in fiscal 2017 versus 5.0% in fiscal 2016 while the Company's sales of white table wines were up 2.6% in fiscal 2017 compared to 6.2% in fiscal 2016.

Results of Operations

For the years ended March 31, (in $000, except per share amounts)	**2017**	2016	2015 [1]
Sales	**$ 342,606**	$ 334,263	$ 315,697
Gross margin	**131,155**	122,964	114,869
Gross margin (% of sales)	**38.3%**	36.8%	36.4%
Selling and administrative expenses	**86,018**	82,048	79,685
EBITA	**45,137**	40,916	35,184
Net unrealized (gain) loss on derivative financial instruments	**(2,232)**	1,558	572
Other expenses (income)	**120**	(40)	(301)
Adjusted earnings	**23,599**	20,322	15,425
Net earnings	**26,350**	19,199	15,224
Earnings per share – basic and diluted - Class A	**$0.64**	$0.46	$0.36
Earnings per share – basic and diluted - Class B	**$0.55**	$0.40	$0.32
Dividend per share – Class A (annual)	**$0.1632**	$0.1500	$0.1400
Dividend per share – Class B (annual)	**$0.1420**	$0.1304	$0.1217

1. Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

Sales in fiscal 2017 increased 2.5% compared to fiscal 2016 due to strong organic growth as well as the introduction of new products and categories. Sales growth was broad based across the majority of the Company's products and trade channels, including its network of retail outlets in Ontario, its two wine import and marketing agencies, provincial liquor control boards across the country, and in its personal winemaking business. Sales in fiscal 2016 included approximately $1.5 million relating to a co-packing agreement that was discontinued in fiscal 2017.

The Company defines gross margin as gross profit excluding amortization. Gross margin as a percentage of sales improved to 38.3% for the year ended March 31, 2017 compared to 36.8% in the prior year. Gross margin in fiscal 2017 benefited from the positive impact of the Company's cost control initiatives to improve productivity and raw material cost savings, which offset the negative impact of the weak Canadian dollar compared to the prior year. Furthermore, in fiscal 2016, the Company's gross margin was reduced as a result of a one-time $1.7 million charge to cost of sales relating to quality issues in certain imported wines. Management is focused on efforts to further enhance production efficiency and productivity.

Selling and administrative expenses for the year ended March 31, 2017 were higher than the prior year. Included in selling and administrative expenses in fiscal 2017 was approximately $1.1 million in one-time professional services fees related to a strategic acquisition that was not completed as well as approximately $2.0 million in one-time costs relating to post-retirement benefits for certain retiring executive employees and restructuring costs. The Company is focused on ensuring selling and administrative expenses are tightly controlled.

Earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes ("EBITA") were $45.1 million for the year ended March 31, 2017, an increase of 10.3% compared to $40.9 million last year. The increase in EBITA is primarily the result of the higher sales and improved gross margin in fiscal 2017, partially offset by the one-time costs outlined above.

Interest expense decreased for the year ended fiscal 2017 compared to the prior year due to lower interest rates charged on short-term bank indebtedness and lower average long-term debt levels.

The Company recorded a net unrealized non-cash gain in fiscal 2017 and a net unrealized loss in fiscal 2016 related to mark-to-market adjustments on interest rate swaps and foreign exchange contracts. The Company has elected not to apply hedge accounting and accordingly the change in fair value of these financial instruments is reflected in the Company's consolidated statement of earnings each reporting period. These instruments are considered to be effective economic hedges and have enabled management to mitigate the short-term volatility of changing foreign exchange and interest rates.

Other expenses in fiscal 2017 relate to the costs of maintaining the idle Port Moody property, partially offset by income from the temporary expropriation of the property. The property is temporarily being used as a staging area for the construction of a rapid transit project. Payments amounting to $2.0 million for the use of the property were received in advance and were recorded as deferred income and are being recognized as other income over the five-year term of the expropriation which began on July 1, 2012.

Adjusted earnings, defined as net earnings not including net unrealized gains and losses on derivative financial instruments, other (income) expenses, non-recurring, non-operating (gains) and losses and the related income tax effect, were $23.6 million for the year ended March 31, 2017 compared to $20.3 million in the prior year. Net earnings for fiscal 2017 were $26.4 million or $0.64 per Class A Share compared to $19.2 million or $0.46 per Class A Share in the prior year. During the third quarter of fiscal 2017 the Company received a tax refund of approximately $1.2 million relating to the acceptance of a prior-year's tax filing by the Canada Revenue Agency. This has resulted in a lower effective tax rate than noted for prior years.

The Company believes that sales will continue to grow going forward due to the strong positioning of key brands, the continued launch of new and innovative products in the Canadian wine, cider and spirits markets, and continued growth in new wine-related markets. The continuing higher average cost of U.S. dollar currency purchases may have a negative impact on gross margins over the near term, although management believes this will be largely offset by the Company's continued ability to leverage scale and successful cost control initiatives to reduce distribution, operating and packaging expenses and raw material cost savings.

The Company uses foreign exchange forward contracts to protect against changes in foreign currency rates and, as at March 31, 2017, had locked in $18.2 million in U.S. dollar contracts at rates averaging $1.33 Canadian, €1.2 million in Euro contracts at rates averaging $1.44 Canadian and $4.2 million in Australian dollar contracts at rates averaging $0.99 Canadian. These contracts expire at various dates through December 31, 2017.

Quarterly Performance

The following table outlines key quarterly highlights.

(in $000, except per share amounts)	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Sales	$72,295	$94,048	$88,357	$87,906	$74,170	$91,775	$85,200	$83,118
Gross margin	28,326	35,042	33,644	34,143	25,160	33,277	32,716	31,811
Gross margin (% of sales)	39.2%	37.3%	38.1%	38.8%	33.9%	36.3%	38.4%	38.3%
EBITA	5,865	11,886	12,583	14,803	3,614	12,445	12,011	12,846
Net unrealized (gain) loss on financial instruments	(189)	(868)	(1,128)	(47)	2,479	(525)	(711)	315
Other expenses (income)	(15)	52	56	27	21	68	(68)	(61)
Adjusted earnings	1,859	6,345	6,837	8,558	191	6,807	6,447	6,877
Net earnings (loss)	2,010	8,137	7,630	8,573	(1,659)	7,146	7,023	6,689
E.P.S. – Class A basic & diluted	$0.05	$0.20	$0.18	$0.21	$(0.04)	$0.17	$0.17	$0.16
E.P.S. – Class B basic & diluted	$0.04	$0.17	$0.16	$0.18	$(0.04)	$0.15	$0.15	$0.14

The third quarter is historically the strongest in each fiscal year due to increased consumer purchasing of the Company's products during the holiday season.

Sales in the fourth quarter of fiscal 2017 declined 2.5% compared to the same quarter of fiscal 2016 due primarily to seasonal factors such as the timing of the Easter holiday and reduced inventory in key customers. In addition, sales in the fourth quarter of fiscal 2016 included approximately $0.3 million related to a co-packing agreement that was discontinued in fiscal 2017. Gross margin for the three months ended March 31, 2017 improved to 39.2% of sales from 33.9% in the fourth quarter of fiscal 2016 due primarily to the one-time charge to cost of sales in prior year due to quality issues in certain imported wines. Selling and administrative expenses increased in the fourth quarter of fiscal 2017 due primarily to approximately $0.6 million in one-time costs related to restructuring costs. EBITA was $5.9 million for the three months ended March 31, 2017, an increase from $3.6 million in the same quarter in fiscal 2016 due to primarily the one-time charges described above. The Company generated adjusted earnings for the three months ended March 31, 2017 of $1.9 million compared to adjusted earnings of $0.2 million in the same prior year period. Net earnings were $2.0 million for the three months ended March 31, 2017 compared to a net loss of $1.7 million in the fourth quarter of fiscal 2016. During the third quarter of fiscal 2017 the Company received a tax refund of approximately $1.2 million relating to the acceptance of a prior-year's tax filing by the Canada Revenue Agency. This has resulted in a lower effective tax rate than noted for prior periods.

Liquidity and Capital Resources

As at (in $000)	March 31, 2017	March 31, 2016	March 31, 2015 [1]
Current assets	**$ 160,567**	$ 150,867	$ 146,764
Property, plant, and equipment	**118,838**	108,929	104,951
Intangibles	**10,600**	11,040	12,331
Goodwill	**37,473**	37,473	37,473
Total assets	**$ 327,478**	$ 308,309	$ 301,519
Current liabilities	**$ 81,742**	$ 79,202	$ 77,782
Long-term debt	**46,678**	48,202	52,269
Long-term derivative financial instruments	**642**	1,529	1,447
Post-employment benefit obligations	**5,279**	5,947	6,165
Deferred income	**-**	102	506
Deferred income tax	**15,820**	15,591	15,975
Shareholders' equity	**177,317**	157,736	147,375
Total liabilities and shareholders' equity	**$ 327,478**	$ 308,309	$ 301,519

1. Restated to reflect the early adoption of the amendments to IAS 16 and IAS 41.

Inventory increased at March 31, 2017 compared to March 31, 2016 due primarily to the launch of the new *Wayne Gretzky No. 99 Red Cask* Canadian Whisky beginning in October 2016 and a larger grape harvest in fiscal 2017 than in the prior year. The Company continues to benefit from improved information technology systems introduced to monitor and control the Company's supply chain. These systems include improvements to the Company's ability to manage supply shortages and excesses. Inventory is dependent on the increase of domestically grown grapes that are used in the sale of premium and ultra-premium wines that are held for a longer period than imported wine. These grapes are typically aged for one to three years before they are sold. The cost of producing wine from domestically grown grapes is also significantly higher than wine purchased on international markets.

Accounts receivable was lower at March 31, 2017 compared to March 31, 2016 due to the softer fourth quarter. Accounts receivable are predominantly with provincial liquor boards and, to a lesser extent, licensed establishments and independent retailers of consumer made wine products. The Company had $14.1 million of accounts receivable with provincial liquor boards at March 31, 2017, all of which is expected to be collectible. The balance represents amounts due from licensees, export customers, and independent retailers of consumer made wine products. The amount of accounts receivable that was 30 days past due was $0.9 million at March 31, 2017, compared to $1.4 million at March 31, 2016. Against these amounts an allowance for doubtful accounts of $0.1 million has been provided which the Company has determined represents a reasonable estimate of amounts that may not be collectible.

Overall bank debt increased to $87.7 million as at March 31, 2017 compared to $86.0 million at March 31, 2016. In December 2016, the Company borrowed $3.0 million under its capital facility due to the timing of capital investments in the development of the new Wayne Gretzky Estate Winery and Craft Distillery and operational improvements at the Company's two major production facilities. The increase in bank debt was partially offset by the strong earnings in fiscal 2017, the positive impact of working capital management, and regularly scheduled debt repayments. Despite the increase in overall bank debt in the third quarter, the Company's debt to equity ratio strengthened to 0.49:1 at March 31, 2017 compared to 0.55:1 at March 31, 2016. At March 31, 2017, the Company had unutilized debt capacity in the amount of approximately $53.4 million on its operating loan facility.

On December 30, 2016, the Company amended its debt facilities to extend the maturity date to July 31, 2021, revise certain financial covenants and update the applicable margin based on the Company's leverage, as defined by the amended credit agreement. As at March 31, 2017 and 2016, the applicable margin was 1.25%. The Company believes these amendments will provide the ability to accelerate production efficiencies and continued investment in expansion of its core business.

The following table outlines the Company's contractual obligations:

As at March 31, 2017 (in $000)	**< 1 year**	**2 - 3 years**	**4 - 5 years**	**> 5 years**	**Total**
Long-term debt	$ 4,406	$ 8,812	$ 38,359	$ -	$ 51,577
Leases and royalties	5,050	6,112	3,273	6,462	20,897
Pension obligations	520	958	581	1,173	3,232
Grape and bulk wine purchase contracts	73,758	77,726	54,082	203,155	408,721
Packaging purchase contracts	34,827	3,338	-	-	38,165
Bulk whiskey purchase contracts	1,007	390	-	-	1,397
	119,568	97,336	96,295	210,790	523,989
Interest rate swap	1,585	2,639	361	-	4,585
Foreign exchange forwards	30,183	-	-	-	30,183
Total contractual obligations	$ 151,336	$ 99,975	$ 96,656	$ 210,790	$ 558,757

The Company has entered into grape purchase contracts with certain suppliers to purchase their crops at the time of harvest for prices set by the market. The amount of the commitment will change based on the total tonnes harvested or the prices set by the market for specific grapes. The amounts included in the table above represent our best estimate of the Company's commitment over the periods noted.

The Company also has contractual commitments of $2.9 million to purchase property, plant and equipment and expects to fund these commitments primarily through its cash flows from operations.

Management expects to generate sufficient cash flow from operations to meet its debt servicing, principal payment, and working capital requirements over both the short and the long-term through increased profitability and strong management of working capital and capital expenditures. The Company continually reviews all of its assets to ensure appropriate returns on investment are being achieved and that they fit with the Company's long-term strategic objectives.

For the year ended March 31, 2017, the Company generated cash from operating activities, after changes in non-cash working capital items, of $25.6 million compared to $21.8 million in the prior year. Investing activities of $20.5 million were made in fiscal 2017 compared to $10.4 million in the prior year. Capital expenditures in fiscal 2017 consist of normal expenditures to sustain operations and the replanting of certain of the Company's vineyards, as well as costs incurred related to the development of the new Wayne Gretzky Estate Winery and Craft Distillery, which officially opened on June 7, 2017.

Working capital as at March 31, 2017 increased to $78.8 million compared to $71.7 million at March 31, 2016. Accounts receivable were lower due to the softer fourth quarter while inventory increased due to the launch of the new *Wayne Gretzky No. 99 Red Cask* Canadian Whisky and a larger grape harvest than the prior year. Accounts payable and accrued liabilities decreased by $0.5 million compared to prior year due to the timing of inventory receipts and payments compared to March 31, 2016. Shareholders' equity as at March 31, 2017 was $177.3 million or $4.16 per common share compared to $157.7 million or $3.70 per common share as at March

31, 2016. The increase in shareholders' equity is due to the increase in net earnings, partially offset by the payment of dividends and net actuarial losses on post-employment benefit plans.

Common Shares Outstanding

The Company is authorized to issue an unlimited number of Class A and Class B Shares. Class A Shares are non-voting and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B Shares. Class B Shares are voting and convertible into Class A Shares on a one-for-one basis.

