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**YOCREAM INTERNATIONAL  
ANNOUNCES ANOTHER RECORD QUARTER:  
SALES UP 51.2% AND NET INCOME UP 284%**

PORTLAND, OR – AUGUST 27, 2008 – YoCream International, Inc. (Pink Sheets: YOCCM), a manufacturer and wholesaler of frozen desserts and beverages, today reported the financial results for the third quarter ended July 31, 2008.

It was a record third quarter with sales up 51.2% to \$15,152,000 and net income up 284% to \$1,924,000. Gross profit margins in the third quarter were 42.7% compared with 34.6% in the prior year; income from operations was \$3,297,000, a 257% increase over the same period in 2007.

Sales for the nine months ended July 31, 2008 were up 42.7% to \$29,631,000. Gross profit margins were 41.9% in 2008 compared with 36.9% in 2007; income from operations was \$5,100,000, a 282% increase over the prior year; net income was up 369% to \$2,934,000, or \$1.27 per share, compared with \$625,000 or \$0.29 per share for the same period last year. Copacking sales were purposefully limited in order to operationally meet the significant sales growth of the Company’s proprietary products. Sales by category were as follows:

<u>Category</u>	<u>9 months 2008</u>	<u>% Total</u>	<u>9 months 2007</u>	<u>% Total</u>	<u>Dollar Increase</u>	<u>% Change</u>
Frozen Desserts	\$21,369,000	72.1%	\$11,888,000	57.2%	\$9,481,000	79.7%
Frozen Beverages	8,107,000	27.4%	7,800,000	37.6%	307,000	3.9%
Co-packing	<u>155,000</u>	<u>0.5%</u>	<u>1,083,000</u>	<u>5.2%</u>	<u>(928,000)</u>	
Total	<u>\$29,631,000</u>	<u>100.0%</u>	<u>\$20,771,000</u>	<u>100.0%</u>	<u>\$ 8,860,000</u>	42.7%

“It has been an outstanding year to date for us, with 9 months sales and earnings breaking through the 12 months results of previous years, and the momentum continues,” observed Matt Hanna, Director of Administration. “Meeting the operational challenges of such explosive growth is a testimony to the commitment and capability of our YoCream team.”

The third quarter of 2008 represents the ninth consecutive quarter of double digit sales growth for YoCream. Total YTD foodservice sales, exclusive of club and co-packing business were up approximately 105%. “We are enjoying considerable growth in major markets across the U.S.,” noted Tyler Bargas, Director of Sales. “YoCream continues to nationally lead the away-from-home frozen yogurt and beverage category with a firm knowledge of the customer base and well-executed sales strategies.”

New product introductions in the fourth quarter of 2008 are expected to advance sales into the 2009 selling season. “We completed a third quarter consumer taste test and will roll out 7 frozen yogurt flavors in a new YoCream Select line,” noted Suzanne Gardner, Director of Marketing. “Five new frozen beverage flavors will also be introduced at the National Association of Convenience Stores (NACS) Show in Chicago on October 5, 2008. The new frozen yogurt flavors and beverages both carry national brands that compliment the high quality of YoCream products.”

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		Nine Months Ended	
	July 31,		July 31,	
	2008	2007	2008	2007
Sales	\$ 15,152,365	\$ 10,021,957	\$ 29,630,827	\$ 20,771,007
Cost of goods sold	<u>8,682,087</u>	<u>6,549,401</u>	<u>17,215,339</u>	<u>13,116,331</u>
Gross profit	6,470,278	3,472,556	12,415,488	7,654,676
Operating costs and expenses				
Distribution expenses	1,555,880	1,202,864	3,371,380	2,672,995
Selling, and marketing expenses	936,965	796,840	2,184,003	2,100,474
General and administrative expenses	<u>680,099</u>	<u>548,718</u>	<u>1,759,979</u>	<u>1,546,212</u>
Income from operations	3,297,334	924,134	5,100,126	1,334,995
Other income (expenses)				
Interest income	2,088	-	3,382	14,516
Interest expense	(123,189)	(144,127)	(393,483)	(373,803)
Restricted stock compensation	(196,900)	(37,400)	(196,900)	(37,400)
Other (net)	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,188</u>
Income before income taxes	2,979,333	744,607	4,513,125	940,496
Income tax provision	<u>1,055,000</u>	<u>243,600</u>	<u>1,579,500</u>	<u>315,100</u>
Net income	<u>\$ 1,924,333</u>	<u>\$ 501,007</u>	<u>\$ 2,933,625</u>	<u>\$ 625,396</u>
Earnings per common share – basic	<u>\$0.87</u>	<u>\$0.24</u>	<u>\$1.34</u>	<u>\$0.30</u>
Earnings per common share – diluted	<u>\$0.82</u>	<u>\$0.23</u>	<u>\$1.27</u>	<u>\$0.29</u>
Shares used in basic earnings per share	<u>2,214,445</u>	<u>2,099,341</u>	<u>2,187,886</u>	<u>2,096,948</u>
Shares used in diluted earnings per share	<u>2,345,829</u>	<u>2,156,396</u>	<u>2,307,341</u>	<u>2,142,833</u>

