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**YOCREAM INTERNATIONAL
ANNOUNCES ANOTHER RECORD QUARTER:
SALES UP 79.8% FOR THE QUARTER AND 52.4% FOR THE YEAR**

PORTLAND, OR – JANUARY 27, 2009 – YoCream International, Inc. (Pink Sheets: YOXM), a manufacturer and wholesaler of frozen desserts and beverages, today reported the financial results for the fourth quarter and fiscal year ended October 31, 2008.

The record fourth quarter of 2008 represents the tenth consecutive quarter of double digit sales growth for YoCream with sales up 79.8% to \$13,340,000 and a record quarterly net income of \$1,446,000.

Fiscal year 2008 was an outstanding year with sales up 52.4% to \$42,971,000. Gross profit margins were 42.7% in 2008 compared with 36.6% in 2007; net income was \$4,380,000 or \$1.89 per share, compared with \$619,000 or \$0.29 per share for the prior year. The breakdown of sales by category was as follows:

<u>Category</u>	<u>12 months 2008</u>	<u>% Total</u>	<u>12 months 2007</u>	<u>% Total</u>	<u>Dollar Increase</u>	<u>% Change</u>
Frozen Desserts	\$ 32,313,000	75.2%	\$ 16,715,000	59.3%	\$ 15,598,000	93.3%
Frozen Beverages	10,503,000	24.4%	10,086,000	35.8%	417,000	4.1%
Co-packing	<u>155,000</u>	<u>0.4%</u>	<u>1,389,000</u>	<u>4.9%</u>	<u>(1,234,000)</u>	
Total	<u>\$ 42,971,000</u>	<u>100.0%</u>	<u>\$ 28,190,000</u>	<u>100.0%</u>	<u>\$ 14,781,000</u>	52.4%

The 93.3% increase in frozen desert sales in fiscal 2008 primarily came from the Company's core frozen yogurt products. YoCream's flagship sweeter-profile frozen yogurt sales were outstanding and continue to grow as consumers focus on wellness and affordable enjoyment. The Company realized significant sales of its Original Tart™ frozen yogurt, which was reintroduced in the second quarter of 2007. These sales were augmented

by the introduction of EuroTart™ frozen yogurt at the beginning of fiscal 2008. YoCream frozen yogurt far exceeds the culture requirements set forth by the National Yogurt Association and the Company displays the Live and Active Cultures (LAC) seal on these products to help consumers identify them as real frozen yogurt. The 4.1% increase in the frozen beverage category in fiscal 2008 primarily related to sales of Jolly Rancher® frozen beverage. YoCream developed and introduced the Jolly Rancher® Frozen Beverage brand in mid-2006 and released new flavors in 2008, including Cherry Orange and Tropical Tremor™ Fruit Punch. The Company is pleased with the continued growth of these products and enjoys business with major chains and convenience stores throughout the nation.

In 2008, foodservice sales increased approximately 128%, exceeding expectations. Copacking sales were purposefully limited to meet the explosive growth of the Company's proprietary products.

YoCream is well positioned to build on its 2008 success in fiscal 2009, especially with the launch of new branded flavors. In the fourth quarter of 2008 the Company introduced YoCream Select frozen yogurt exclusively featuring Hershey®'s branded flavors. This line features six popular flavor profiles: Hershey®'s Kisses™ Chocolate, York™ Chocolate Peppermint, Heath™ Toffee, Reese's™ Peanut Butter, Bubble Yum™, and Hershey®'s Kisses™ Chocolate Cherry Cordial. YoCream has developed new Rockstar® Original and Rockstar® Punched frozen beverage products for introduction in the second quarter of 2009. Rockstar® is the one of the top energy drink brands on the market. The frozen beverage line will be rounded out with Ice Breakers™ sugar free frozen beverages. Ice Breakers™ Peach Dragonfruit and Lime Coconut are available for purchase and two new flavors will be added in the spring. YoCream will also release a new Original Tart™ frozen yogurt flavor in the second quarter of 2009. YoCream's complete annual report and management's discussion and analysis is posted at www.yocream.com and www.pinksheets.com.

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 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

