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YOCREAM INTERNATIONAL
ANNOUNCES RECORD SECOND QUARTER RESULTS:
YTD SALES UP 34.7%
OPERATING INCOME UP 339%
NET INCOME UP 711%

PORTLAND, OR – MAY 28, 2008 – YoCream International, Inc. (Pink Sheets: YOCCM), a manufacturer and wholesaler of frozen desserts and beverages, today reported the financial results for the second quarter ended April 30, 2008. To view the full results, please visit www.yocream.com.

It was a record second quarter with sales up 41.9%, and sales for the six months ended April 30, 2008 up 34.7% compared to the same period of 2007. Copacking sales were purposefully limited in order to operationally meet the explosive growth of the Company's proprietary products. The breakdown of sales by category was as follows:

<u>Category</u>	<u>6 months</u> <u>2008</u>	<u>%</u> <u>Total</u>	<u>6 months</u> <u>2007</u>	<u>%</u> <u>Total</u>	<u>Dollar</u> <u>Increase</u>	<u>%</u> <u>Change</u>
Frozen Desserts	\$9,985,000	69.0%	\$6,303,000	58.6%	\$3,682,000	58.4%
Frozen Beverages	4,338,000	30.0%	3,944,000	36.7%	394,000	10.0%
Co-packing	<u>155,000</u>	<u>1.0%</u>	<u>502,000</u>	<u>4.7%</u>	<u>(347,000)</u>	
Total	<u>\$14,478,000</u>	<u>100.0%</u>	<u>\$10,749,000</u>	<u>100.0%</u>	<u>\$ 3,729,000</u>	34.7%

For the six months ended April 30, gross profit margins were 41.1% in 2008 compared with 38.9% in 2007; income from operations was \$1,803,000 for 2008, a 339%

increase over the same period in 2007; net income was \$1,009,000, or \$0.44 per share, compared with \$124,000 or \$0.06 per share for the same period last year.

“This was an outstanding quarter for YoCream in both sales and earnings,” observed Matt Hanna, Director of Administration. “Income from operations and net income benefited from sales volume increases and the effects of management’s intense efforts to create operating efficiencies. We were even successful in reducing freight as a percentage of sales in this period of escalating fuel costs! It’s gratifying to report the strongest second quarter revenue and earnings growth in YoCream’s history. Opportunities at hand are indicative of the continuance of this positive trend.”

YoCream sales reached record levels as a result of consistently dynamic growth from both frozen desserts and frozen beverages. The sales increase of 58.4% in frozen desserts was lead by the Company’s core frozen yogurt products and significantly exceeded industry growth. 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. “YoCream continues to expand its frozen yogurt market share with strong results in both sweet-profile frozen yogurt and tart-profile frozen yogurt,” stated Suzanne Gardner, Director of Marketing. “We anticipate solid sales throughout the year based on the performance of current products and the introduction of new items.” EuroTart™ frozen yogurt was introduced in the second quarter to complement the Company’s popular Original Tart™ frozen yogurt, and a new Fruitquake™ flavoring system for Tart and plain frozen yogurt was promoted. “YoCream will introduce six new flavors of frozen yogurt with well-known national flavor brands in the third quarter,” continued Gardner. “A subcategory with new flavors will be added to YoCream’s successful frozen beverage line this summer as well.”

The second quarter of 2008 represents the eighth consecutive quarter of double digit sales growth for YoCream. Total YTD foodservice sales, exclusive of club and co-packing business are up approximately 75.9%. “This impressive performance includes expansion within existing accounts as well as new business development,” remarked Tyler Bargas, Director of Sales. “We’ve made considerable progress on a number of strategic initiatives and this growth provides momentum into the next fiscal year.” Sales of a frozen yogurt smoothie base developed for a major fast food restaurant chain began a nationwide roll out in the second quarter. “Escalating volumes for this account are expected to have a significant

and positive impact on continuing operations,” stated Bargas. “The Company also has a contract in place to produce a frozen beverage product for another large corporation in fiscal 2009.”

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. YoCream’s end-user customers number in the thousands and include marquee convenience stores, quality quick service restaurants, warehouse stores, prestigious eating establishments, large grocery chains, frozen yogurt shops, colleges, military and government foodservice locations, international restaurants and neighborhood stores involving over 250 specialty and full line distributors in the supply chain.