At the Annual and Special Meeting of Shareholders held on September 9, 2016, the Company's Class B shareholders approved a three-for-one share split for both the Company's Class A and Class B common shares. The additional shares were issued on October 14, 2016 to shareholders of record on September 23, 2016. The Company recorded the effect of the share split retroactively to all disclosures of share capital and per share amounts in accordance with IFRS. As a result, as at March 31, 2017, the following shares were issued and outstanding:

Shares outstanding	**March 31, 2017**	March 31, 2016	March 31, 2015
Class A Shares	**33,581,487**	33,581,487	33,881,487
Class B Shares	**9,012,123**	9,012,123	9,012,123
Total	**42,593,610**	42,593,610	42,893,610

In February 2016, the Company repurchased and cancelled 300,000 Class A Shares from Jalger Limited, a related party. The repurchase price was calculated by reference to the average closing market price of the Class A Shares for a period of 20 business days preceding the repurchase date. The repurchase price of $2.3 million was first allocated to capital stock based on the average per share carrying amount of the Class A Shares. The remaining amount was allocated to retained earnings.

Strategic Outlook and Direction

Andrew Peller Limited is committed to a strategy of growth that focuses on the expansion of its core business as a producer and marketer of quality wines and wine related products through concentrating on and developing leading brands that meet the needs of our consumers and customers. The Company has also recently entered the spirits category, through its strategic alliance with Wayne Gretzky, and has introduced cider through its own brand labels.

The market for wine in Canada continues to grow due to a movement toward the consumption of wine by young consumers who have adopted wine as their beverage of choice, an aging population that favours the more sophisticated experience that wine offers, and the reported health benefits of moderate wine consumption. The Company has recorded strong growth in sales through provincial liquor boards and export and agency trade channels. The Company has focused its product development and sales and marketing initiatives by capitalizing on the trend of increased wine consumption and expects to see continued sales growth. The Company will continue to closely monitor its costs and will react quickly to changes to risks and opportunities in the marketplace.

The Company will continue to launch wine brands in the future and increase its use of differentiated package formats. The Company will also expand product offerings outside the traditional table wine segment, into other alcoholic beverages, where it is able to leverage its detailed knowledge of growth opportunities in the Canadian market. The Company will also make packaging design changes that are more appealing to its target markets and are consistent with its initiative to be more environmentally friendly. Increased focus will be made on coordination between the Company's business-to-consumer trade channels to provide customers with a more intimate awareness of its broad product portfolio. New product launches and directed focus to support key brands through all of the Company's distribution channels will continue to receive increased marketing and sales support in fiscal 2018.

The Company expects to maximize the efficiency of its existing assets while also making additional investments in capital expenditures to increase capacity, to support its ongoing commitment to producing the highest-quality wines and spirits, and to improve productivity. Improvements to enhance the coordination throughout its supply chain have been implemented recently and benefits have begun to accrue. Investments made over the past few years are expected to continue to result in increased sales and improved profitability.

From time to time the Company evaluates investment opportunities, including acquisitions, which support its strategic direction.

The Company plans to dedicate further resources towards rectifying unfair trade practices and taxes by continuing to work closely with other members of the Canadian wine industry and the Canadian and provincial governments.

The Company anticipates it will continue to generate increased sales going forward while gross margin dollars are expected to remain stable. The higher costs of U.S. dollar currency purchases may have a continued negative impact on gross margin percentage which is expected to be largely offset by product pricing as well as raw material cost savings and production efficiencies.

The Company's product portfolio covers the complete spectrum of price levels within the Canadian wine market. While there may be an increase in purchases of ultra-premium wine, this is expected to be offset by a slight decrease in sales of blended varietal wine. In addition, the Company will be accelerating its efforts to generate production efficiencies and reduce overhead costs to enhance its overall profitability.

Risks and Uncertainties

The Company's sales of wine and spirits are affected by general economic conditions such as changes in discretionary consumer spending and consumer confidence, future economic conditions, tax laws, and the prices of its products. A steep and sustained decline in economic growth may cause a lower demand for the Company's products. Such general economic conditions could impact the Company's sales through the Company's estate wineries and restaurants, direct sales through licensed establishments, and export sales through duty free shops. The Company believes that these effects would likely be temporary and would not have a significant impact on financial performance.

The Canadian wine market continues to be the target of low-priced imported wines from regions and countries that subsidize wine production and grape growing as well as providing sizeable export subsidies. Many of these countries and regions prohibit or restrict the sale of imported wine in their own domestic markets. The Company, along with other members of the Canadian wine industry, are working with the Canadian government to improve support for the domestic industry.

The Company operates in a highly competitive industry and the dollar amount and unit volume of sales could be negatively impacted by its inability to maintain or increase prices, changes in geographic or product mix, a general decline in beverage alcohol consumption, or the decision of retailers or consumers to purchase competitive products instead of the Company's products. Retailer and consumer purchasing decisions are influenced by, among other things, the perceived absolute or relative overall value of the Company's products including their quality or pricing compared to competitive products. Unit volume and dollar sales could also be affected by purchasing, financing, operational, advertising, or promotional decisions made by provincial agencies and retailers which could affect supply of or consumer demand for, the Company's products. APL could also experience higher than expected selling and administrative expenses if it finds it necessary to increase the number of its personnel, advertising, or promotional expenditures to maintain its competitive position.

APL expects to increase the sales of its premium wines in Canada principally through the sale of VQA wines, and as a result, is dependent on the quality and supply of domestically grown premium quality grapes. If any of the Company's vineyards or the vineyards of our grape suppliers experience certain weather variations, natural

disasters, pestilence, other severe environmental problems, or other occurrences, APL may not be able to secure a sufficient supply of grapes, a situation which could result in a decrease in production of certain products from those regions and/or result in an increase in costs. In the past where there has been a significant reduction in domestically sourced grapes, the Government of Ontario, in conjunction with the Ontario Grape Growers Marketing Board, have agreed to temporarily increase the blending of imported wines which would enable the Company to continue to supply products to the market. The inability to secure premium quality grapes could impair the ability of the Company to supply certain wines to its customers. APL has developed programs to ensure it has access to a consistent supply of premium quality grapes and wine. The price of grapes is determined through negotiations with the Ontario Grape Growers Marketing Board in Ontario and with independent growers in British Columbia.

Foreign exchange risk exists on the purchases of bulk wine and concentrate that are primarily made in United States dollars, Euros, and Australian dollars. The Company's strategy is to hedge approximately 50% - 80% of its foreign exchange requirements throughout the fiscal year and to regularly review its on-going requirements. APL has entered into a series of foreign exchange contracts as a hedge against movements in U.S. dollar, Euro and Australian dollar exchange rates. The Company does not enter into foreign exchange contracts for trading or speculative purposes. These contracts are reviewed periodically. Based on the Company's forecasts for foreign currency purchases and the amount of foreign exchange forward contracts outstanding at March 31, 2017, each one percent change in the value of the U.S. dollar or Australian dollar would impact the Company's net earnings by an estimated $0.2 million and $0.1 million respectively. Each one percent change in the exchange rate of the Euro would not have a material impact on the Company's net earnings.

The Company purchases glass, bag in box, tetra paks, and other components used in the bottling and packaging of wine and spirits. The largest component in the packaging of wine and spirits is glass, of which there are few domestic or international suppliers. There is currently only one commercial supplier of glass in Canada that is able to supply glass to APL's specifications. Any interruption in supply could have an adverse impact on the Company's ability to supply its markets. APL has taken steps to reduce its dependence on domestic suppliers through the development of relationships with several international producers of glass and through carrying increased inventory of selected bottles.

The Company operates in a highly regulated industry with requirements regarding the production, distribution, marketing, advertising, and labelling of wine and spirits. These regulatory requirements may inhibit or restrict the Company's ability to maintain or increase strong consumer support for and recognition of its brands and may adversely affect APL's business strategies and results of operations. Privatization of liquor distribution and retailing has been implemented in varying degrees across the country. The recent regulatory changes relating to privatization in Ontario remains a risk to the Company through its impact on the Company's retail operations.

The wine industry and the domestic and international market in which the Company operates are consolidating. This has resulted in fewer, but larger, competitors who have increased their resources and scale. The increased competition from these larger market participants may affect the Company's pricing strategies and create margin pressures resulting in potentially lower revenues. Competition also exerts pressure on existing customer relationships which may affect APL's ability to retain existing customers and increase the number of new customers. The Company has worked to improve production efficiencies, selectively increase pricing to increase gross margin, and implement a higher level of promotion and advertising activity to remain competitive. APL and other wine industry participants also generally compete with other alcoholic beverages like beer and spirits for consumer acceptance, loyalty, and shelf space. No assurance can be given that consumer demand for wine and premium wine products will continue at current levels in the future.

Federal and provincial governments impose excise, other taxes and mark-ups on beverage alcohol products which have been subject to change. Significant increases in excise and other taxes on beverage alcohol products could materially and adversely affect the Company's financial condition or results of operations. Federal and provincial governmental agencies extensively regulate the beverage alcohol products industry concerning such matters as licensing, trade practices, permitted and required labelling, advertising, and relations with consumers

and retailers. Certain federal and provincial regulations also require warning labels and signage. New or revised regulations, increased licensing fees, requirements, taxes or mark-ups could also have a material adverse effect on the Company's financial condition or results of operations.

The Company's future operating results also depend on the ability of its officers and other key employees to continue to implement and improve its operating and financial systems and manage the Company's significant relationships with its suppliers and customers. The Company is also dependent upon the performance of its key senior management personnel. The Company's success is linked to its ability to identify, hire, train, motivate, promote, and retain highly qualified management. Competition for such employees is intense and there can be no assurances that the Company will be able to retain current key employees or attract new key employees.

The Company has certain defined benefit pension plans. The expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan assets set aside to pay these benefits. A pension committee reviews the performance of plan assets on a regular basis and has a policy to hold diversified investments. Nevertheless, a decline in long-term interest rates or in asset values could increase the Company's costs related to funding the deficit in these plans.

The competitive nature of the wine industry internationally has resulted in the discounting of retail prices of wine in key markets such as the United States and the United Kingdom. Although significant price discounting may occur in Canada beyond current levels, the Company believes that its product quality, advertising and promotional support along with its competitive pricing strategies will effectively mitigate the impact of this to APL.

The Company considers its trademarks, particularly certain brand names and product packaging, advertising and promotion design, and artwork to be of significant importance to its business and ascribes a significant value to these intangible assets. APL relies on trademark laws and other arrangements to protect its proprietary rights. There can be no assurance that the steps taken by APL to protect its intellectual property rights will preclude competitors from developing confusingly similar brand names or promotional materials. The Company believes that its proprietary rights do not infringe upon the proprietary rights of third parties, but there can be no assurance in this regard.

As an owner and lessee of property the Company is subject to various federal and provincial laws relating to environmental matters. Such laws provide that the Company could be held liable for the cost of removal and remediation of hazardous substances on its properties. The failure to remedy any situation that might arise could lead to claims against the Company. A perceived failure to maintain high ethical, social, and environmental standards could have an adverse effect on the Company's reputation.

The success of the Company's brands depends upon the positive image that consumers have of those brands. Contamination of APL's products, whether arising accidentally or through deliberate third-party action, or other events that harm the integrity or consumer support for those brands could adversely affect their sales. Contaminants in raw materials purchased from third parties and used in the production of the Company's products or defects in the fermentation process could lead to low product quality as well as illness among, or injury to, consumers of the products and may result in reduced sales of the affected brand or all of the Company's brands.

Non-IFRS Measures

The Company utilizes EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes) to measure its financial performance. EBITA is not a recognized measure under IFRS; however, management believes that EBITA is a useful supplemental measure to net earnings as it provides readers with an indication of earnings available for investment prior to debt service, capital expenditures, and income taxes.

For the three months and years ended March 31,	Three months		Year	
(in $000)	**2017**	2016	**2017**	2016
Net earnings (loss)	**$ 2,010**	$ (1,659)	**$ 26,350**	$ 19,199
Add: Interest	**813**	786	**3,078**	3,575
Provision for (recovery of) income taxes	**597**	(569)	**7,895**	6,916
Amortization of plant and equipment used in production	**1,763**	1,544	**6,549**	6,069
Amortization of equipment and intangibles used in selling and administration	**886**	1,012	**3,377**	3,639
Net unrealized (gain) loss on derivative financial instruments	**(189)**	2,479	**(2,232)**	1,558
Other expenses (income)	**(15)**	21	**120**	(40)
EBITA	**$ 5,865**	$ 3,614	**$ 45,137**	$ 40,916

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) as calculated below.

For the three months and years ended March 31,	Three months		Year	
(in $000)	**2017**	2016	**2017**	2016
Sales	**$ 72,295**	$ 74,170	**$ 342,606**	$ 334,263
Less: Cost of goods sold, excluding amortization	**43,969**	49,010	**211,451**	211,299
Gross margin	**$ 28,326**	$ 25,160	**$ 131,155**	$ 122,964
Gross margin (% of sales)	**39.2%**	33.9%	**38.3%**	36.8%

The Company calculates adjusted earnings as follows.

For the three months and years ended March 31,	Three months		Year	
(in $000)	**2017**	2016	**2017**	2016
Net earnings (loss)	**$ 2,010**	$ (1,659)	**$ 26,350**	$ 19,199
Net unrealized (gain) loss on derivative financial instruments	**(189)**	2,479	**(2,232)**	1,558
Other expenses (income)	**(15)**	21	**120**	(40)
Income tax effect of the above	**53**	(650)	**549**	(395)
Tax refund relating to acceptance of a prior year's tax filing	**-**	-	**(1,188)**	-
Adjusted earnings	**$ 1,859**	$ 191	**$ 23,599**	$ 20,322

The Company's method of calculating EBITA, gross margin, and adjusted earnings may differ from the methods used by other companies and accordingly, may not be comparable to the corresponding measures used by other companies.

Transactions with related parties

The Company is controlled by Jalger Limited, which owns 66.5% of the Company's Class B voting shares. No individual has sole voting power or control in respect of the shares of the Company owned by Jalger Limited. In February 2016, the Company repurchased and cancelled 300,000 Class A Shares from Jalger Limited, a related party. This transaction was approved by the Company's Board of Directors.

The compensation expense recorded for directors and members of the Executive Management Team of the Company is shown below:

	2017	2016
Compensation and short-term benefits	$ 6,951	$ 4,939
Post-employment benefits	302	248
Payments to a share purchase plan	381	409
	$ 7,634	$ 5,596

The compensation and benefits expense consists of amounts that will primarily be settled within twelve months.

