



Russell Breweries Inc. Announces Fiscal 2014 Results

Company Reports \$758,847 EBITDA positive

VANCOUVER, Canada – October 28, 2014 - Russell Breweries Inc. (TSX.V:RB), a producer of premium craft beer, releases its financial results for the fourth quarter and Fiscal 2014, ended June 30, 2014.

“We are pleased with the continuing improvement of the Company over Fiscal 2014”, says Benjamin Li Yu, CEO. “We have continued to grow in a highly competitive market. Our margins have improved and cost controls and other initiatives implemented by our team have resulted in an improved bottom line. The Company is \$758,847 EBITDA positive for fiscal 2014 compared to \$314,375 for fiscal 2013.”

Fiscal 2014 Highlights (“2014F YTD”)

Gross revenue for 2014F YTD were \$9,451,371 up \$759,540 or 9% compared to \$8,691,831 for 2013F YTD. Net revenue for 2014F YTD were \$7,545,459 up \$813,233 or 12% compared to \$6,732,226 for 2013F YTD.

The gross margin for 2014F YTD increased by \$658,439 or 18% to \$4,242,845 compared to \$3,584,406 for 2013F YTD. The gross margin percentage of 2014F YTD was up 3% to 56% compared to 53% for 2013F YTD. The increase is mainly due to increased pricing and volumes and the higher sales volume of premium brands.

Selling, general and administrative expenses for 2014F YTD were \$3,797,159 up \$205,425 or 6% compared to \$3,591,734 for 2013F YTD. Other expenses for 2014F YTD were down \$66,056 to \$164,460 compared to \$230,516 for 2013F YTD.

The Company had a net income and comprehensive income of \$61,720 for 2014F YTD compared to a net loss and comprehensive loss of \$545,619 for the year ended June 30, 2013 (“2013F YTD”). The increase in net income is primarily due to an increase in gross margin of \$658,439, decrease in amortization of \$41,269, decrease in other expenses of \$66,056 and recovery of deferred income tax expense of \$31,000 which is offset by current tax expense of \$171,000 and increase in selling, general and administrative expenses of \$205,425.

Fourth Quarter Highlights (“Q4 2014F”)

Gross revenues for Q4 2014F were \$2,387,800 down \$75,710 or 3% compared to \$2,463,510 for Q4 2013F. Net revenue for Q4 2014F were \$1,979,796 up \$104,576 or 6% compared to \$1,875,220 for Q4 2013F.

The gross margin for Q4 2014F increased by \$289,631 or 37% to 1,076,519 compared to \$786,888 for Q4 2013F. The gross margin percentage of Q4 2014F was up 12% to 54% compared to 42% for Q4 2013F. The increase in gross margin percentage is mainly due to shift in sales mix to premium brands which command better pricing.

Selling, general and administrative expenses for Q4 2014F were \$1,058,591 up \$53,943 or 5% compared to \$1,004,648 for Q4 2013F. Other expenses for Q4 2014F were up \$6,207 to \$48,184 compared to \$41,977 for Q4 2013F.

The Company had a net loss and comprehensive loss of \$186,543 for Q4 2014F compared to \$468,115 for the three months ended June 30, 2013 ("Q3 2013F").

For further details the Company's complete MD&A and financial statements for the year ended June 30, 2014 and 2013 are available on SEDAR at www.sedar.com and the Company's web site at www.russellbeer.com.

Russell Breweries Inc produces premium beers in Western Canada in breweries located in BC and Manitoba. All products are held to the highest quality standards, brewed without any preservatives, ensuring that the passion that goes into crafting the beers comes through in the taste. Russell Breweries Inc. is a public company trading on the TSX Venture Exchange under the symbol "RB".

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