	Three Months Ended October 31,		Twelve Months Ended October 31,	
	2008	2007	2008	2007
Sales	\$ 13,340,245	\$ 7,419,433	\$ 42,971,072	\$ 28,190,440
Cost of goods sold	<u>7,412,709</u>	<u>4,750,137</u>	<u>24,628,048</u>	<u>17,866,468</u>
Gross profit	5,927,536	2,669,296	18,343,024	10,323,972
Operating costs and expenses				
Distribution expenses	1,252,407	887,250	4,623,787	3,560,245
Selling, and marketing expenses	958,393	728,004	3,142,396	2,828,478
General and administrative expenses	<u>1,195,946</u>	<u>607,433</u>	<u>2,955,925</u>	<u>2,153,645</u>
Income from operations	2,520,790	446,609	7,620,916	1,781,604
Other income (expenses)				
Interest income	18,615	-	21,997	14,516
Other (net)	1,525	3,000	1,525	5,188
Interest expense	(136,119)	(127,785)	(529,602)	(501,588)
Restricted stock compensation	<u>(214,270)</u>	<u>(335,300)</u>	<u>(411,170)</u>	<u>(372,700)</u>
Income before income taxes	2,190,541	(13,476)	6,703,666	927,020
Income tax provision	<u>744,500</u>	<u>7,100</u>	<u>2,324,000</u>	<u>308,000</u>
Net income	<u>\$ 1,446,041</u>	<u>\$ (6,376)</u>	<u>\$ 4,379,666</u>	<u>\$ 619,020</u>
Earnings per common share – basic	<u>\$0.65</u>	<u>\$0.00</u>	<u>\$1.99</u>	<u>\$0.29</u>
Earnings per common share – diluted	<u>\$0.61</u>	<u>\$0.00</u>	<u>\$1.89</u>	<u>\$0.29</u>
Shares used in basic earnings per share	<u>2,239,355</u>	<u>2,124,556</u>	<u>2,200,753</u>	<u>2,103,850</u>
Shares used in diluted earnings per share	<u>2,370,767</u>	<u>2,197,310</u>	<u>2,323,198</u>	<u>2,156,452</u>

YOCREAM INTERNATIONAL, INC.
BALANCE SHEETS
October 31,

	2008	2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,169,393	\$ 70,701
Accounts receivable, net of allowance for doubtful accounts of \$43,400 in 2008 and \$17,300 in 2007	2,346,555	1,562,955
Inventories	3,614,226	3,748,525
Other current assets	346,722	388,931
Deferred tax assets	218,877	172,708
Total current assets	13,695,773	5,943,820
Fixed assets, net	14,297,886	15,005,641
Intangible and other long-term assets, net	1,108,290	1,035,022
Deferred tax assets	191,900	101,100
	\$ 29,293,849	\$ 22,085,583
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Note payable – line of credit	\$ -	\$ 634,475
Current portion of long-term debt	616,155	569,588
Accounts payable	2,661,073	1,616,467
Income tax payable	1,778,606	125,882
Other accrued liabilities	833,459	473,633
Total current liabilities	5,889,293	3,420,045
Long-term debt, less current portion	7,720,045	7,996,013
Deferred tax liabilities	1,344,077	1,184,908
Other liabilities	119,376	100,895
Total liabilities	15,072,791	12,701,861
Shareholders' equity		
Preferred stock, no par value, 5,000,000 shares authorized, none issued or outstanding	-	-
Common stock, no par value, 30,000,000 shares authorized	6,618,865	6,426,965
Unearned compensation – restricted stock	(1,623,830)	(2,035,000)
Retained earnings	9,533,723	5,154,057
Accumulated other comprehensive income	(307,700)	(162,300)
Total shareholders' equity	14,221,058	9,383,722
	\$ 29,293,849	\$ 22,085,583

YOCREAM INTERNATIONAL, INC
STATEMENTS OF CASH FLOWS
For the years ended October 31,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Net income	\$ 4,379,666	\$ 619,020
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	954,034	886,724
Deferred income taxes	113,000	29,000
Change in assets and liabilities		
Accounts receivable	(783,600)	(225,351)
Inventories	134,299	(359,371)
Other assets	(31,059)	(190,732)
Accounts payable	1,044,606	(639,551)
Income taxes receivable and payable	1,652,724	95,385
Restricted stock compensation	411,170	372,700
Other accrued liabilities	<u>378,307</u>	<u>192,770</u>
Net cash provided by operating activities	<u>8,253,147</u>	<u>780,594</u>
Cash flows from investing activities		
Proceeds from sale and lease back of equipment	1,000,314	-
Expenditures for fixed assets	<u>(1,336,593)</u>	<u>(3,514,614)</u>
Net cash used in investing activities	<u>(336,279)</u>	<u>(3,514,614)</u>
Cash flows from financing activities		
Proceeds from (payments on) line of credit	(634,475)	634,475
Proceeds from term loan	-	139,393
Proceeds from long-term debt	90,000	-
Proceeds from development grant	90,000	-
Proceeds from stock options	23,150	-
Repurchase of common stock	(46,250)	-
Principal payments on long-term debt	(555,601)	(427,792)
Excess tax benefits of options and restricted stock	<u>215,000</u>	<u>72,000</u>
Net cash provided by (used in) financing activities	<u>(818,176)</u>	<u>418,076</u>
Net increase (decrease) in cash and cash equivalents	7,098,692	(2,315,944)
Cash and cash equivalents, beginning of year	<u>70,701</u>	<u>2,386,645</u>
Cash and cash equivalents, end of year	<u>\$ 7,169,393</u>	<u>\$ 70,701</u>