Financial Statements and Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB").

Critical Accounting Estimates

During the year management is required to make estimates and assumptions that are inherently uncertain. These estimates can vary with respect to the level of judgment involved and ultimately the impact that these estimates may have on the Company's financial statements. Estimates are deemed to be critical when a different estimate could reasonably be used or where changes are reasonably likely to occur which could materially affect the Company's financial position or financial performance. The Company's significant accounting policies are discussed in the notes to the consolidated financial statements for the years ended March 31, 2017 and March 31, 2016. Critical estimates inherent in these accounting policies are set out below:

Impairment of goodwill

Testing goodwill for impairment at least annually involves estimating the recoverable amount of the Cash Generating Units to which goodwill is allocated. This requires making assumptions about future cash flows, growth rates, market conditions and discount rates, which are inherently uncertain. Actual amounts may vary from these assumptions and cause significant adjustments. Management has concluded that a 10% change in any key assumption in the goodwill impairment test would not result in an impairment of goodwill as at March 31, 2017 and March 31, 2016.

Post-employment benefits

Measuring the liability for post-employment benefits uses assumptions for the discount rates, increases in compensation, increases in medical costs and timing of the payment of benefits. Actual amounts may vary from these assumptions and cause significant adjustments.

Fair value of grapes at the point of harvest

Where possible, the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of a similar quality and same varietal. For grapes for which local market prices are not readily

available, the average price of similar grapes is used. Actual amounts may vary from these assumptions and cause significant adjustments.

Recently Adopted Accounting Pronouncements
During December 2014, the IASB issued amendments to IAS 1 – Presentation of Financial Statements which clarifies the concept of materiality as it applies to information disclosed in the financial statements. The amendments also provide guidance on the presentation of subtotals, the structure of the notes to the financial statements, and the disclosure of significant accounting policies. The new requirements were adopted effective April 1, 2016. The adoption of these amendments did not have a significant impact on the consolidated financial statements.

Recently Issued Accounting Pronouncements
In January 2016, the IASB issued an amendment to IAS 7 – Statement of Cash Flows, introducing additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

In January 2016, the IASB issued amendments to IAS 12 – Income Taxes to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

During July 2014, the IASB issued the complete version of IFRS 9 – Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities. IFRS 9 will replace IAS 39 – Financial Instruments: Recognition and Measurement. In addition, IFRS 7 – Financial Instruments: Disclosures was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The Company is currently evaluating the potential impact of this standard, however, it is not expected to have a significant impact on the consolidated financial statements.

During May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers which supersedes IAS 18 – Revenue and IAS 11 – Construction Contracts. The standard details a revised model for the recognition of revenue from contracts with customers. In April 2016, the IASB has amended IFRS 15 to clarify the guidance on identifying performance obligations, licenses of intellectual property and principal versus agent. The amendments also provide additional practical expedients on transition. The standard is effective for first interim periods within annual periods beginning on or after January 1, 2018. We are currently in the process of evaluating the potential impact this new guidance will have on the Company's financial statements. We have not completed this evaluation and therefore, cannot conclude whether the guidance will have a significant impact on our financial statements at this time. However, based on preliminary work completed, we are considering the implications that the new standard may have on our agency wine businesses, presentation of certain customer related trade spending, as well as the timing of recognition of certain promotional discounts, which are areas that could potentially be impacted by the adoption of the new guidance.

In January 2016, the IASB issued IFRS 16 – Leases, which will replace IAS 17 – Leases and related Interpretations. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Company has adopted IFRS 15 – Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all leases contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. Given that the Company has significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine the impact of adopting this standard.

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed by the Company in reports filed with or submitted to various securities regulators are recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company’s management, including the Chief Executive Office (“CEO”) and Chief Financial Officer (“CFO”) on a timely basis so that decisions can be made regarding the Company’s disclosures to the public.

The Company’s management, under the supervision of, and with the participation of the CEO and CFO, have designed and maintained the Company’s disclosure controls and procedures as required in Canada by “National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings”.

Internal Controls over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to reliability of financial reporting and financial statement presentation.

Designing, establishing and maintaining adequate internal controls over financial reporting is the responsibility of management. Internal controls over financial reporting is a process designed by, or under the supervision of senior management and effected by the Board of Directors to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company’s financial statements in accordance with IFRS.

For the year ended March 31, 2017, there have been no material changes in the Company’s internal controls over financial reporting or changes to disclosure controls and procedures that materially affected or were likely to affect, the Company’s internal control systems. As at June 7, 2017, the CEO and CFO of the Company have evaluated the effectiveness of the Company’s internal controls over financial reporting. Based on these evaluations, the CEO and CFO have concluded that the controls and procedures were operating effectively.

INDEPENDENT AUDITOR'S REPORT

June 7, 2017

To the Shareholders of Andrew Peller Limited

We have audited the accompanying consolidated financial statements of Andrew Peller Limited, which comprise the consolidated balance sheets as at March 31, 2017 and 2016 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Andrew Peller Limited as at March 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Consolidated Balance Sheets
As at March 31, 2017 and 2016
(in thousands of Canadian dollars)

	2017	2016
Assets		
Current assets		
Accounts receivable (note 20)	$ **26,973**	$ 28,223
Inventories (note 4)	**129,088**	119,666
Biological assets (note 6)	**1,400**	1,196
Prepaid expenses and other assets	**3,106**	1,782
	160,567	150,867
Property, plant and equipment (note 5)	**118,838**	108,929
Intangible assets (note 7)	**10,600**	11,040
Goodwill (note 8)	**37,473**	37,473
	$ **327,478**	$ 308,309
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	$ **36,620**	$ 33,701
Accounts payable and accrued liabilities (note 10)	**36,260**	36,772
Dividends payable	**1,690**	1,553
Income taxes payable (note 14)	**2,348**	2,425
Current portion of derivative financial instruments (note 20)	**418**	645
Current portion of long-term debt (note 11)	**4,406**	4,106
	81,742	79,202
Long-term debt (note 11)	**46,678**	48,202
Long-term derivative financial instruments (note 20)	**642**	1,529
Post-employment benefit obligations (note 12)	**5,279**	5,947
Deferred income (note 13)	**-**	102
Deferred income taxes (note 14)	**15,820**	15,591
	150,161	150,573
Shareholders' Equity		
Capital stock (note 15)	**6,967**	6,967
Retained earnings	**174,193**	154,605
Accumulated other comprehensive loss	**(3,843)**	(3,836)
	177,317	157,736
	$ **327,478**	$ 308,309

Director **Director**

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

Consolidated Statements of Earnings
For the years ended March 31, 2017 and March 31, 2016
(in thousands of Canadian dollars, except per share amounts)

	2017	2016
Sales	**$ 342,606**	$ 334,263
Cost of goods sold, excluding amortization (note 16)	**211,451**	211,299
Amortization of plant and equipment used in production	**6,549**	6,069
Gross profit	**124,606**	116,895
Selling and administration (note 16)	**86,018**	82,048
Amortization of equipment and intangible assets used in selling and administration	**3,377**	3,639
Interest	**3,078**	3,575
Net unrealized (gain) loss on derivative financial instruments (note 20)	**(2,232)**	1,558
Other expense (income) (note 16)	**120**	(40)
Earnings before income taxes	**34,245**	26,115
Provision for (recovery of) income taxes (note 14)		
Current	**7,664**	7,181
Deferred	**231**	(265)
	7,895	6,916
Net earnings for the year	**$ 26,350**	$ 19,199
Net earnings per share (notes 15 and 17)		
Basic and diluted		
Class A shares	**$ 0.64**	$ 0.46
Class B shares	**$ 0.55**	$ 0.40

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

Consolidated Statements of Comprehensive Income
For the years ended March 31, 2017 and March 2016
(in thousands of Canadian dollars)

		2017		2016
Net earnings for the year	$	**26,350**	$	19,199
Items that are never reclassified to net earnings				
Net actuarial losses on post-employment benefit plans (note 12)		**(9)**		(457)
Deferred income taxes (note 14)		**2**		119
Other comprehensive loss for the year		**(7)**		(338)
Net comprehensive income for the year	$	**26,343**	$	18,861

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

Consolidated Statements of Changes in Equity
For the years ended March 31, 2017 and March 31, 2016
(in thousands of Canadian dollars)

	Capital stock	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
Balance at April 1, 2015	$ 7,026	$ 143,847	$ (3,498)	$ 147,375
Net earnings for the year	-	19,199	-	19,199
Net actuarial losses (net of $119 deferred tax recovery) (note 12)	-	-	(338)	(338)
Net comprehensive income for the year	-	19,199	(338)	18,861
Issue price of repurchased shares (note 15)	(59)	-	-	(59)
Excess of repurchase price over average per share issue price (note 15)	-	(2,195)	-	(2,195)
Dividends (Class A $0.150 per share, Class B $0.130 per share)	-	(6,246)	-	(6,246)
Balance at March 31, 2016	$ 6,967	$ 154,605	$ (3,836)	$ 157,736
Balance at April 1, 2016	$ 6,967	$ 154,605	$ (3,836)	$ 157,736
Net earnings for the year	-	26,350	-	26,350
Net actuarial losses (net of $2 deferred tax recovery) (note 12)	-	-	(7)	(7)
Net comprehensive income for the year	-	26,350	(7)	26,343
Dividends (Class A $0.163 per share, Class B $0.142 per share)	-	(6,762)	-	(6,762)
Balance at March 31, 2017	$ 6,967	$ 174,193	$ (3,843)	$ 177,317

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

Consolidated Statements of Cash Flows

For the years ended March 31, 2017 and March 31, 2016
(in thousands of Canadian dollars)

	2017	2016
Cash provided by (used in)		
Operating activities		
Net earnings for the year	$ **26,350**	$ 19,199
Adjustments for		
(Gain) loss on disposal of property, plant and equipment	**(174)**	397
Amortization of plant, equipment and intangible assets	**9,926**	9,708
Interest expense	**3,078**	3,575
Provision for income taxes	**7,895**	6,916
Net unrealized (gain) loss on derivative financial instruments	**(2,232)**	1,558
Post-employment benefits	**(677)**	(675)
Deferred income	**(102)**	(404)
Interest paid	**(3,101)**	(3,524)
Income taxes paid	**(7,741)**	(6,658)
	33,222	30,092
Change in non-cash working capital items related to operations (note 19)	**(7,658)**	(8,299)
	25,564	21,793
Investing activities		
Proceeds from disposal of property, plant and equipment	**175**	20
Purchase of property, plant and equipment	**(19,836)**	(10,401)
Purchase of intangible assets	**(822)**	-
	(20,483)	(10,381)
Financing activities		
Increase in bank indebtedness	**2,919**	1,179
Drawings of long-term debt	**3,000**	-
Repayment of long-term debt	**(4,181)**	(4,088)
Deferred financing costs	**(194)**	(96)
Dividends paid	**(6,625)**	(6,153)
Repurchase of Class A shares (note 15)	**-**	(2,254)
	(5,081)	(11,412)
Cash - Beginning and end of year	$ **-**	$ -
Supplementary information		
Property, plant and equipment and intangible assets acquired that were unpaid in cash and included in accounts payable and accrued liabilities	**1,196**	2,458

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017 and March 31, 2016
(in thousands of Canadian dollars, except per share amounts)

1 Nature of operations

Andrew Peller Limited (the Company) produces and markets wine and wine related products. The Company's products are produced and sold predominantly in Canada. The Company is incorporated under the Canada Business Corporations Act and is domiciled in Canada. The address of its head office is 697 South Service Road, Grimsby, Ontario, L3M 4E8.

2 Summary of significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were approved by the Board of Directors for issue on June 7, 2017.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for derivatives, which are measured at fair value, and biological assets, which are measured at fair value less costs to sell.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and all subsidiary companies. Subsidiaries are those entities the Company controls by having the power to govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in the consolidated statements of earnings.

Revenue

The Company records a sale when: it has transferred the risks and rewards of ownership of the goods to the buyer; the Company has no continuing managerial involvement over the goods; it is probable the consideration will be received by the Company; and the amount of revenue and costs related to the transaction can be measured reliably. For transactions with provincial liquor boards, licensee retail stores and wine kit retailers, the Company's terms are primarily "FOB shipping point". Accordingly, sales are recorded when the product is shipped from the Company's distribution facilities. Sales to consumers through retail stores, winery restaurants, and estate wineries are recorded when the product is purchased.

Excise taxes collected on behalf of the federal government, licensing fees, and levies paid on wine sold through the Company's independent retail stores in Ontario, product returns, breakage, promotional and advertising allowances, and discounts provided to customers are deducted from gross revenue to arrive at sales.

Cost of goods sold

Cost of goods sold includes the cost of finished goods inventories sold during the year, inventory writedowns and revaluations of agricultural produce to fair value less costs to sell at the point of harvest.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on an average cost basis. The Company utilizes a weighted average cost calculation to determine the value of ending inventory (bulk wine and finished goods). Average cost is determined separately for import wine and domestic wine and is calculated by varietal and vintage year.

Grapes produced from vineyards controlled by the Company that are part of inventories are measured at their fair value less costs to sell at the point of harvest.

The Company includes borrowing costs in the cost of certain wine inventories that require a substantial period of time to become ready for sale.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization. Cost includes borrowing costs for assets that require a substantial period of time to become ready for use. Amortization of buildings, vines and vineyard infrastructure and machinery and equipment is calculated on the straight-line basis in amounts sufficient to amortize the cost of buildings, vines and vineyard infrastructure and machinery and equipment over their estimated useful lives as follows:

Buildings	40 years
Vines and vineyard infrastructure	20 years
Machinery and equipment	5 to 20 years

Land is carried at cost and is not amortized.

Vines and vineyard infrastructure amortization commences in the year the vineyard yields a crop that approximates 50% of expected annual production.

Biological assets

The Company measures biological assets, consisting of grapes grown on vineyards controlled by the Company, at cost, which approximates fair value as there has been minimal biological transformation since the initial cost incurred. The initial costs incurred are comprised of direct expenditures required to enable the biological transformation of agricultural produce.

At the point of harvest, the fair value of biological assets is determined by reference to local market prices for grapes of a similar quality and the same varietal. At this point, agricultural produce is measured at fair value less cost to sell, which becomes the basis for the cost of inventories after harvest.

