



For More Information, Contact:

Terry Lusetti
Investor Relations

503-256-3754

www.yocream.com

**YOCREAM INTERNATIONAL
REPORTS CONTINUED RECORD SALES AND EARNINGS**

PORTLAND, OR, AUGUST 27, 2009 – YOCREAM International, Inc. (YOOCM) is pleased to announce record results for its nine months ended July 31, 2009:

	<u>2009</u>	<u>2008</u>	<u>% Increase</u>
Sales	\$37,224,000	\$29,631,000	25.6%
Income from Operations	\$ 8,229,000	\$5,100,000	61.4%
Net Income	\$ 4,502,000	\$2,934,000	53.4%
Earnings per Share	\$1.82	\$1.27	43.3%

Sales for the third quarter ended July 31, 2009 increased 5.3% to \$15,955,000, representing the thirteenth consecutive quarter of sales growth. Sales for the nine months increased 25.6% to \$37,224,000 when compared to the same period of 2008.

“The single digit growth rate in the third quarter is not a negative,” stated Tyler Bargas, Director of Sales. “The third quarter merely saw us catch up with last year’s roll out of smoothie sales to a major national account. In fact, sales of our core frozen yogurt products are up 66% in the third quarter. We continue to work with large national accounts. Four more are in test with different products right now. So we expect steady growth ahead for our core products as well as surges in sales should the national accounts approve the products in test.”

“New frozen yogurt stores, both independent and chains, continue to open at an accelerated pace throughout the nation,” said Suzanne Gardner, Director of Marketing. “This is not a short term bubble of growth in the popularity of frozen yogurt. Consumer understanding of the health

benefits of probiotics and the enjoyment of the yogurt experience has resulted in a long term shift toward frozen yogurt with live and active cultures as a preferred frozen dessert.”

YoCream also announced that it has recently been awarded the Premier healthcare alliance sole source supplier contract for soft serve frozen yogurt, ice cream and custard. The Premier healthcare alliance represents more than 2,200 U.S. hospitals and 63,000-plus other healthcare sites, as well as a number of major universities. “We are proud that Premier has recognized our category leadership in quality and service with contract exclusivity,” Bargas commented.

When asked about capacity to respond to additional surges in sales to large national accounts, Senior Director Matt Hanna reported that YoCream will complete \$4 million in FY '09 plant infrastructure capital expansion. This will effectively double the capacity to pasteurize, culture, and package frozen yogurt mix. “We can now run in one shift what was taking us two shifts to produce,” he stated. “We believe significant growth is coming and we are prepared to support our core business and new customers.”

For the nine months ended July 31, gross profit margins were 46.2% in 2009 compared with 41.9% in 2008; a 38.6% increase to \$17,206,000. Year to date income from operations increased 61.4% to \$8.2 million versus \$5.1 million a year ago.

Full quarterly report with management’s discussion, analysis and footnotes will be posted by September 15, 2009 on the Company’s website.

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 services.

YOCREAM INTERNATIONAL, INC.

STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2009	2008	2009	2008
Sales	\$ 15,955,206	\$ 15,152,365	\$ 37,223,816	\$ 29,630,827
Cost of goods sold	<u>8,750,096</u>	<u>8,682,087</u>	<u>20,018,074</u>	<u>17,215,339</u>
Gross profit	7,205,110	6,470,278	17,205,742	12,415,488
Operating costs and expenses				
Distribution expenses	1,541,357	1,555,880	3,492,268	3,371,380
Selling, and marketing expenses	1,018,234	936,965	2,620,456	2,184,003
General and administrative expenses	<u>1,212,140</u>	<u>680,099</u>	<u>2,863,607</u>	<u>1,759,979</u>
Income from operations	3,433,379	3,297,334	8,229,411	5,100,126
Other income (expenses)				
Interest income	5,217	2,088	21,971	3,382
Interest expense	(141,304)	(123,189)	(373,692)	(393,483)
Restricted stock compensation	<u>(671,700)</u>	<u>(196,900)</u>	<u>(952,200)</u>	<u>(196,900)</u>
Income before income taxes	2,625,592	2,979,333	6,925,490	4,513,125
Income tax provision	<u>918,900</u>	<u>1,055,000</u>	<u>2,423,900</u>	<u>1,579,500</u>
Net income	<u>\$ 1,706,692</u>	<u>\$ 1,924,333</u>	<u>\$ 4,501,590</u>	<u>\$ 2,933,625</u>
Earnings per common share – basic	<u>\$0.65</u>	<u>\$0.87</u>	<u>\$1.88</u>	<u>\$1.34</u>
Earnings per common share – diluted	<u>\$0.65</u>	<u>\$0.82</u>	<u>\$1.82</u>	<u>\$1.27</u>
Shares used in basic earnings per share	<u>2,607,898</u>	<u>2,214,445</u>	<u>2,391,842</u>	<u>2,187,886</u>
Shares used in diluted earnings per share	<u>2,607,898</u>	<u>2,345,829</u>	<u>2,479,668</u>	<u>2,307,341</u>

