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YOCREAM INTERNATIONAL
FIRST QUARTER SALES INCREASED 23%
AND INCOME FROM OPERATIONS INCREASED 256%

PORTLAND, OR – MARCH 13, 2008 – YoCream International, Inc. (Pink Sheets: YOCCM), a manufacturer and wholesaler of frozen desserts and beverages, today reported the financial results for the first quarter ended January 31, 2008.

Sales for the three months ended January 31, 2008 increased 23.3% to \$5,136,000, and represented the seventh consecutive quarter of double digit growth. The breakdown of sales by category was as follows:

<u>Category</u>	<u>2008</u>	<u>% Total</u>	<u>2007</u>	<u>% Total</u>	<u>Dollar Change</u>	<u>% Change</u>
Frozen Desserts	\$3,511,000	68.4%	\$2,558,000	61.4%	\$953,000	37.3%
Frozen Beverages	1,531,000	29.8%	1,401,000	33.6%	131,000	9.4%
Co-packing	<u>94,000</u>	<u>1.8%</u>	<u>208,000</u>	<u>5.0%</u>	<u>(114,000)</u>	<u>(54.8%)</u>
Total	<u>\$5,136,000</u>	<u>100.0%</u>	<u>\$4,167,000</u>	<u>100.0%</u>	<u>\$ 969,000</u>	<u>23.3%</u>

The 37.3% increase in frozen dessert sales in the first quarter of 2008 primarily came from the Company's core frozen yogurt products. Strong sales of YoCream's flagship traditional sweeter-profile frozen yogurt have been complemented by increased demand for its creamy sweet and tangy Original Tart™ frozen yogurt that was reintroduced in the second quarter of 2007. The Company completed development of a second tart frozen yogurt branded EuroTart™ during the first quarter of 2008. This product has a lighter, frostier texture than Original Tart™ and a flavor profile more closely resembling the powdered products that are popular in certain markets. Sales of this product will begin in the second quarter of 2008.

The heightened public awareness of probiotics and the related benefits of yogurt continue to drive interest in cultured dairy products and desserts. In February, the International Dairy Foods Association (IDFA) opened its Ice Cream Technology Conference with the session, Frozen Yogurt: the “It” Dessert of 2008! John Hanna, YoCream CEO, spoke about frozen yogurt manufacturing practices and the importance of a standard of identity for frozen yogurt to include high live and active culture counts. YoCream’s frozen yogurt products are manufactured with a proprietary process that maintains high probiotic culture counts, distinguishing them from a number of competitive brands. The National Yogurt Association (NYA) has approved YoCream products to carry the Live and Active Culture (LAC) seal. Dan Kim, CEO of Red Mango, addressed the IDFA conference on consumer demand for frozen yogurt. YoCream is the exclusive manufacturer for Red Mango’s proprietary natural yogurt formula in the U.S.

In the first quarter of 2008, the Company began sales of a nonfat frozen yogurt smoothie base that it developed for a major fast food restaurant chain. The nationwide roll out of this product is expected to begin in the second quarter of this fiscal year.

The 9.4% increase in the frozen beverage category in the first quarter of 2008 primarily related to sales of Jolly Rancher® Frozen Beverage to major chains and convenience stores throughout the nation. New frozen beverage flavors were developed and introduced for the 2008 summer season including Twizzers™ Strawberry, Bubble Yum™ Cotton Candy and Jolly Rancher™ Cinnamon Fire. In the first quarter of 2008, a new Jolly Rancher™ Tropical Tremor™ Fruit Punch flavor was completed. Sales of these products as well as Jarritos™ frozen beverages are expected to seasonally intensify in the months ahead.

Co-packing sales were higher in the first quarter of 2007 because the Company was producing a yogurt and fruit smoothie retail product for a major food products company. Sales of this product were discontinued later in 2007. The Company is presently producing a coffee product for a California-based coffee company selling to the convenience store market. The Company is considering other co-packing opportunities on a selective basis.