Gains or losses arising from a change in fair value less costs to sell are included in the consolidated statements of earnings in the period in which they arise.

Intangible assets

Intangible assets include brands, customer contracts, customer lists, contract co-packaging arrangements, software and customer-based relationships. These intangible assets are recorded at their estimated fair value on the date of acquisition or at cost for regular way purchases.

	Amortization method	Useful life	Remaining useful life
Brands	n/a	indefinite	Indefinite
Customers	straight-line	10 - 20 years	3 - 11 years
Contract packaging	straight-line	10 years	2 years
Software	straight-line	5 years	3 - 5 years
Other	straight-line	5 years	1 year

Brands have been assessed as having an indefinite life because the expected usage, period of control and other factors do not limit the life of these assets. Intangible assets with an indefinite life are not amortized but are tested for impairment at least annually or more frequently if events or circumstances indicate the asset might be impaired. To test for impairment the Company primarily compares a cash generating unit's (CGU) value in use, determined based on expected future discounted cash flows, to its carrying value. If necessary, a CGU's fair value is also considered. An impairment charge is recorded to the extent the carrying value of a CGU exceeds the greater of the CGU's fair value and its value in use. Management has determined there was no impairment in intangible assets for the years ended March 31, 2017 and March 31, 2016.

Goodwill

Goodwill represents the cost of a business combination in excess of the fair values of the net tangible and identifiable intangible assets acquired. Goodwill is not amortized but is tested for impairment on an annual basis, or more frequently if circumstances indicate goodwill may be impaired. The Company assigns goodwill combined with other assets to a CGU based on certain regions and product lines, which is the lowest level at which the combined assets generate independent cash inflows. To test for impairment the Company primarily compares a CGU's value in use, determined based on expected future discounted cash flows, to its carrying value. If necessary, a CGU's fair value is also considered. An impairment charge is recorded to the extent the carrying value of a CGU exceeds the greater of the CGU's fair value and its value in use. An impairment loss in respect of goodwill cannot be reversed. Management has determined there is no impairment in goodwill for the years ended March 31, 2017 and 2016.

Post-employment benefits

The Company sponsors defined contribution pension plans, defined benefit pension plans, post-employment medical benefit plans, and other post-employment benefit plans for certain employees. Contributions to the defined contribution pension plans are recognized as an expense as services are rendered by employees. The costs of the defined benefit plans, the post-employment medical benefit plans, and other post-employment benefit plans are actuarially determined and include management's best estimate of expected plan investment performance, the interest rate on the plan obligation, salary escalation, expected retirement ages, and medical cost escalation. The liability recognized in the consolidated balance sheets in respect of these plans is the present value of the defined benefit obligation at the end of the reporting period as determined by the Company's actuary less the fair value of plan assets adjusted for the unamortized portion of negative past service credits. The current service cost, amortization of past service credits, and the interest cost net of the expected return on plan assets are recognized in earnings in the period they arise. Adjustments arising from actuarially determined gains or losses are recognized in other comprehensive loss in the period in which they arise. The corresponding change in shareholders' equity is adjusted to retained earnings for the year.

Deferred income

Advance payments received for use of the Company's assets are initially recorded in deferred income. The income is recognized on a straight-line basis in net earnings over the period of use.

Financial instruments and hedge accounting

The Company classifies its financial instruments into the following categories: loans and receivables, liabilities at amortized cost, and financial assets and liabilities at fair value through profit or loss.

The Company has chosen to not apply hedge accounting to any of its derivative financial instruments. As a result of this policy choice, these derivative instruments are recorded initially and subsequently at fair value and the change in the fair value is recorded directly in the consolidated statements of earnings.

The Company classifies accounts payable and accrued liabilities, dividends payable, bank indebtedness, and long-term debt as liabilities at amortized cost. Accounts payable and accrued liabilities and dividends payable are initially measured at the amount to be paid, which approximates fair value because of the short-term nature of these liabilities. Subsequently, they are measured at amortized cost. Bank indebtedness and long-term debt are measured initially at fair value, net of transaction costs incurred and subsequently at amortized cost using the effective interest method.

Accounts receivable are classified as loans and receivables. Accounts receivable are primarily amounts due from customers from the sale of goods or the rendering of services. The Company maintains an allowance for doubtful accounts to record an estimate of credit losses. When no recovery of an amount owing is possible, the account receivable is reduced directly.

Transaction costs related to long-term debt are netted against the carrying value of the liability and are then amortized over the expected life of the instrument using the effective interest method. The Company recognizes financial instruments when it becomes a party to the terms of the instrument and has elected to use "trade date" accounting for regular way purchases and sales of financial assets.

Embedded derivatives (elements of contracts whose cash flows move independently from the host contract similar to a stand-alone derivative) are required to be separated and measured at fair value if certain criteria are met. Management reviewed its contracts and determined the Company does not currently have any embedded derivatives in these contracts that require separate accounting and disclosure.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statements of earnings on a straight-line basis over the period the asset is used under the lease. Leases under which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Payments on finance leases are allocated to the liability and expense so as to recognize a constant rate of interest on the remaining balance of the liability. Assets acquired under finance leases are amortized over their useful lives.

Impairment of non-financial assets

The Company reviews long-lived assets and definite life intangible assets for impairment when events or circumstances indicate an asset may be impaired. Assets are assigned to a CGU based on the lowest level at which they generate independent cash inflows. When there is an indication of impairment, an impairment charge is recorded to the extent the carrying value of a CGU exceeds the greater of the CGU's fair value less costs to dispose and its value in use, determined by discounting expected cash flows (recoverable amount). An impairment loss is reversed if a CGU's recoverable amount increases to the extent that the related assets' carrying amounts are no larger than the amount that would have been determined, net of amortization, had no impairment loss been recorded.

Net earnings per share

Basic net earnings per share have been calculated using the weighted average number of Class A and Class B shares outstanding during the year. Diluted net earnings per share have been calculated by considering the impact of any potential ordinary shares that are dilutive on the two classes of shares when considered together.

Dividends

Dividends on Class A and Class B shares are recognized in the period in which they are formally declared by the Board of Directors.

Segmented information

The Company produces and markets wine and spirits products in Canada. A significant portion of the Company's sales are made to the liquor control boards in each province in which the Company transacts business. Management has concluded that the chief operating decision maker allocates resources and assesses performance of the Company on a consolidated basis. Furthermore, based on the type of products sold and the fact that its customers are similar in nature, the Company operates in a single operating segment. In addition, a substantial portion of the Company's sales are made in Canada. As a result, management has concluded the Company operates in one geographic segment.

Income taxes

Current income tax is the expected amount of tax payable or recoverable on taxable income or loss during the period. Current income tax may also include adjustments to taxes payable or recoverable in respect of previous periods.

The Company accounts for deferred income taxes based on temporary differences, which are the differences between the carrying amount of an asset or liability and its tax base. Deferred income taxes are provided for all temporary differences between the carrying amount and tax bases of assets and liabilities, except for those arising from the initial recognition of goodwill or for those arising from the initial recognition of an asset or liability in a transaction that is not a business combination and has no impact on earnings or taxable income or loss. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The deferred income tax provision (recovery) recorded in net earnings and other comprehensive loss represents the change during the year in deferred income tax assets and deferred income tax liabilities.

Contingencies

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims. Management believes adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential claims, if any, management believes the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the Company.

Comprehensive income

Comprehensive income is comprised of net earnings and other comprehensive loss. Other comprehensive loss represents the change in equity for a period that arises from transactions that are required to be or are elected to be recognized outside of net earnings. The Company has chosen to record actuarial gains and losses on defined benefit pension plans and other post-employment benefit plans in other comprehensive loss in the period incurred.

Equity

The Company separately presents changes in equity related to capital stock, retained earnings and accumulated other comprehensive loss in the consolidated statements of changes in equity.

Recently adopted accounting pronouncements

During December 2014, the IASB issued amendments to IAS 1, Presentation of Financial Statements which clarifies the concept of materiality as it applies to information disclosed in the financial statements. The amendments also provide guidance on the presentation of subtotals, the structure of the notes to the financial statements, and the disclosure of significant accounting policies. The new requirements were adopted effective April 1, 2016. The adoption of these amendments did not have a significant impact on the consolidated financial statements.

Recently issued accounting pronouncements

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During July 2014, the IASB issued the complete version of IFRS 9, Financial Instruments - Classification and Measurement of Financial Assets and Financial Liabilities. IFRS 9 will replace IAS 39, Financial Instruments - Recognition and Measurement. In addition, IFRS 7, Financial Instruments - Disclosures was amended to include additional disclosure requirements on transition to IFRS 9. The mandatory effective date of applying these standards is for annual periods beginning on or after January 1, 2018. The standard uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. The standard requires that for financial liabilities measured at fair value, any changes in an entity's own credit risk are generally to be presented in other comprehensive income instead of net earnings. A new hedge accounting model is included in the standard, as well as increased disclosure requirements about risk management activities for entities that apply hedge accounting. The Company is currently evaluating the potential impact of this standard, however, it is not expected to have a significant impact on the consolidated financial statements.

During May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which supersedes IAS 18, Revenue, and IAS 11, Construction Contracts. The standard details a revised model for the recognition of revenue from contracts with customers. In April 2016, the IASB has amended IFRS 15 to clarify the guidance on identifying performance obligations, licences of intellectual property and principal versus agent. The amendments also provide additional practical expedients on transition. The standard is effective for first interim periods within annual periods beginning on or after January 1, 2018. The Company is currently in the process of evaluating the potential impact this new guidance will have on the Company's consolidated financial statements. The Company has not completed this evaluation and therefore, cannot conclude whether the guidance will have a significant impact on the consolidated financial statements at this time. However, based on preliminary work completed, the Company is considering the implications the new standard may have on its agency wine businesses, presentation of certain customer related trade spending, as well as the timing of recognition of certain promotional discounts, which are areas that could potentially be impacted by the adoption of the new guidance.

In January 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases and related Interpretations. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Company has adopted IFRS 15, Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all leases contracts, and record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. Given that the Company has significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities on adoption of IFRS 16, and material changes to the timing of recognition of expenses associated with the lease arrangements. The Company is analyzing the new standard to determine the impact of adopting this standard.

3 Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements, the reported amounts of revenues and expenses during the reporting periods and the extent of and the reported amounts in disclosures. Actual results may vary from current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the period in which they change. Specific areas of uncertainty include but are not limited to:

Impairment of goodwill

Testing goodwill for impairment at least annually involves estimating the recoverable amount of the CGUs to which goodwill is allocated. This requires making assumptions about future cash flows, growth rates, market conditions and discount rates, which are inherently uncertain. Actual amounts may vary from these assumptions and cause significant adjustments. Management has concluded that a 10% change in any key assumption in the goodwill impairment test would not result in an impairment of goodwill as at March 31, 2017 and March 31, 2016.

Post-employment benefits

Measuring the liability for post-employment benefits uses assumptions for the discount rates, increases in compensation, increases in medical costs and the timing of the payment of benefits. Actual amounts may vary from these assumptions and cause significant adjustments.

Fair value of grapes at the point of harvest

Where possible, the fair value of grapes at the point of harvest is determined by reference to local market prices for grapes of a similar quality and same varietal. For grapes for which local market prices are not readily available, the average price of similar grapes is used. Actual amounts may vary from these assumptions and cause significant adjustments.

4 Inventories

	2017	2016
Packaging materials and supplies	$ 9,627	$ 9,307
Bulk wine and spirits	70,806	64,697
Finished goods	48,655	45,662
	$ 129,088	$ 119,666
Interest included in the cost of inventories	$ 566	$ 635

Inventory writedowns recognized as an expense amounted to $1,906 (2016 - $3,286).

The cost of inventories recognized as an expense and included in cost of goods sold, excluding amortization, was $209,545 (2016 - $208,013).

5 Property, plant and equipment

	Land	Vines, vineyard land and infrastructure	Buildings	Machinery and equipment	Total
At March 31, 2015					
Cost	$ 4,816	$ 40,461	$ 43,480	$ 107,632	$ 196,389
Accumulated amortization	-	(6,790)	(16,909)	(67,739)	(91,438)
Net carrying amount	4,816	33,671	26,571	39,893	104,951
Year ended March 31, 2016					
Additions	-	359	1,882	10,571	12,812
Disposals	-	(377)	(3)	(37)	(417)
Amortization	-	(1,348)	(1,173)	(5,896)	(8,417)
Closing net carrying amount	$ 4,816	$ 32,305	$ 27,277	$ 44,531	$ 108,929
At March 31, 2016					
Cost	$ 4,816	$ 40,374	$ 45,343	$ 116,585	$ 207,118
Accumulated amortization	-	(8,069)	(18,066)	(72,054)	(98,189)
Net carrying amount	4,816	32,305	27,277	44,531	108,929
Year ended March 31, 2017					
Additions	-	573	9,777	8,213	18,563
Disposals	-	-	-	(1)	(1)
Amortization	-	(1,329)	(1,227)	(6,097)	(8,653)
Closing net carrying amount	$ 4,816	$ 31,549	$ 35,827	$ 46,646	$ 118,838
At March 31, 2017					
Cost	$ 4,816	$ 40,947	$ 55,120	$ 122,325	$ 223,208
Accumulated amortization	-	(9,398)	(19,293)	(75,679)	(104,370)
Net carrying amount	$ 4,816	$ 31,549	$ 35,827	$ 46,646	$ 118,838

Included in buildings and machinery and equipment are assets amounting to $12,378 (2016 - $4,507) that are under development and are not being amortized.

Contractual commitments to purchase property, plant and equipment were $2,890 as at March 31, 2017 (2016 - $10,687).

Included in machinery and equipment are assets with a net carrying amount of $66 (2016 - $124) that were purchased under a finance lease.

6 Biological assets

Biological assets consist of grapes prior to harvest that are controlled by the Company. The Company owns and leases land in Ontario and British Columbia to grow grapes in order to secure a supply of quality grapes for the making of wine.

During the year ended March 31, 2017, the Company harvested grapes valued at $6,238 (2016 - $6,479).

The changes in the carrying amount of biological assets are as follows:

	2017	2016
Carrying amount - Beginning of year	$ 1,196	$ 1,129
Net increase in fair value less costs to sell due to biological transformation	6,442	6,546
Transferred to inventory on harvest	(6,238)	(6,479)
Net gain	204	67
Biological assets	$ 1,400	$ 1,196

The Company is exposed to financial risk because of the long period of time between the cash outflow required to plant grape vines, cultivate vineyards, and harvest grapes and the cash inflow from selling wine and related products from the harvested grapes.