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
(Unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2008	2007	2008	2007
Sales	\$ 9,342,286	\$ 6,582,528	\$ 14,478,462	\$ 10,749,050
Cost of goods sold	<u>5,416,054</u>	<u>4,154,996</u>	<u>8,533,252</u>	<u>6,566,930</u>
Gross profit	3,926,232	2,427,532	5,945,210	4,182,120
Operating costs and expenses				
Distribution expenses	1,139,512	849,021	1,815,500	1,470,131
Selling, and marketing expenses	707,546	745,215	1,247,038	1,303,634
General and administrative expenses	<u>561,142</u>	<u>502,520</u>	<u>1,079,880</u>	<u>997,494</u>
Income from operations	1,518,032	330,776	1,802,792	410,861
Other income (expenses)				
Interest income	-	3,388	1,294	14,704
Interest expense	<u>(135,696)</u>	<u>(139,636)</u>	<u>(270,294)</u>	<u>(229,676)</u>
Income before income taxes	1,382,336	194,528	1,533,792	195,889
Income tax provision	<u>473,300</u>	<u>71,000</u>	<u>524,500</u>	<u>71,500</u>
Net income	<u>\$ 909,036</u>	<u>\$ 123,528</u>	<u>\$ 1,009,292</u>	<u>\$ 124,389</u>
Earnings per common share – basic	<u>\$0.42</u>	<u>\$0.06</u>	<u>\$0.46</u>	<u>\$0.06</u>
Earnings per common share – diluted	<u>\$0.40</u>	<u>\$0.06</u>	<u>\$0.44</u>	<u>\$0.06</u>
Shares used in basic earnings per share	<u>2,174,606</u>	<u>2,095,752</u>	<u>2,176,995</u>	<u>2,095,752</u>
Shares used in diluted earnings per share	<u>2,293,957</u>	<u>2,143,889</u>	<u>2,290,486</u>	<u>2,136,051</u>

YOCREAM INTERNATIONAL, INC
BALANCE SHEETS

	April 30, 2008 <u>(Unaudited)</u>	<u>October 31, 2007</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 130,917	\$ 70,701
Accounts receivable, net	2,568,183	1,562,955
Inventories	4,465,415	3,748,525
Other current assets	536,053	388,931
Deferred tax assets	<u>172,708</u>	<u>172,708</u>
Total current assets	7,873,276	5,943,820
Fixed assets, net	14,988,042	15,005,641
Intangible and other long-term assets, net	1,005,326	1,035,022
Deferred tax assets	<u>212,400</u>	<u>101,100</u>
	<u>\$ 24,079,044</u>	<u>\$ 22,085,583</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Note payable – line of credit	\$ 865,620	\$ 634,475
Current portion of long-term debt	574,200	569,588
Accounts payable	2,358,107	1,616,467
Income tax payable	437,483	125,882
Other accrued liabilities	<u>310,947</u>	<u>473,633</u>
Total current liabilities	4,546,357	3,420,045
Long-term debt, less current portion	8,037,526	7,996,013
Deferred tax liabilities	1,184,908	1,184,908
Other liabilities	<u>110,039</u>	<u>100,895</u>
Total liabilities	<u>13,878,830</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	6,412,665	6,426,965
Unearned compensation – restricted stock	(2,035,000)	(2,035,000)
Retained earnings	6,163,349	5,154,057
Accumulated other comprehensive income	<u>(340,800)</u>	<u>(162,300)</u>
Total shareholders' equity	<u>10,200,214</u>	<u>9,383,722</u>
	<u>\$ 24,079,044</u>	<u>\$ 22,085,583</u>

YOCREAM INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS

For the six months ended April 30, 2008 and 2007
(Unaudited)

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net income	\$ 1,009,292	\$ 124,389
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	466,373	391,172
Deferred income taxes	-	8,000
Change in assets and liabilities		
Accounts receivable	(1,005,228)	(531,711)
Inventories	(716,890)	(529,365)
Other assets	(117,426)	(271,232)
Accounts payable	741,641	829,069
Income taxes receivable and payable	311,600	28,100
Other accrued liabilities	(153,542)	28,244
Net cash provided by operating activities	<u>535,820</u>	<u>76,666</u>
Cash flows from investing activities		
Expenditures for fixed assets	<u>(538,774)</u>	<u>(2,949,904)</u>
Net cash used in investing activities	<u>(538,774)</u>	<u>(2,949,904)</u>
Cash flows from financing activities		
Proceeds from line of credit	231,145	723,469
Proceeds from long-term debt	90,000	-
Proceeds from development related grant	90,000	-
Proceeds from finance lease line	-	139,393
Proceeds from exercise of stock options	23,150	-
Principal payments on long-term debt	(333,675)	(212,316)
Repurchase of common stock	(46,250)	-
Excess tax benefits of stock options exercised	8,800	-
Net cash provided by financing activities	<u>63,170</u>	<u>650,546</u>
Net increase (decrease) in cash and cash equivalents	60,216	(2,222,692)
Cash and cash equivalents, beginning of period	<u>70,701</u>	<u>2,386,645</u>
Cash and cash equivalents, end of period	<u>\$ 130,917</u>	<u>\$ 163,953</u>