Gross profit for the first quarter of 2008 increased 15.1% to \$2,019,000. As a percentage of sales, gross profit margins for the quarter were 39.3% compared to 42.1% in 2007. Over the past twelve months gross profit margins have been impacted by an increase in ingredient costs, mainly dairy products. As a result, management implemented a price increase in December 2007 and expects margins to stabilize in subsequent quarters.

Distribution expenses for the first quarter of 2008 decreased to 13.2% of sales compared with 14.9% for the same period in 2007. The reduction in distribution expenses as a percent of sales in 2008 was achieved as a result of an increase in full truck-load shipments with lower freight rates, and a reduction of inventory in outside storage. The recently completed facilities expansion project has provided additional onsite freezer space, which has reduced the need for outside storage.

Sales and marketing expenses for the first quarter of 2008 decreased to 10.5% of sales, compared to 13.4% for the same period in 2007. The reduction of sales and marketing expenses as a percentage of sales relates to the significant sales increase and reduced commissions.

General and administrative expenses for the first quarter of 2008 decreased to 10.1% of sales, compared with 11.9% for the same period in 2007. The decrease as a percentage of sales primarily relates to the increase in sales.

Income from operations for the first quarter of 2008 increased 256% to \$285,000 from \$80,000 for the same period in 2007. As a percentage of sales, income from operations in 2008 increased to 5.5% compared with 1.9% in 2007. The increase was due to the increase in sales and the reduction in operating costs and expenses as a percent of sales. The Company expects the positive sales trend to continue as a result of the increased demand for soft serve frozen yogurt, rollout of the Company's recently acquired business with a major fast food restaurant chain, new product introductions and continued intense sales activity.

Interest expense was lower in the first quarter of 2007 as a result of capitalized interest related to the facilities expansion project completed in the first quarter of 2007.

Net income increased for the first quarter of 2008 to \$100,000 or \$.04 per share, compared with \$1,000 for the same period in 2007. The increase was primarily due to the increase in income from operations. Management was pleased with the first quarter results and expects a strong year. The first quarter comes during the winter, and is the Company's slowest quarter.

Earnings before interest, taxes, and depreciation (EBITDA) for the first quarter of fiscal 2008 increased 97.3% to \$516,000, compared with \$262,000 for the same period in 2007.

YoCream International, Inc., with headquarters and a dairy and manufacturing facility in Portland, OR, is a pioneer and leading producer of frozen yogurt, desserts and beverages.

Founded in 1977, YoCream produces, markets and sells its signature frozen yogurt, tart frozen yogurt, ice cream and frozen custard mixes under the YoCream brand. YoCream's frozen beverage product lines include Fruitquake Frozen Drinks and Smoothies for blender, bar drinks and lemonades or ice teas as well as Jolly Rancher™, Bubble Yum™, Twizzlers™, and Jarritos™ Frozen Beverages for frozen carbonated and uncarbonated machine dispensing. The Company also co-packs similar products for other companies. Due to the nature of these products, sales are subject to seasonal fluctuations, with the summer months normally being the busiest season. The introduction and roll out of new products has tended to level the seasonal fluctuations.

This release may contain certain forward-looking statements, which are based on management's current expectations. Factors that could cause future results to vary materially from these expectations include, but are not limited to, change in distribution abilities, level of customer acceptance of new products, change in co-packing relationships and strategic alliances and other economic, competitive, governmental, and regulatory factors affecting the Company's operations, pricing, products and service.

YOCREAM INTERNATIONAL, INC.
STATEMENTS OF INCOME

For the three months ended January 31, 2008 and 2007
(Unaudited)