Substantially all of the grapes from owned and leased vineyards are used in the Company's winemaking processes. Owned and leased vineyards, in combination with supply contracts with grape growers, are used to secure a supply of domestic grapes. These strategies reduce the financial risks associated with changes in grape prices.

7 Intangible assets

	Brands - indefinite life	Customers	Contract packaging	Software	Other	Total
At March 31, 2015						
Cost	$ 4,175	$ 11,147	$ 1,100	$ 2,133	$ 1,917	$ 20,472
Accumulated amortization and impairment	(200)	(5,156)	(753)	(513)	(1,519)	(8,141)
Net carrying amount	3,975	5,991	347	1,620	398	12,331
Year ended March 31, 2016						
Additions	-	-	-	-	-	-
Amortization	-	(665)	(110)	(384)	(132)	(1,291)
Closing net carrying amount	$ 3,975	$ 5,326	$ 237	$ 1,236	$ 266	$ 11,040
At March 31, 2016						
Cost	$ 4,175	$ 11,147	$ 1,100	$ 2,133	$ 1,917	$ 20,472
Accumulated amortization and impairment	(200)	(5,821)	(863)	(897)	(1,651)	(9,432)
Net carrying amount	3,975	5,326	237	1,236	266	11,040
Year ended March 31, 2017						
Additions	-	-	-	833	-	833
Amortization	-	(647)	(110)	(384)	(132)	(1,273)
Closing net carrying amount	$ 3,975	$ 4,679	$ 127	$ 1,685	$ 134	$ 10,600
At March 31, 2017						
Cost	$ 4,175	$ 11,147	$ 1,100	$ 2,966	$ 1,917	$ 21,305
Accumulated amortization and impairment	(200)	(6,468)	(973)	(1,281)	(1,783)	(10,705)
Net carrying amount	$ 3,975	$ 4,679	$ 127	$ 1,685	$ 134	$ 10,600

8 Goodwill

In order to test goodwill for impairment, the Company allocates the carrying value of goodwill to CGUs based on the lowest level that goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit is as follows:

	2017	2016
Ontario and eastern Canadian wine	$ 3,134	$ 3,134
Western Canadian wine	10,530	10,530
Personal winemaking products	23,809	23,809
	$ 37,473	$ 37,473

The Company determined the recoverable amount of the related CGUs by estimating their value in use. Key assumptions used are:

	2017	2016
Pre-tax discount rate	11%	11%
Period of projected cash flows	5 years	5 years
Growth rate beyond period of projected cash flows	3%	4%

The Company uses past experience and current expectations about future performance in projecting cash flows, which are based on financial budgets for five years. For the period after five years, the Company projects cash flows using an assumed growth rate, which is based on expectations about long-term economic growth in Canada and any known industry specific factors that may influence long-term growth in the Canadian wine industry. The discount rate is estimated by referring to external sources of information about the cost of capital and the leverage of companies that operate in a similar industry to the Company and that are of similar size. The rate determined is then adjusted to a pre-tax basis.

9 Bank indebtedness

Significant terms of the Company's operating loan facility are summarized below. The floating rates are stated in relation to the one to six-month Canadian Dealer Offered Rate (CDOR).

	2017	2016
Bank indebtedness	$ 36,620	$ 33,701
Significant terms		
Committed until	July 31, 2021	July 31, 2020
Borrowing limit	$90,000	$90,000
Interest rate	CDOR + 1.25%	CDOR + 1.25%
Unused amount	$53,380	$56,299

10 Accounts payable and accrued liabilities

	2017	2016
Trade payables	$ 23,725	$ 25,201
Accrued liabilities	12,045	9,703
Deferred revenue - gift cards	380	338
Foreign exchange forward contracts liability (note 20)	8	1,126
Deferred income (note 13)	102	404
	$ 36,260	$ 36,772

11 Long-term debt

		2017		2016
Term loan - Operating facility	$	48,333	$	52,333
Term loan - Capital facility		2,925		-
Other		319		425
		51,577		52,758
Less: Financing costs		493		450
		51,084		52,308
Less: Current portion		4,406		4,106
	$	46,678	$	48,202

On April 28, 2014, the Company amended its debt facilities including the term loan. The terms of the debt facilities require monthly principal repayments on the operating facility of the term loan until maturity of $333. Interest is based on the one to six-month CDOR rates plus an applicable margin based on the Company's leverage. The Company has two interest rate swaps in place to fix the interest rate on the amount outstanding on the operating facility of the term loan. From September 1, 2015 to April 26, 2019, the interest rate is fixed at 2.16%, plus the applicable margin. From April 30, 2019 to July 31, 2020, the interest rate is fixed at 1.65%, plus the applicable margin.

The Company also has a $15,000 term facility, which is available until July 31, 2021 and can be drawn on for the purpose of making capital expenditures. On December 30, 2016, $3,000 was drawn on this facility, which requires monthly principal repayments until maturity of $25. Interest is based on the one to six-month CDOR rates plus an applicable margin based on the Company's leverage.

On December 30, 2016, the Company amended its debt facilities to extend the maturity date to July 31, 2021, to revise certain financial covenants and to update the applicable margin based on the Company's leverage, as defined by the amended credit agreement. As at March 31, 2017 and 2016, the applicable margin was 1.25%.

The Company and its subsidiaries have provided their assets as security for these loans.

Interest expense on long-term debt during the year was $1,858 (2016 - $2,297).

12 Post-employment benefits

Defined contribution plans

The total expenses for the defined contribution savings plans were $1,519 (2016 - $1,432).

Defined benefit plans

The Company has funded defined benefit pension plans. The Company also has an unfunded post-retirement medical benefits plan for certain employees and provides a monthly wine allowance to retired employees, which are collectively referred to as other post-employment benefits.

Nature

The Company’s defined benefit pension plans pay benefits based on a percentage of final average salary. There are two defined benefit pension plans in British Columbia with members who continue to accrue benefits. New employees are no longer entitled to accrue benefits under these defined benefit pension plans. There is one defined benefit pension plan in Ontario and no further benefits accrue to the members of this plan. All members of the defined benefit pension plan in Ontario have retired. The Company is responsible for administering these pension plans and determining investment policies. A committee of the Company’s Board of Directors is responsible for overseeing the Company’s defined benefit pension plans.

Regulatory information

The defined benefit pension plans are governed by the Pension Benefits Standards Act in British Columbia and the Pension Benefits Act in Ontario. An appointed actuary prepares a valuation at least every three years for each of the plans. These valuations determine the Company’s minimum contributions. The minimum contributions are primarily based on the normal going concern cost, the funding deficit amortized over 15 years, and the solvency deficit amortized over five years. The solvency deficit is calculated assuming the plan is wound up on the effective date of the valuation. Contributions could be reduced in certain instances via a funding holiday if requirements of the relevant regulations are met, which normally requires the plan to have a surplus above certain threshold levels.

Risks

The defined benefit plan’s assets are invested in mutual funds. The investment mix for each plan is chosen with the objective that sufficient assets will be available to pay benefits as they come due and to achieve a reasonable return at an acceptable level of risk to stakeholders. The defined benefit plans subject the Company to market, interest rate, currency, price, credit, liquidity and longevity risks, which are typical of such plans. The most significant of these risks is that the expense and cash contributions related to these plans depend on the discount rate used to measure the liability to pay future benefits and the market performance of the plan’s assets set aside to pay these benefits. A decline in long-term interest rates or in asset values could increase the Company’s costs related to funding the deficit in these plans.

Amounts pertaining to defined benefit plans are as follows:

		2017	
	Pension benefits	Other post-employment benefits	Total
Plan assets			
Fair value - Beginning of year	$ 20,966	$ -	$ 20,966
Return on plan assets excluding amounts in interest income	177	-	177
Interest income	804	-	804
Company's contributions	1,397	109	1,506
Benefits paid	(1,024)	(109)	(1,133)
Fair value - End of year	$ 22,320	$ -	$ 22,320
Plan obligations			
Accrued benefit obligations - Beginning of year	$ 24,084	$ 2,829	$ 26,913
Total current service cost	520	88	608
Interest cost	916	109	1,025
Benefits paid	(1,024)	(109)	(1,133)
Remeasurements			
Experience loss (gain)	76	(231)	(155)
Loss from change in financial assumptions	317	24	341
Accrued benefit obligations - End of year	$ 24,889	$ 2,710	$ 27,599
Post-employment benefit obligations	$ 2,569	$ 2,710	$ 5,279

		2017	
	Pension benefits	Other post-employment benefits	Total
Benefit plan expense			
Current service cost	$ 520	$ 88	$ 608
Net interest cost on defined benefit liability	112	109	221
Net benefit plan expense	$ 632	$ 197	$ 829
Amount recognized in other comprehensive loss			
Net actuarial (loss) gain	$ (216)	$ 207	$ (9)
Expected contributions for the year ending March 31, 2018	$ 1,357	$ 122	$ 1,479
Weighted average duration of the defined benefit obligations in years	14.7	11.1	12.7

	2016		
	Pension benefits	Other post-employment benefits	Total
Plan assets			
Fair value - Beginning of year	$ 21,030	$ -	$ 21,030
Return on plan assets excluding amounts in interest income	(1,044)	-	(1,044)
Interest income	761	-	761
Company's contributions	1,471	111	1,582
Benefits paid	(1,252)	(111)	(1,363)
Fair value - End of year	$ 20,966	$ -	$ 20,966
Plan obligations			
Accrued benefit obligations - Beginning of year	$ 24,341	$ 2,854	$ 27,195
Total current service cost	600	89	689
Interest cost	875	104	979
Benefits paid	(1,252)	(111)	(1,363)
Remeasurements			
Experience gain	(496)	-	(496)
Loss (gain) from change in financial assumptions	16	(107)	(91)
Accrued benefit obligations - End of year	$ 24,084	$ 2,829	$ 26,913
Post-employment benefit obligations	$ 3,118	$ 2,829	$ 5,947

	2016		
	Pension benefits	Other post-employment benefits	Total
Benefit plan expense			
Current service cost	$ 600	$ 89	$ 689
Net interest cost on defined benefit liability	114	104	218
Net benefit plan expense	$ 714	$ 193	$ 907
Amount recognized in other comprehensive loss			
Net actuarial (loss) gain	$ (564)	$ 107	$ (457)
Expected contributions for the year ending March 31, 2017	$ 1,443	$ 122	$ 1,565
Weighted average duration of the defined benefit obligations in years	12.8	12.2	12.7

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations and benefits costs are as follows:

	2017	2016
Discount rate for expenses	3.8%	3.6%
Discount rate for obligations	3.6%	3.8%
Rate of compensation increase	2.5%	2.5%
Rate of medical cost increases	5%	5%
Retirement age	60 - 65 years	60 - 65 years
Inflation rate	2.0%	2.0%
Mortality tables	CPM-B 2014 Private table	CPM-B 2014 Private table

The following table outlines the impact of a reasonable change in significant assumptions assuming all other assumptions are held constant. Changes in numerous assumptions may occur at the same time, which could increase or decrease the impact. With respect to a 1% increase or decrease in the inflation rate, the analysis excludes any impact this would have on the discount rate, medical cost trend rates and the rate of compensation increase.

	2017		2016	
	Pension benefits	**Other post-employment benefits**	**Pension benefits**	**Other post-employment benefits**
Increase (decrease) in the post-employment benefit obligations				
1% increase in the discount rate	$ (3,301)	$ (263)	$ (2,721)	$ (277)
1% decrease in the discount rate	4,023	339	3,440	414
1% increase in the rate of compensation increase	952	10	832	12
1% decrease in the rate of compensation increase	(840)	(9)	(717)	(11)
1% increase in the inflation rate	365	-	372	-
1% decrease in the inflation rate	(329)	-	(335)	-

At March 31, 2017, the accumulated actuarial losses recognized in other comprehensive loss were $5,192 (2016 - $5,183).

Plan assets

The plan assets consist of the following:

	2017		2016	
Mutual funds				
Fixed income	$ 16,094	72%	$ 15,127	72%
Equity	6,226	28%	5,839	28%
	$ 22,320	100%	$ 20,966	100%

13 Deferred income

During the year ended March 31, 2013, the Company received an expropriation notice that its idle facility in Port Moody, British Columbia will be used, on a temporary basis, while construction of a rapid transit project takes place. Advance payments amounting to $2,021 were received for the temporary use of the property. The amount received was initially recorded in deferred income and is being reported as other income over the five-year term of the expropriation.

		2017		2016
Deferred income	$	102	$	506
Less: Current portion		(102)		404
	$	-	$	102

14 Income taxes

		2017		2016
Current tax on earnings for the year	$	9,220	$	7,210
Adjustments in respect of prior years		(1,556)		(29)
Provision for current income taxes		7,664		7,181
Change in temporary differences		72		(243)
Impact of change in tax rate		14		(22)
Other		145		-
Provision for (recovery of) deferred income taxes		231		(265)
Total provision for income taxes	$	7,895	$	6,916

The Company's income tax expense consists of the following:

		2017		2016
Provision for income taxes at blended statutory rate of 25.98% (2016 - 25.90%)	$	8,897	$	6,764
Permanent differences and non-deductible items		346		222
Future income tax rate changes		14		(22)
Refunds relating to prior years		(1,357)		-
Other		(5)		(48)
	$	7,895	$	6,916

The movement of the deferred income tax account is as follows:

	2017	2016
At beginning of year	$ 15,591	$ 15,975
Provision for (recovery of) deferred income taxes in net earnings	231	(265)
Recovery of deferred income taxes in other comprehensive loss	(2)	(119)
At end of year	$ 15,820	$ 15,591

The significant temporary differences giving rise to the deferred income tax liability are comprised of the following:

Deferred income tax liability

	Accelerated tax depreciation and deductions on property, plant and equipment	Accelerated tax deductions on intangible assets	Tax deductions on goodwill	Total
March 31, 2015	$ 12,803	$ 2,570	$ 3,093	$ 18,466
(Recovery) provision in net earnings	(122)	(283)	78	(327)
March 31, 2016	12,681	2,287	3,171	18,139
Recovery in net earnings	(27)	(375)	-	(402)
March 31, 2017	$ 12,654	$ 1,912	$ 3,171	$ 17,737

Deferred income tax asset

	Fair value change on derivatives	Post-employment benefits	Other	Total
March 31, 2015	$ (455)	$ (1,610)	$ (426)	$ (2,491)
(Recovery) provision in net earnings	(407)	175	294	62
Recovery in other comprehensive loss	-	(119)	-	(119)
March 31, 2016	(862)	(1,554)	(132)	(2,548)
(Recovery) provision in net earnings	583	175	(125)	633
Recovery in other comprehensive loss	-	(2)	-	(2)
March 31, 2017	$ (279)	$ (1,381)	$ (257)	$ (1,917)

15 Capital stock

Authorized

Unlimited Class A shares, non-voting

Unlimited Class B shares, voting

Issued

	2017			2016		
	Number of shares		Amount	Number of shares		Amount
Class A shares, non-voting	33,581,487	$	6,567	33,581,487	$	6,567
Class B shares, voting	9,012,123		400	9,012,123		400
	42,593,610	$	6,967	42,593,610	$	6,967

All of the issued Class A and Class B shares are fully paid and have no par value.