YOCREAM INTERNATIONAL, INC

BALANCE SHEETS

	July 31, 2009 <u>(Unaudited)</u>	October 31, 2008 <u>(Audited)</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,931,641	\$ 7,169,393
Accounts receivable, net	3,690,041	2,346,555
Inventories	5,582,082	3,614,226
Other current assets	556,336	346,722
Deferred tax assets	<u>218,877</u>	<u>218,877</u>
Total current assets	16,978,977	13,695,773
Fixed assets, net	16,533,044	14,297,886
Intangible and other long-term assets, net	1,058,721	1,108,290
Deferred tax assets	<u>291,600</u>	<u>191,900</u>
	<u>\$ 34,862,342</u>	<u>\$ 29,293,849</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Note payable – line of credit	\$ -	\$ -
Current portion of long-term debt	609,009	616,155
Accounts payable	2,817,770	2,661,073
Income tax payable	841,245	1,778,606
Other accrued liabilities	<u>1,182,873</u>	<u>833,459</u>
Total current liabilities	5,450,897	5,889,293
Long-term debt, less current portion	7,499,778	7,720,045
Deferred tax liabilities	1,514,477	1,344,077
Other liabilities	<u>138,042</u>	<u>119,376</u>
Total liabilities	<u>14,603,194</u>	<u>15,072,791</u>
Shareholders' equity		
Preferred stock, no par value, none issued or outstanding	-	-
Common stock, no par value, 30,000,000 shares authorized, 2,607,898 and 2,262,210 issued and outstanding as of July 2009 and October 2008	7,363,165	6,618,865
Unearned compensation – restricted stock	(671,630)	(1,623,830)
Retained earnings	14,035,313	9,533,723
Accumulated other comprehensive income	<u>(467,700)</u>	<u>(307,700)</u>
Total shareholders' equity	<u>20,259,146</u>	<u>14,221,058</u>
	<u>\$ 34,862,342</u>	<u>\$ 29,293,849</u>

YOCREAM INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS

For the nine months ended July 31, 2009 and 2008
(Unaudited)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Net income	\$ 4,501,590	\$ 2,933,625
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	763,623	714,386
Deferred income taxes	170,400	-
Change in assets and liabilities		
Accounts receivable	(1,343,486)	(1,764,836)
Inventories	(1,967,856)	(160,078)
Other assets	(160,045)	(112,648)
Accounts payable	(412,515)	1,344,270
Income taxes payable	(937,361)	1,170,384
Restricted stock compensation	952,200	196,900
Other accrued liabilities	368,080	39,560
Net cash provided by operating activities	<u>1,934,630</u>	<u>4,361,563</u>
Cash flows from investing activities		
Proceeds from sale and leaseback of equipment	438,753	-
Expenditures for fixed assets	<u>(2,868,322)</u>	<u>(1,026,931)</u>
Net cash used in investing activities	<u>(2,429,569)</u>	<u>(1,026,931)</u>
Cash flows from financing activities		
Payments on line of credit	-	(634,475)
Proceeds from long-term debt	-	90,000
Proceeds from development grant	-	90,000
Principal payments on long-term debt	(487,113)	(444,229)
Repurchase of common stock	-	(46,250)
Proceeds from exercise of stock options	-	23,150
Excess tax benefits of restricted stock and options	744,300	117,900
Net cash provided by (used in) financing activities	<u>257,187</u>	<u>(803,904)</u>
Net increase (decrease) in cash and cash equivalents	(237,752)	2,530,728
Cash and cash equivalents, beginning of period	<u>7,169,393</u>	<u>70,701</u>
Cash and cash equivalents, end of period	<u>\$ 6,931,641</u>	<u>\$ 2,601,429</u>

###