	<u>2008</u>	<u>2007</u>
Sales	\$ 5,136,176	\$ 4,166,522
Cost of goods sold	<u>3,117,198</u>	<u>2,411,934</u>
Gross profit	2,018,978	1,754,588
Distribution expenses	675,988	621,110
Selling and marketing expenses	539,492	558,419
General and administrative expenses	<u>518,738</u>	<u>494,974</u>
Income from operations	284,760	80,085
Other income (expense)		
Interest income	1,294	11,316
Interest expense	<u>(134,598)</u>	<u>(90,040)</u>
Income before income taxes	151,456	1,361
Income tax provision	<u>(51,200)</u>	<u>(500)</u>
Net income	<u>\$ 100,256</u>	<u>\$ 861</u>
Earnings per common share - basic	\$ 0.05	\$ 0.00
Earnings per common share - diluted	\$ 0.04	\$ 0.00
Shares used in basic earnings per share	2,174,606	2,095,752
Shares used in diluted earnings per share	2,282,237	2,132,385

YOCREAM INTERNATIONAL, INC
BALANCE SHEETS

	January 31, 2008 <u>(Unaudited)</u>	<u>October 31, 2007</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 50,576	\$ 70,701
Accounts receivable, net of allowance for doubtful accounts	1,325,841	1,562,955
Inventories	3,978,510	3,748,525
Other current assets	574,013	388,931
Deferred tax assets	<u>172,708</u>	<u>172,708</u>
Total current assets	6,101,648	5,943,820
Fixed assets, net	15,071,420	15,005,641
Intangible and other long-term assets, net	1,019,574	1,035,022
Deferred tax assets	<u>231,600</u>	<u>101,100</u>
	<u>\$ 22,424,242</u>	<u>\$ 22,085,583</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Note payable – line of credit	\$ 1,176,113	\$ 634,475
Current portion of long-term debt	569,588	569,588
Accounts payable	1,548,904	1,616,467
Income tax payable	30,082	125,882
Other accrued liabilities	<u>218,110</u>	<u>473,633</u>
Total current liabilities	3,542,797	3,420,045
Long-term debt, less current portion	8,316,880	7,996,013
Deferred tax liabilities	1,184,908	1,184,908
Other liabilities	<u>104,979</u>	<u>100,895</u>
Total liabilities	<u>13,149,564</u>	<u>12,701,861</u>
Shareholders' equity		
Preferred stock, no par value, none issued or outstanding	-	-
Common stock, no par value, 30,000,000 shares authorized, 2,174,606 issued and outstanding as of January 2008 and October 2007	6,426,965	6,426,965
Unearned compensation – restricted stock	(2,035,000)	(2,035,000)
Retained earnings	5,254,313	5,154,057
Accumulated other comprehensive income	<u>(371,600)</u>	<u>(162,300)</u>
Total shareholders' equity	<u>9,274,678</u>	<u>9,383,722</u>
	<u>\$ 22,424,242</u>	<u>\$ 22,085,583</u>

YOCREAM INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS

For the three months ended January 31, 2008 and 2007
(Unaudited)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net income	\$ 100,256	\$ 861
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	231,133	181,438
Deferred income taxes	-	1,000
Change in assets and liabilities		
Accounts receivable	237,114	119,536
Inventories	(229,985)	(314,227)
Other assets	(169,634)	(191,491)
Accounts payable	(67,563)	(224,905)
Income taxes payable	(95,800)	(35,900)
Other accrued liabilities	<u>(251,439)</u>	<u>(46,729)</u>
Net cash used in operating activities	<u>(245,918)</u>	<u>(510,417)</u>
Cash flows from investing activities		
Expenditures for fixed assets	<u>(386,912)</u>	<u>(2,235,534)</u>
Net cash used in investing activities	<u>(386,912)</u>	<u>(2,235,534)</u>
Cash flows from financing activities		
Proceeds from line of credit	541,638	796,220
Proceeds from long-term debt	90,000	-
Proceeds from development related grant	90,000	-
Principal payments on long-term debt	<u>(108,933)</u>	<u>(105,763)</u>
Net cash provided by financing activities	<u>612,705</u>	<u>690,457</u>
Net decrease in cash and cash equivalents	(20,125)	(2,055,494)
Cash and cash equivalents, beginning of period	<u>70,701</u>	<u>2,386,645</u>
Cash and cash equivalents, end of period	<u>\$ 50,576</u>	<u>\$ 331,151</u>