Class A shares are non-voting and are entitled to a dividend in an amount equal to 115% of any dividend paid or declared on Class B shares. Class B shares are voting and convertible into Class A shares on a one-for-one basis.

At the Annual and Special Meeting of Shareholders held on September 9, 2016, the Company's Class B shareholders approved a three-for-one share split for both the Company's Class A and Class B common shares. The additional shares were issued on October 14, 2016 to shareholders of record on September 23, 2016. The Company recorded the effect of the share split retroactively to all disclosures of share capital and per share amounts.

In February 2016, the Company repurchased and cancelled 300,000 Class A non-voting shares from Jalger Limited, a related party. This transaction was approved by the Company's Board of Directors. The repurchase price was calculated by reference to the average closing market price of the Class A shares for a period of 20 business days preceding the repurchase date. The repurchase price of $2,254 was first allocated to capital stock based on the average per share carrying amount of the Class A shares. The remaining amount was allocated to retained earnings.

Quarterly dividends of $0.0408 (previously $0.0375) per Class A share and $0.0355 (previously $0.0326) per Class B share were approved by the Board of Directors on June 2, 2016 and are formally declared in each quarter.

The authorized share capital of the Company also consists of an unlimited number of preference shares, issuable in one or more series, of which 33,315 are designated as preference shares, Series A. As at March 31, 2017 and 2016, there were no preference shares issued or outstanding.

Stock purchase plan

The Company's full-time salaried, certain hourly employees and directors participate in a Company sponsored stock purchase plan. Under the terms of the plan, employees can purchase a certain number of Class A shares on an annual basis. Employees are required to pay 67% of the market price per Class A share. Directors can purchase 750 Class A shares and are required to pay 50% of the cost. The Company is responsible for the remainder of the cost and, during 2017, expensed $268 (2016 - $227) related to the employee program and $68 (2016 - $43) relating to the directors program. Officers of the Company also participate in an Equity Incentive Program, where Class A shares of the Company are purchased on their behalf from the open market. During 2017, the Company expensed $313 (2016 - $366) under this incentive program.

16 Nature of expenses

The nature of the expenses included in selling and administration and cost of goods sold, excluding amortization are as follows:

		2017		2016
Raw materials and consumables	$	173,225	$	171,168
Employee compensation and benefits		63,412		58,548
Advertising, promotion and distribution		24,025		28,013
Occupancy		11,169		10,913
Repairs and maintenance		6,803		6,575
Other external charges		18,835		18,130
	$	297,469	$	293,347

Other expenses (income) are as follows:

		2017		2016
Ongoing maintenance costs related to Port Moody winery facility (a)	$	524	$	364
Income related to Port Moody winery facility (b)		(404)		(404)
	$	120	$	(40)

a) During fiscal 2006, the Company closed its Port Moody winery facility and transferred production to its winery operations in Kelowna, British Columbia. Effective July 1, 2012, the property was expropriated for a five-year period. The cost of maintaining this idle facility and costs associated with its expropriation amounted to $524 in 2017 (2016 - $364).

b) Income amounting to $404 (2016 - $404) was recorded related to the Company's idle Port Moody property related to expropriation notices received by the Company.

17 Net earnings per share

	2017		
	Class A	Class B	Total
Net earnings attributed for the year - basic and diluted	$ 21,363	$ 4,987	$ 26,350
Weighted average number of shares outstanding - basic and diluted	33,581,487	9,012,123	
Net earnings per share - basic and diluted	$ 0.64	$ 0.55	

	2016		
	Class A	Class B	Total
Net earnings attributed for the year - basic and diluted	$ 15,590	$ 3,609	$ 19,199
Weighted average number of shares outstanding - basic and diluted	33,851,076	9,012,123	
Net earnings per share - basic and diluted	$ 0.46	$ 0.40	

18 Commitments

In certain instances, the Company leases land for the purpose of operating vineyards. The terms of the land leases are 30 and 32 years, which expire in 2036 and 2029, respectively. Under the terms of one land lease, the Company has the option to agree in advance to purchase any grapes grown on the property at fair value for five or more years after the termination of the lease. The Company also has a right of first refusal to purchase the land under both land leases. The terms of such a purchase would be negotiated based on market conditions existing at the time of the purchase.

The Company leases various storage facilities, offices, and retail locations. The remaining terms of these leases range between one and ten years. The Company also leases various equipment and vehicles with remaining lease terms between one and five years. In many cases, the Company has renewal options for fair market rental prices at the time of renewal.

The Company’s minimum lease payments as at March 31, 2017 under long-term non-cancellable leases are outlined in note 20 along with its other contractual obligations.

In 2017, minimum lease payments of $5,289 (2016 - $5,149) were recognized as an expense.

19 Non-cash working capital items

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

	2017	2016
Accounts receivable	$ 1,250	$ (2,607)
Inventories and current portion of biological assets	(9,626)	(1,921)
Prepaid expenses and other assets	(1,324)	(272)
Accounts payable and accrued liabilities	2,042	(3,499)
	$ (7,658)	$ (8,299)

20 Financial instruments

Classification of financial instruments

The classification and measurement of the financial assets and liabilities, as well as their carrying amounts and fair values are as follows:

			2017	
Assets/liabilities	**Category**	**Measurement**	**Carrying amount**	**Fair value**
Accounts receivable	Loans and receivables	Amortized cost	$ 26,973	$ 26,973
Bank indebtedness	Other liabilities	Amortized cost	36,620	36,620
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	36,252	36,252
Dividends payable	Other liabilities	Amortized cost	1,690	1,690
Long-term debt	Other liabilities	Amortized cost	51,084	51,084
Interest rate swap liability	Derivatives	Fair value	1,060	1,060
Foreign exchange forward contracts liability	Derivatives	Fair value	8	8

			2016	
Assets/liabilities	**Category**	**Measurement**	**Carrying amount**	**Fair value**
Accounts receivable	Loans and receivables	Amortized cost	$ 28,223	$ 28,223
Bank indebtedness	Other liabilities	Amortized cost	33,701	33,701
Accounts payable and accrued liabilities	Other liabilities	Amortized cost	35,646	35,646
Dividends payable	Other liabilities	Amortized cost	1,553	1,553
Long-term debt	Other liabilities	Amortized cost	52,308	52,308
Interest rate swap liability	Derivatives	Fair value	2,174	2,174
Foreign exchange forward contracts liability	Derivatives	Fair value	1,126	1,126

The Company's interest rate swaps and foreign exchange contracts are derivatives and are recorded at fair value. As a result, unrealized gains and losses are included each period through earnings, which reflect changes in fair value.

Fair value

The fair value of accounts receivable, accounts payable and accrued liabilities and dividends payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of bank indebtedness and long-term debt is equivalent to its carrying value because the variable interest rate is comparable to market rates. The fair value of the interest rate swaps used to fix the interest rate on long-term debt is included in the current and long-term derivative financial instruments in the consolidated balance sheets.

The fair value of foreign exchange forward contracts is determined based on the difference between the contract rate and the forward rate at the date of the valuation.

The fair value of the interest rate swaps is determined based on the difference between the fixed interest rate in the contract that will be paid by the Company and the forward curve of the floating interest rates that are expected to be paid by the counterparty. The fair value of foreign exchange forward contracts and the interest rate swaps are adjusted to reflect any changes in the Company's or the counterparty's credit risk.

Fair value estimates are made at a specific point in time, using available information about the instrument. These estimates are subjective in nature and often cannot be determined with precision.

The net unrealized loss on derivative financial instruments is comprised of:

		2017		2016
Unrealized (gains) losses on foreign exchange forward contracts	$	(1,118)	$	1,823
Unrealized gains on the interest rate swaps		(1,114)		(265)
	$	(2,232)	$	1,558

The fair value measurements of the Company's financial instruments are classified in the hierarchy below according to the significance of the inputs used in making the fair value measurements.

Asset/liability		Quoted prices in active markets for identical assets (Level 1)		Significant observable inputs other than quoted prices (Level 2)		Significant unobservable inputs (Level 3)
						2017
Interest rate swap liability	$	-	$	1,060	$	-
Foreign exchange forward contracts liability		-		8		-

Asset/liability		Quoted prices in active markets for identical assets (Level 1)		Significant observable inputs other than quoted prices (Level 2)		Significant unobservable inputs (Level 3)
						2016
Interest rate swap liability	$	-	$	2,174	$	-
Foreign exchange forward contracts liability		-		1,126		-

Objectives and policy relating to financial risk management

Interest rate risk

The Company is exposed to interest rate risk as a result of cash balances, floating rate debt, and interest rate swaps. Of these risks, the Company's principal exposure is that increases in the floating interest rates on its debt, if unmitigated, could lead to decreases in cash flow and earnings. The Company's objective in managing interest rate risk is to achieve a balance between minimizing borrowing costs over the long term, ensuring it meets borrowing covenants, and ensuring it meets other expectations and requirements of investors. To meet these objectives, the Company's policy is to effectively fix the rates on long-term debt to match the duration of investments in long-lived assets and to use floating rate funding for short-term borrowing.

The Company has effectively fixed its interest rate on its long-term debt until July 2020 by entering into interest rate swaps. The interest rate swaps are measured at fair value. An unrealized gain of $1,114 (2016 - $265) was recognized on the interest rate swaps, which is classified as a component of the net unrealized gain on derivative financial instruments in the consolidated statements of earnings.

The Company's short-term borrowings are funded using a floating interest rate and as such are sensitive to interest rate movements. As at March 31, 2017, with other variables unchanged, a 100 basis point change in interest rates would impact the Company's net earnings by approximately $271 (2016 - $249), exclusive of the mark-to-market adjustments on the interest rate swaps.

Credit risk

Credit risk arises from cash, derivative financial instruments and accounts receivable. The Company places its cash and cash equivalents with major Canadian financial institutions. Counterparties to derivative contracts are also major financial institutions.

Credit risk for trade receivables is monitored through established credit monitoring activities. Over 50% of the Company's accounts receivable balance relates to amounts owing from Canadian provincial liquor boards. Excluding accounts receivable from Canadian provincial liquor boards, the Company does not have a significant concentration of credit risk with any single counterparty or group of counterparties. Amounts owing from Canadian provincial liquor boards represent $14,115 (2016 - $14,896) of the total accounts receivable for which no allowance has been provided. Of the remaining non-provincial liquor board balances, $948 (2016 - $1,413) was over thirty days past due as at March 31, 2017. An allowance for doubtful accounts of $127 (2016 - $124) has been provided against these accounts receivable amounts, which the Company has determined represents a reasonable estimate of amounts that may be uncollectible.

Sales to its largest customer, a provincial Crown corporation, were $60,415 (2016 - $56,340) during the year ended March 31, 2017. Sales to its second largest customer, a branch of a provincial government, were $41,304 (2016 - $41,770) during the year.

An analysis of accounts receivable is as follows:

	2017	2016
Liquor boards	$ 14,115	$ 14,896
Non-liquor boards		
Current	10,709	10,114
Past due 0 - 30 days, due on delivery accounts	534	603
Past due 0 - 30 days	794	1,321
Past due 31 - 60 days	332	605
Past due > 60 days	616	808
Allowance for doubtful accounts	(127)	(124)
	$ 26,973	$ 28,223

The change in the allowance for doubtful accounts was as follows:

	2017	2016
Balance - Beginning of year	$ 124	$ 99
Provision for current year	141	89
Bad debts	(138)	(64)
Balance - End of year	$ 127	$ 124

Liquidity risk

The Company incurs obligations to deliver cash or other financial assets on future dates. Liquidity risk inherently arises from these obligations, which include requirements to repay debt, purchase grape inventory and make operating lease payments.

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and by appropriately utilizing its operating line of credit. Company management continuously monitors and reviews both actual and forecasted cash flows and matches the maturity profile of financial assets and financial liabilities. Accounts payable and accrued liabilities are generally due within 30 days.

The following table outlines the Company's contractual undiscounted obligations. The Company analyzes contractual obligations for financial liabilities in conjunction with other commitments in managing liquidity risk. Contractual obligations include long-term debt, the expected payments under swap agreements that fix the Company's interest rate on long-term debt, operating leases and commitments on short-term forward foreign exchange contracts used to mitigate the currency risk on purchases denominated in foreign currencies as at March 31, 2017:

	< 1 year	2 - 3 years	4 - 5 years	> 5 years	Total
Long-term debt	$ 4,406	$ 8,812	$ 38,359	$ -	$ 51,577
Leases and royalties	5,050	6,112	3,273	6,462	20,897
Pension obligations	520	958	581	1,173	3,232
Grape and bulk wine purchase contracts	73,758	77,726	54,082	203,155	408,721
Packaging purchase contracts	34,827	3,338	-	-	38,165
Bulk whiskey purchase contracts	1,007	390	-	-	1,397
	119,568	97,336	96,295	210,790	523,989
Interest rate swap	1,585	2,639	361	-	4,585
Foreign exchange forwards	30,183	-	-	-	30,183
Total contractual obligations	$ 151,336	$ 99,975	$ 96,656	$ 210,790	$ 558,757

The Company's obligations under its interest rate swaps and foreign exchange forward contracts are stated above on a gross basis rather than net of the corresponding contractual benefits.

The Company has entered into grape purchase contracts with certain suppliers to purchase their crops at the time of harvest for prices set by the market. The amount of the commitment will change based on the total tonnes harvested or the prices set by the market for specific grapes and the amount included in the table above represents management's best estimate of the Company's commitment over the periods noted.

