



## **Russell Breweries Inc. Announces Results for First Nine Months of Fiscal 2013 Company Reports \$450,466 EBITDA Positive**

### **FOR IMMEDIATE RELEASE**

**VANCOUVER, Canada – May 31, 2013** - Russell Breweries Inc. (TSX.V: RB), a producer of premium craft beer, releases its financial results for the first nine months of Fiscal 2013, ended March 31, 2013.

“Overall, we are pleased to report that the Company has continued to make significant progress,” says Brian Harris, CEO. “This is the fourth quarter in a row that we have achieved a positive EBITDA. Sales are up over the period, margins are better and cost controls continue to contribute to an improving bottom line. The Company has reduced its working capital deficiency to \$598,258 compared to \$1,623,456 since June 30, 2012, an improvement of \$1,025,198, or 63%. This was a result of the successful conversion of the Company’s convertible debentures and its subsidiary’s exchangeable preferred shares to the common shares in the capital of the Company. The net result is a debt to equity ratio being reduced to 0.73 from 1.31 compared to June 30, 2012, an improvement of 44%.”

### **First Nine Months of Fiscal 2013 Highlights**

Russell Breweries Inc. generated \$6,228,321 gross sales for the first nine months of fiscal 2013 (“2013F YTD”), up \$164,205 or 3% compared to \$6,064,116 for the nine months ended March 31, 2012 (“2012F YTD”). Net Sales for 2013F YTD were \$4,857,006 up \$191,992 or 4% compared to \$4,665,014 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 \$379,518 or 16% to \$2,797,516 compared to \$2,417,998 for 2012F YTD. The gross margin percentage of 2013F YTD was up 6% to 58% compared to 52% 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 \$2,587,085 down \$69,041 or 3% compared to \$2,656,126 for 2012F YTD. Other expenses for 2013F YTD were down \$80,288 to \$188,539 compared to \$268,827 for 2012F YTD. The decrease is primarily a result of no accretion of and no interest charges on convertible debentures since the debentures matured and converted to common shares 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, \$240,035 of \$339,432 depreciation has been reclassified to cost of sales compared to \$241,395 of 345,163 for 2012F YTD.

The Company had a net loss of \$77,505 for 2013F YTD compared to the net loss of \$610,724 for 2012F YTD. The decrease in net loss is primarily a result of \$379,518 increase in gross margin, and \$69,041 decrease in selling, general and administrative expenses, and \$80,288 decrease in other expenses.

For further details the Company's complete MD&A and financial statements for the three and nine months ending March 31, 2013 and 2012 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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