YOCREAM INTERNATIONAL, INC  
BALANCE SHEETS

	July 31, 2008 <u>(Unaudited)</u>	<u>October 31, 2007</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,601,429	\$ 70,701
Accounts receivable, net	3,327,791	1,562,955
Inventories	3,908,603	3,748,525
Other current assets	539,542	388,931
Deferred tax assets	<u>172,708</u>	<u>172,708</u>
Total current assets	10,550,073	5,943,820
Fixed assets, net		
Intangible and other long-term assets, net	15,228,186	15,005,641
Deferred tax assets	997,059	1,035,022
	<u>172,800</u>	<u>101,100</u>
	<u>\$ 26,948,118</u>	<u>\$ 22,085,583</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Note payable – line of credit	\$ -	\$ 634,475
Current portion of long-term debt	573,413	569,588
Accounts payable	2,960,737	1,616,467
Income tax payable	1,296,266	125,882
Other accrued liabilities	<u>499,654</u>	<u>473,633</u>
Total current liabilities	5,330,070	3,420,045
Long-term debt, less current portion		
Deferred tax liabilities	7,824,459	7,996,013
Other liabilities	1,184,908	1,184,908
	<u>114,434</u>	<u>100,895</u>
Total liabilities	14,453,871	12,701,861
Shareholders' equity		
Preferred stock, no par value, none issued or outstanding	-	-
Common stock, no par value, 30,000,000 shares authorized, 2,219,356 and 2,174,606 issued and outstanding at July 31, 2008 and October 31, 2007, respectively	6,521,765	6,426,965
Unearned compensation – restricted stock	(1,838,100)	(2,035,000)
Retained earnings	8,087,682	5,154,057
Accumulated other comprehensive income	<u>(277,100)</u>	<u>(162,300)</u>
Total shareholders' equity	12,494,247	9,383,722
	<u>\$ 26,948,118</u>	<u>\$ 22,085,583</u>

YOCREAM INTERNATIONAL, INC.  
STATEMENTS OF CASH FLOWS

For the nine months ended July 31, 2008 and 2007  
(Unaudited)

	2008	2007
Cash flows from operating activities		
Net income	\$ 2,933,625	\$ 625,396
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	714,386	630,263
Deferred income taxes	-	18,900
Change in assets and liabilities		
Accounts receivable	(1,764,836)	(620,589)
Inventories	(160,078)	(144,812)
Other assets	(112,648)	(170,049)
Accounts payable	1,344,270	114,856
Income taxes receivable and payable	1,170,384	205,775
Restricted stock compensation	196,900	37,400
Other accrued liabilities	39,560	(21,051)
Net cash provided by operating activities	4,361,563	676,089
Cash flows from investing activities		
Expenditures for fixed assets	(1,026,931)	(3,266,637)
Net cash used in investing activities	(1,026,931)	(3,266,637)
Cash flows from financing activities		
Proceeds from (payments on) line of credit	(634,475)	483,128
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	(444,229)	(319,571)
Repurchase of common stock	(46,250)	-
Excess tax benefits of options and restricted stock	117,900	-
Net cash provided by (used in) financing activities	(803,904)	302,950
Net increase (decrease) in cash and cash equivalents	2,530,728	(2,287,598)
Cash and cash equivalents, beginning of period	70,701	2,386,645
Cash and cash equivalents, end of period	\$ 2,601,429	\$ 99,047

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