Foreign exchange risk

Certain of the Company's purchases are denominated in US dollars (US$), euro (EUR) or Australian dollars (AU$). Any increases or decreases to the foreign exchange rates could increase or decrease the Company's earnings. To mitigate the exposure to foreign exchange risk, the Company has entered into forward foreign currency contracts.

The Company's foreign exchange risk arises on the purchase of bulk wine and concentrate, which are priced in US dollars, euro and Australian dollars. The Company's strategy is to hedge approximately 50% to 80% of its annual foreign exchange requirements prior to or during the beginning of each fiscal quarter. As at March 31, 2017, the Company has forward foreign currency contracts to buy US$18,200 at rates ranging between $1.32 and $1.35, EUR1,225 at rates ranging between $1.43 and $1.44 and AU$4,225 at rates averaging $0.99. These contracts mature at various dates to December 2017. After considering the offsetting impact of these forward contracts, a 1% increase or decrease to the exchange rate of the US dollar, the euro or the Australian dollar would impact the Company's net earnings by approximately $162 (2016 - $87), $27 (2016 - $23) or $98 (2016 - $109), respectively. The Company has elected to not use hedge accounting and as a result, has recognized unrealized foreign exchange gains of $1,118 (2016 – unrealized foreign exchange losses of $1,823) in the consolidated statements of earnings as a component of the net unrealized gain on derivative financial instruments and has recorded the fair value of $8 in accounts payable and accrued liabilities (2016 - $1,126) in the consolidated balance sheets.

21 Capital disclosures

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on debt and credit facilities.

The Company's capital consists of cash, bank indebtedness, long-term debt and shareholders' equity. The primary uses of capital are to make increases to non-cash working capital, fund maintenance and growth related capital expenditures, pay dividends and finance acquisitions. In order to meet the Company's objectives in managing capital, the Company prepares annual budgets of cash, earnings and capital expenditures that are updated during the year as necessary. The annual budget is approved by the Board of Directors.

As part of the existing debt agreement, the Company is subject to financial covenants, which consist of the following:

- funded debt to a rolling twelve-month EBITDA, which is defined as consolidated earnings before interest, amortization and taxes excluding unusual and non-recurring items that are agreed to by the Company and the lender; and
- fixed charge coverage ratio.

Capital expenditures are limited to $20,000 on an annual basis. The unspent portion may be carried over to the next fiscal year.

Compliance with these covenants and the capital expenditure limit is monitored by management on a quarterly basis. As at March 31, 2017 and March 31, 2016, the Company was in compliance with these covenants and the capital expenditure limit.

22 Related parties and management compensation

The Company is controlled by Jalger Limited, which owns 66.5% of the Company's Class B voting shares. No individual has sole voting power or control in respect of the shares of the Company owned by Jalger Limited.

Compensation of directors and executives

The compensation expense recorded for directors and members of the Executive Management Team of the Company is shown below:

		2017		2016
Compensation and short-term benefits	$	6,951	$	4,939
Post-employment benefits		302		248
Payments to a share purchase plan		381		409
	$	7,634	$	5,596

The compensation and benefits expense consists of amounts that will primarily be settled within twelve months.

23 Segmented information

During the year, export sales were $12,177 (2016 - $13,873), primarily in the United States. The remainder of sales occurred in Canada. All of the Company's assets are located in Canada.

24 Events after the reporting period

On June 7, 2017, the Company's Board of Directors approved a 10% increase in the quarterly dividend for holders of its Class A and Class B shares, from $0.0408 per Class A share and $0.0355 per Class B share to $0.0450 per Class A share and $0.0391 per Class B share. This increased quarterly dividend will be paid on July 7, 2017 to shareholders of record at the close of business on June 30, 2017.

TEN-YEAR SUMMARY

(in thousands of Canadian dollars, except per share amounts)	**2017**	2016	2015 Restated [7]	2014
Sales and earnings				
Net sales	**342,606**	334,263	$ 315,697	$ 297,824
EBITA	**45,137**	40,916	35,184 [7]	33,729
Net earnings (loss)	**26,350**	19,199	15,224 [7]	14,021
Financial position				
Working capital	**78,825**	71,665	68,982	44,564
Total assets	**327,478**	308,309	301,519 [7]	301,015
Shareholders' equity	**177,317**	157,736	147,375 [7]	138,003
Per share [10]				
Net earnings (loss) [10]				
Basic & diluted Class A	**0.64**	0.46	0.36 [7]	0.34
Basic & diluted Class B	**0.55**	0.40	0.32 [7]	0.29
Dividends [10]				
Class A Shares, non-voting	**0.163**	0.150	0.140	0.133
Class B Shares, voting	**0.142**	0.130	0.122	0.116
Number of shares outstanding (in thousands of shares) [10]				
Class A Shares, non-voting	**33,581**	33,581	33,882	33,882
Class B Shares, voting	**9,012**	9,012	9,012	9,012
	42,593	42,593	42,894	42,894
Other information				
Return on average shareholders' equity [8]	**15.7%**	12.6%	10.6% [7]	10.5%
Return on average capital employed [9]	**14.1%**	13.2%	11.0% [7]	10.8%

[1] Excludes the net impact of discontinued operations.
[2] Excludes the after-tax impact of mark-to-market adjustments on an interest rate swap.
[3] Includes an after-tax gain of $11.9 million for the sale of Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd.
[4] Excludes an after-tax gain of $11.9 million for the sale of Granville Island Brewing Company Ltd. and Mainland Beverage Distribution Ltd.

2013 Restated [6]	2012	2011 Restated [5]	2010	2009 Restated [1]	2008 Restated [1]
$ 289,143	$ 276,883	$ 265,420	$ 263,151 [3]	$ 251,136[1]	$ 228,056[1]
33,489 [6]	32,651	31,544 [5]	27,354 [3]	23,359[1]	28,109[1]
14,519 [6]	13,001	11,223 [5]	21,661 [3]	(125)	11,381
41,670	34,869	27,643 [5]	29,357	29,203	25,413
296,519	285,552	267,996 [5]	263,716	293,507	259,744
129,701 [6]	120,552	114,297 [5]	113,665	96,791	102,680
0.35 [6]	0.31	0.26 [5]	0.50 [3]	($0.00)	0.26
0.30 [6]	0.27	0.22 [5]	0.43 [3]	($0.00)	0.23
0.120	0.120	0.110	0.110	0.110	0.100
0.105	0.105	0.096	0.096	0.096	0.087
33,882	33,882	33,882	35,664	35,664	35,664
9,012	9,012	9,012	9,012	9,012	9,012
42,894	42,894	42,894	44,676	44,676	44,676
11.6%[6]	11.1%	9.8% [5]	6.8% [2,4]	6.0% [2]	11.5%
11.1%[6]	11.5%	11.6% [5]	9.1% [2,4]	7.9% [2]	10.7%

[5] March 31, 2012 and subsequent periods have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The March 31, 2011 period was restated in accordance with IFRS. Amounts for March 31, 2010 and prior have not been prepared in accordance with IFRS. They have been presented in accordance with Canadian GAAP prior to IFRS transition and may not be comparable to subsequent periods.
[6] Restated to reflect the adoption of the amendments to IAS 19.
[7] Restated to reflect the adoption of the amendments to IAS 16 and IAS 41.
[8] Return on average shareholders' equity is calculated as net earnings divided by average shareholders' equity.
[9] To determine return on average capital employed, return is calculated as EBITA less amortization. Capital employed is calculated as total assets less non-interest bearing liabilities. For 2008 and prior periods certain non-interest-bearing debt was included in capital employed and may not be comparable to subsequent periods.
[10] Restated to reflect the three-for-one stock split completed in October of 2016.

DIRECTORS & OFFICERS

Directors

DINO J. BIANCO
Mississauga, Ontario
Corporate Director

MARK W. COSENS
Burlington, Ontario
Managing Director
Kilbride Capital Partners

LORI C. COVERT
Halifax, Nova Scotia
Corporate Director

RICHARD D. HOSSACK, PhD
Toronto, Ontario
Corporate Director

MICHELLE E. MALLETT (DI EMANUELE)
President & CEO
Trillium Health Partners
Toronto, Ontario

PERRY J. MIELE
Burlington, Ontario
Chairman and Partner
Beringer Capital

A. ANGUS PELLER M.D.
Toronto, Ontario
Senior Medical Consultant
Medcan Health Management Inc.

JOHN E. PELLER
Burlington, Ontario
Chairman & CEO
Andrew Peller Limited

Honorary Directors

C. WILLIAM DANIEL, O.C.
Toronto, Ontario

BRIAN J. SHORT
Hamilton, Ontario

JOHN F. PETCH OC
Toronto, Ontario

Officers

JOHN E. PELLER
Chairman & Chief Executive Officer

RANDY A. POWELL
President

BRIAN D. ATHAIDE
Chief Financial Officer and
Executive Vice-President
Human Resources & Information Technology

BRENDAN P. WALL
Executive Vice-President, Operations

ERIN L. ROONEY
Executive Vice-President, Sales

GREGORY J. BERTI
Vice-President, Government Relations and Export

COLIN M. CAMPBELL
Vice-President, Sales, Western Canada

JAMES H. COLE
Vice-President, Retail and Estate Wine Group

GAVIN J. HAWTHORNE
Vice-President, Sales & Marketing GVI

CRAIG D. MCDONALD
Vice-President, Winemaking

SHAREHOLDER INFORMATION

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697 South Service Road
Grimsby, Ontario L3M 4E8
Tel: (905) 643-4131
Fax: (905) 643-4944

Stock Exchange

TORONTO
Symbols: ADW.A/ADW.B

Rgistrar and Transfer Agent

COMPUTERSHARE INVESTOR SERVICES INC.

Auditors

PRICEWATERHOUSECOOPERS LLP

Bankers

BANK OF MONTREAL
NATIONAL BANK
ROYAL BANK OF CANADA
TORONTO DOMINION BANK

Shareholder Inquiries

Computershare Investor Services Inc. operates services for inquiries regarding changes of address, stock transfers, registered shareholdings, dividends and lost certificates.

Phone: 1-800-564-6253 toll free North America
(International 514-982-7555)

Fax: 1-866-249-7775 toll free North America
(International 416-263-9524)

Internet: www.computershare.com
The Investors section offers enrolment for self-service account management for registered shareholders through Investor Centre.

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Toronto, Ontario M5J 2Y1

Investor Relations

For additional information regarding the Company's activities, please contact:
BRIAN D. ATHAIDE
Chief Financial Officer and Executive Vice President, Human Resources & Information Technology at the Head Office address or by email at:
brian.athaide@andrewpeller.com

2017 Annual and Special Shareholders' Meeting

The 2017 Annual and Special Meeting of Shareholders' will be held at:
Trius Winery
Niagara-on-the-Lake, Ontario
on Wednesday, September 13, 2017 at 3:00 p.m.

