



## **Russell Breweries Inc. Announces Results for the First Half of Fiscal 2013 Company Reports \$230,131 EBITDA Positive**

**VANCOUVER, Canada – March 4, 2013** - Russell Breweries Inc. (TSX.V: RB), a producer of premium craft beer, releases its financial results for the first half of fiscal 2013, ended December 31, 2012.

“We continue to go in the right direction in a very competitive market”, says Brian Harris, CEO. “Sales are up over the period, margins are improving as a result of a marketing focus on our premium and super premium brands and the cost control and administrative initiatives put in place over the past year continue to contribute to an improving bottom line. The Company is \$230,131 EBITDA positive for the first half of fiscal 2013 compared to EBITDA of \$28,725 for the first half of fiscal 2012. The Company also achieved earnings of \$202,835 after adjusting for items not affecting cash for the first half of fiscal 2013 compared to a loss of \$13,976 for the comparable period of fiscal 2012, an improvement of \$188,859”.

### **First Half of Fiscal 2013 Highlights**

Russell Breweries Inc. generated \$4,309,628 gross sales for the first half of fiscal 2013 (“2013F YTD”), up \$192,902 or 5% compared to \$4,116,726 for the six months ended December 31, 2011 (“2012F YTD”). Net Sales for 2013F YTD were \$3,317,319 up \$186,660 or 6% compared to \$3,130,659 for 2012F YTD. The increase in the sales volumes of the Company’s premium and super premium brands were key drivers for the increase in gross and net revenue, which reflects the Company’s recent marketing strategy with a focus on premium brands.

The gross margin for 2013F YTD increased \$252,725 or 16% to \$1,846,450 compared to \$1,593,725 for 2012F YTD. The gross margin percentage of 2013F YTD was up 5% to 56% compared to 51% for 2012F YTD. The increase in gross margin is primarily a result of the continued sales growth in higher margin premium and super premium brands.

Selling, general and administration expenses for 2013F YTD were \$1,764,553 up \$38,061 or 2% compared to \$1,726,492 for 2012F YTD. Other expenses for 2013F YTD were down \$9,315 to \$161,232 compared to \$170,547 for 2012F YTD. The decrease is primarily a result of \$10,893 decrease in accretion of convertible debentures which is matured and converted to common shares of the Company in November and December 2012.

The Company has reclassified the depreciation charge for manufacturing property and equipment to cost of sales and certain selling and distribution costs to selling, general and administrative expense. For 2013F YTD, \$148,234 of \$220,000 depreciation has been reclassified to cost of sales compared to \$161,492 of 227,499 for 2012F YTD.

The Company had a net loss of \$151,101 for 2013F YTD compared to the net loss of \$369,321 for 2012F YTD. The decrease in net loss is primarily a result of \$252,725 increase in gross margin, and \$9,315 decrease in other expenses, which is offset by \$38,061 increase in selling, general and administrative expenses.

For further details the Company's complete MD&A and financial statements for the three and six months ending December 31, 2012 and 2011 are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's web site at [www.russellbeer.com](http://www.russellbeer.com).

**About Russell Breweries Inc.**

Russell Breweries Inc. is a leading Western Canadian brewer. It brews, markets, sells and distributes a diverse portfolio of award-winning beers that are produced by its wholly-owned regional breweries: Russell Brewing Company in British Columbia and Fort Garry Brewing Company in Manitoba. Both breweries are dedicated to producing high-quality, flavourful ales and lagers. Russell Breweries Inc. is publicly listed on the TSX Venture Exchange (TSX.V: RB).

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