THE Wine SHOP

AJAX
955 WESTNEY ROAD S.
L1S 3K7 (905) 683-1705
#102 WITHIN: SOBEYS

260 KINGSTON ROAD W.
L1T 4E4 (905) 428-6500
#165 WITHIN: SOBEYS

30 KINGSTON ROAD W.
L1T 4K8 (905) 428-7829
#170 WITHIN: RCSS

ANCASTER
977 GOLF LINKS ROAD
L9G 3T9 (905) 648-1465
#124 WITHIN: SOBEYS

54 WILSON STREET
L9G 3T8 (905) 304-0094
#213 WITHIN: FORTINOS

BARRIE
11 BRYNE DRIVE
L4N 8V8 (705) 725-8121
#139 WITHIN: ZEHRS

555 ESSA ROAD UNIT#5
L4N 6A9 (705) 797-1480
#216 WITHIN: BARRIE ESSA CENTRE

BOLTON
487 QUEEN STREET S.
L7E 2B4 (905) 857-4166
#145 WITHIN: ZEHRS

BRAMALEA
25 PEEL CENTRE DRIVE
L6T 3R5 (905) 793-4246
#28 WITHIN: METRO

BRAMPTON
227 VODDEN STREET
L6V 1N3 (905) 459-2386
#35 WITHIN: FOOD BASICS

930 NORTH PARK DRIVE
L6S 3Y5 (905) 793-9071
#52 WITHIN: SOBEYS

10970 AIRPORT ROAD
L6R 0E1 (905) 793-9531
#191 WITHIN: SOBEYS

BROCKVILLE
1972 PARKEDALE AVE.
K6V 7N4 (613) 342-8477
#184 WITHIN: RCSS

BURLINGTON
2025 GUELPH LINE
L7P 4M8 (905) 336-3849
#112 WITHIN: FORTINO'S

4025 NEW STREET
L7L 1S7 (905) 632-8580
#114 WITHIN: MARILU'S MARKET

1250 BRANT STREET
L7P 1X8 (905) 319-8670
#131 WITHIN: SOBEYS

3505 UPPER MIDDLE ROAD
L7M 4C6 (905) 336-9101
#312 WITHIN: WALKERS PLACE

5353 LAKESHORE ROAD
L7L 1C8 (905) 681-8282
#329 WITHIN: LAKESIDE VILLAGE

CAMBRIDGE
180 HOLIDAY INN DRIVE
N3C 3Z4 (519) 651-1145
#86 WITHIN: ZEHRS

400 CONESTOGA BLVD.
N1R 7L7 (519) 624-1103
#151 WITHIN: ZEHRS

980 FRANKLIN BLVD
N1R 8R3 (519) 622-2552
#212 WITHIN: NO FRILLS

COLLINGWOOD
12 HURONTARIO STREET
L9Y 2L6 (705) 446-2237
#113 WITHIN; LOBLAW GREAT FOOD

640 FIRST STREET EXTENSION
L9Y 4Y7 (705) 444-1730
#153 WITHIN: METRO

EAST YORK
1015 BROADVIEW AVE.
M4K 2S2 (416) 467-7760
#99 WITHIN: SOBEYS

ETOBICOKE
380 THE EAST MALL
M9B 6L5 (416) 695-9567
#152 WITHIN: LOBLAW GREAT FOOD

FERGUS
800 TOWER STREET S.
N1M 2R3 (519) 787-7721
#149 WITHIN: ZEHRS

GEORGETOWN
171 GUELPH STREET
L7G 4A1 (905) 877-1815
#179 WITHIN: RCSS

GRIMSBY
361 SOUTH SERVICE ROAD
L3M 4E8 (905) 945-9982
#181 WITHIN: RCSS

GUELPH
297 ERAMOSA ROAD
NIH 1G7 (519) 824-7922
#88 WITHIN: ZEHRS

160 KORTRIGHT ROAD, W.
N1G 4W2 (519) 837-9293
#105 WITHIN: ZEHRS

167 SILVERCREEK PARKWAY
N1H 3T2 (519) 837-0540
#197 WITHIN: NO FRILLS

HAMILTON
50 DUNDURN STREET S.
L8P 4J9 (905) 528-4003
#76 WITHIN: FORTINO'S

75 CENTENNIAL PARKWAY N.
L8E 2P2 (905) 561-4504
#79 WITHIN: FORTINO'S

1579 MAIN STREET W.
L8S 1E6 (905) 522-8882
#175 WITHIN: FORTINOS

KESWICK
24018 WOODBINE AVE.
L4P 3E9 (905) 476-8544
#134 WITHIN: ZEHRS

KINGSTON
1048 MIDLAND AVE.
K7M 7H4 (613) 389-6139
#122 WITHIN: LOBLAWS

KITCHENER
750 OTTAWA STREET S.
N2E 1B6 (519) 745-2183
#164 WITHIN: ZEHRS

39 - 875 HIGHLAND ROAD W.
N2N 2Y2 (519) 742-5844
#324 WITHIN: HIGHLAND HILLS MALL

LONDON
1030 ADELAIDE STREET N.
N5Y 2M9 (519) 679-3717
#62 WITHIN: METRO

395 WELLINGTON STREET S.
N6C 4P9 (519) 649-7180
#94 WITHIN: METRO

3040 WONDERLAND STREET
N6L 1A6 (519) 668-2224
#161 WITHIN: LOBLAWS

MILTON
1079 MAPLE AVE
L9T 0A5 (905) 693-8850
#199 WITHIN: LONGOS

MISSISSAUGA
4099 ERIN MILLS PKWY.
L5L 3P9 (905) 607-6246
#148 WITHIN: MICHAEL-ANGELO'S

5602 - 10th LINE W.
L5M 7L9 (905) 858-0123
#166 WITHIN: SOBEYS

228 LAKESHORE ROAD W.
L5H 1G6 (905) 271-8686
#207 WITHIN: CREDIT LANDING SHOPPING CENTRE

2150 BURNHAMTHORPE ROAD W.
L5L 3A2 (905) 820-9958
#332 WITHIN: SOUTH COMMON CENTRE

NEWMARKET
1111 DAVIS DRIVE
L3Y 8X2 (905) 853-0401
#127 WITHIN: METRO

18120 YONGE STREET N.
L3Y 4V8 (905) 895-2412
#138 WITHIN: RCSS

16640 YONGE STREET
L3X 1V6 (905) 830-3448
#159 WITHIN: METRO

NIAGARA ON THE LAKE
300 TAYLOR ROAD
L0S 1J0 (905)704-0550
#203 WITHIN: NIAGARA OUTLET COLLECTION

27 QUEEN STREET
L0S 1J0 (905) 468-1881
#204 WITHIN:
WINE COUNTRY VINTNERS

NORTH YORK
3501 YONGE STREET
M4N 2N5 (416) 481-7699
#123 WITHIN: LOBLAW GREAT FOOD

OAKVILLE
511 MAPLE GROVE DRIVE
L6J 4W3 (905) 338-3042
#63 WITHIN: SOBEYS

469 CORNWALL ROAD
L6J 4A7 (905) 338-0880
#202 WITHIN: LONGO'S

1500 UPPER MIDDLE ROAD W.
L6M 3G3 (905) 847-2944
#120 WITHIN: SOBEYS

ORANGEVILLE
50 - 4TH AVE.
L9W 4P1 (519) 942-8752
#90 WITHIN: ZEHRS

OSHAWA
285 TAUNTON ROAD E.
L1G 3V2 (905) 571-6167
#78 WITHIN: METRO

1385 HARMONY ROAD N.
L1H 7K5 (905) 438-1800
#178 WITHIN: RCSS

1300 KING STREET E.
L1H 8J4 (905) 728-3767
#350 WITHIN: NO FRILLS

OTTAWA
2515 BANK STREET
K1V 8R9 (613) 523-5837
#343 WITHIN: SOUTHGATE

187 METCALFE STREET
K2P 1P5 (613) 565-5062
#211 WITHIN: SOBEYS

(Ottawa) GLOUCESTER
671 RIVER ROAD
K1V 2G2 (613) 822-3080
#186 WITHIN: YIG

(Ottawa) NEPEAN
59 ROBERTSON ROAD
K2H 5Y9 (613) 820-7219
#129 WITHIN: LOBLAWS

1460 MERIVALE ROAD
K2E 5P2 (613) 723-5507
#351 WITHIN: LOBLAWS

(Ottawa) STITTSVILLE
1251 MAIN STREET
K2S 2E5 (613) 831-3837
#188 WITHIN: YIG

(Ottawa) VANIER
100 MCARTHUR ROAD
K1L 6P9 (613) 749-9618
#347 WITHIN: LOBLAWS

OWEN SOUND
1150 SIXTEENTH STREET E.
N4K 1Z3 (519) 371-8664
#140 WITHIN: ZEHRS

PETERBOROUGH
769 BORDEN AVE.
K9J 0B6 (705) 740-2513
#190 WITHIN: RCSS

PICKERING
1900 DIXIE ROAD
L1V 6M4 (905) 831-6705
#210 WITHIN: YIG

SCARBOROUGH
3221 EGLINTON AVE. E.
M1J 2H7 (416) 267-2795
#128 WITHIN: METRO

SIMCOE
470 NORFOLK STREET S.
N3Y 2W8 (519) 426-1033
#110 WITHIN: SOBEYS

ST. CATHARINES
318 ONTARIO STREET
L2R 5L8 (905) 685-8898
#43 WITHIN: FRESCHCO

221 GLENDALE AVE.
L2T 2K9 (905) 688-4767
#117 WITHIN: ZEHRS

285 GENEVA STREET
L2N 2G1 (905) 646-7363
#137 WITHIN: ZEHRS

411 LOUTH STREET
L2S 4A2 (905) 685-9779
#172 WITHIN: RCSS

400 SCOTT STREET
L2M 3W4 (905) 934-0981
#201 WITHIN: GRANTHAM PLAZA

33 LAKESHORE ROAD
L2N 7B3 (905) 937-5093
#214 WITHIN: LAKESHORE SQUARE PLAZA

ST. THOMAS
1063 TALBOT STREET
N5R 2S6 (519) 633-6343
#111 WITHIN: RCSS

TORONTO
656 EGLINTON AVE. E.
M4P 1P1 (416) 485-0093
#143 WITHIN: METRO

50 MUSGRAVE STREET
M4E 3W2 (416) 693-6336
#156 WITHIN: LOBLAWS

93 LAIRD DRIVE
M4G 3T7 (416) 424-1362
#200 WITHIN: LONGO'S

3671 DUNDAS STREET W.
M6S 2T3 (416) 762-8635
#147 WITHIN: LOBLAWS

228 QUEENS QUAY W.
M5J 1B5 (416) 598-8880
#167 WITHIN: QUEENS QUAY

125 THE QUEENSWAY
M8Y1H6 (416) 201-8221
#171 WITHIN: SOBEYS

87 AVENUE ROAD
M5R 3R9 (416) 923-6336
#176 WITHIN: YORKVILLE VILLAGE

93 FRONT STREET E.
M5E 1C4 (416) 364-1811
#189 WITHIN: WINE COUNTRY MERCHANTS

22 FORT YORK BLVD.
M5V 3Z2 (416) 623-0793
#192 WITHIN: SOBEYS

650 DUPONT STREET
M6G 4B1 (416) 533-8484
#208 WITHIN: LOBLAWS

1230 QUEEN STREET WEST
M6J 3K6 (416) 533-9180
#217 WITHIN:METRO

2273 BLOOR STREET W.
M6S 1N9 (416) 766-8654
#309 WITHIN: BLOOR WEST VILLAGE

UXBRIDGE
323 TORONTO STREET S.
L9P 1N2 (905) 852-5008
#133 WITHIN: ZEHRS

WATERLOO
450 ERB STREET W.
N2T 1H4 (519) 747-5897
#40 WITHIN: ZEHRS

315 LINCOLN ROAD
N2J 4H7 (519) 746-7226
#162 WITHIN: ZEHRS

WATERDOWN
255 DUNDAS ST REET E.
UNIT 3A
L0R 2H6 (905) 689-3420
#215 WITHIN: WATERDOWN SHOPPING CENTRE

WELLAND
821 NIAGARA STREET
L3C 1M4 (905) 714-9521
#144 WITHIN: ZEHRS

WHITBY
1615 DUNDAS STREET E.
L1N 2L1 (905) 728-4118
#177 WITHIN: SOBEYS

200 TAUNTON ROAD
L1R 3H8 (905)668-7568
#317 WITHIN RCSS

3050 GARDEN STREET
L1R 2G7 (905) 430-5314
#205 WITHIN: WHITBY TOWN SQUARE

817 DUNDAS WEST UNIT B
L1N 2N6 (905)430-4698
#209 WITHIN: WHITBY WEST SIDE PLAZA

WOODBRIDGE
9200 WESTON ROAD
L4H 2P8 (905) 303-3055
#206 WITHIN: LONGO'S

Exclusive Wine Offer for Shareholders

We are pleased to offer exceptional VQA wines from our wineries in Niagara and the Okanagan Valley. These exclusive Collections are available at a **15% savings**. As a Shareholder, we are also offering you **complimentary delivery within Ontario and British Columbia**.

Delivered right to your door, these Collections give you the opportunity to enjoy a variety of wines from Andrew Peller Limited's award-winning wineries. Stock up for get-togethers and surprise the wine lovers in your life with a delicious bottle (or two).

Don't forget, our **wine club memberships** are also available! Peller Estates, Trius and Thirty Bench No.30 memberships are available in Ontario, Sandhill and Red Rooster memberships are available in British Columbia. Please call us for more information.

You can call us at **1.866.440.4383** to place your order or email **wineorders@peller.com**. We are available Monday to Friday, 9 am - 7 pm EST. **Offer ends Friday, September 29, 2017**.

Ontario VQA Wine Collections

Collections #1-4 can be delivered to Ontario, British Columbia, Manitoba, Saskatchewan and Nova Scotia. Free delivery within Ontario and a special delivery charge of only $25 to other provinces. Ontario collection prices include $0.10 bottle deposit

Trius WINERY

THIRTY BENCH WINE MAKERS

Nº 99 WAYNE GRETZKY ESTATES™

Collection #1: Best of VQA Niagara Collection

Peller Estates Family Series Riesling
Peller Estates Private Reserve Pinot Noir
Trius Sauvignon Blanc
Trius Cabernet Franc
Thirty Bench Winemaker's Riesling
Wayne Gretzky Estates Shiraz Cabernet

6 Bottle Collection - $101.09 (reg. $118.70)
12 Bottle Collection - $202.18 (reg. $237.40)

Collection #2: Peller Estates Collection

Peller Estates Signature Series Ice Cuvée Rosé
Peller Estates Family Series Chardonnay
Peller Estates Private Reserve Gamay Noir
Peller Estates Signature Series Sauvignon Blanc
Peller Estates Signature Series Merlot
Peller Estates Private Reserve Late Harvest Vidal (375 ml)

6 Bottle Collection - $148.67 (reg. $174.70)
12 Bottle Collection - $297.35 (reg. $349.40)

Collection #3: Trius Collection

Trius Brut
Trius Divine White
Trius Showcase Late Harvest Vidal
Trius Merlot
Trius Gamay Noir
Trius Red

6 Bottle Collection - $115.52 (reg. $135.70)
12 Bottle Collection - $231.05 (reg. $271.40)

Collection #4: Wayne Gretzky Estates No.99 Collection

Wayne Gretzky Estates No.99 Riesling
Wayne Gretzky Estates No.99 Pinot Grigio
Wayne Gretzky Estates No.99 Chardonnay
Wayne Gretzky Estates No.99 Merlot
Wayne Gretzky Estates 'Estate Series' Cabernet Merlot
Wayne Gretzky Estates 'Estate Series' Shiraz Cabernet

6 Bottle Collection - $102.78 (reg. $120.70)
12 Bottle Collection - $205.56 (reg. $241.40)

British Columbia VQA Wine Collections

Collections #5-7 can be delivered to British Columbia, Manitoba, Saskatchewan and Nova Scotia. Free delivery within British Columbia and a special delivery charge of only $25 to other provinces.

Nº 99 WAYNE GRETZKY ESTATES™

Collection #5: Best of VQA Okanagan Collection

Peller Estates Family Series Pinot Gris
Peller Estates Family Series Cabernet Merlot
Sandhill Rosé
Sandhill Small Lots Sangiovese
Sandhill Chardonnay
Wayne Gretzky Founders Merlot

6 Bottle Collection - $98.55 (reg. $115.84)
12 Bottle Collection - $197.11 (reg. $231.68)

Prices do not include $0.10 bottle deposit and applicable taxes.

Collection #6: Red Rooster Collection

Red Rooster Riesling
Red Rooster Chardonnay
Red Rooster Pinot Blanc
Red Rooster Reserve Syrah
Red Rooster Reserve Merlot
Red Rooster Reserve Meritage

6 Bottle Collection - $119.60 (reg. $140.60)
12 Bottle Collection - $239.20 (reg. $281.20)

Prices do not include $0.10 bottle deposit and applicable taxes.

Collection #7: Sandhill Collection

Sandhill Pinot Gris
Sandhill Estate Sauvignon Blanc
Sandhill Syrah
Sandhill Estate Merlot
Sandhill Small Lots Viognier
Sandhill Small Lots One

6 Bottle Collection - $125.55 (reg. $147.60)
12 Bottle Collection - $251.10 (reg. $295.20)

Prices do not include $0.10 bottle deposit and applicable taxes.

Call us at 1.866.440.4383 to order
or email wineorders@peller.com

We're here Monday to Friday, 9 am - 7 pm EST

Offer Ends Friday, September 29, 2017

Delivery Information:

You can expect your order within 5-10 business days based on delivery location. Wine will be delivered in a sturdy corrugated box. Please ensure someone of legal drinking age is available to sign for the package.

Notes

Notes

ANDREW PELLER

LIMITED

Trius

WINERY

No 99

WAYNE
GRETZKY
ESTATES™

XO
XO

THIRTY BENCH
WINE MAKERS

ANDREW PELLER
IMPORT AGENCY

BLACK
CELLAR

THE SMALL
WINE-
MAKERS
COLLECTION