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**YOOREAM INTERNATIONAL REPORTS**  
**EARNINGS FOR THE SIX MONTHS UP 84.2%**

PORTLAND, OR – JULY 6, 2006 – YoCream International, Inc. (Pink Sheets: YOOCM), a manufacturer and wholesaler of frozen desserts and beverages, today reported the financial results for the second quarter and six months ended April 30, 2006.

Sales for the three months ended April 30, 2006 increased 4.8% to \$5,281,000, compared to \$5,037,000 in the second quarter of 2005. For the six months ended April 30, sales increased 4.6% to \$8,940,000 compared to \$8,543,000 in the same period of 2005. The breakdown of sales for the six months by category was as follows:

<u>Category</u>	<u>2006</u>	<u>% Total</u>	<u>2005</u>	<u>% Total</u>	<u>Dollar Change</u>	<u>% Change</u>
Frozen Desserts	\$5,704,000	63.8%	\$5,735,000	67.1%	\$ (31,000)	(0.1)%
Frozen Beverages	2,861,000	32.0%	2,808,000	32.9%	53,000	1.9%
Co-packing	<u>375,000</u>	<u>4.2%</u>	<u>-</u>	<u>-%</u>	<u>375,000</u>	<u>-%</u>
Total	<u>\$8,940,000</u>	<u>100.0%</u>	<u>\$8,543,000</u>	<u>100.0%</u>	<u>\$ 397,000</u>	<u>4.6%</u>

The increase in sales is primarily related to the growth in co-packing sales in addition to the recently launched Jolly Rancher® frozen beverage line. Frozen dessert sales showed a decrease primarily because sales in the second quarter of 2005 included a retail pint product which has since been discontinued. Sales in May and June of 2006 have accelerated the favorable trend and shown double digit increases over 2005 in all major product categories.

Gross profit margins for the second quarter were 25.6% in 2006 compared with 28.2% in 2005. For the six months ended April 30, gross profit margins were 27.6% in

2006 compared with 28.0% in 2005. The decrease in margins in the current year has primarily been due to an increase in freight costs as a result of the trend in fuel prices and an increase in outside storage costs during the expansion of the Company's production facilities. Co-packing or custom manufacturing, while favorable, also impacts gross margins; however, marketing and sales expenses are not required to support this business.

Selling, general and administrative expenses for the three months ended April 30, 2006 decreased to \$1,141,000, compared to \$1,148,000 in the second quarter of 2005. For the six months ended April 30, selling, general and administrative expenses were relatively flat at approximately \$2,201,000 when compared to the same period of 2005. Results have benefited from management's efforts to control such costs. Another factor favorably effecting administrative costs is the action taken by the Company to voluntarily delist its stock. Company stock is now being quoted on Pink Sheets.com.

The effective tax rate in the second quarter was 36.4% in 2006 and 2005. The effective tax rate for the six months ended April 30, was 36.5% in 2006 and 36.0% in 2005.

Net income for the three months ended April 30, 2006 was approximately \$131,000, or \$0.06 per share, compared with \$151,000 or \$0.07 per share for the same period last year. For the six months ended April 30, net income increased 84.2% to \$151,500, or \$0.07 per share, compared with \$82,300 or \$0.04 per share when compared to the same period of 2005.

The Company is in the process of a 20,000 sq. ft. expansion of its production facilities to accommodate co-packing and frozen beverage sales. The projected cost for construction, equipment and financing is approximately \$7.7 million, with permanent financing to be provided through a \$6.7 million 30-year industrial revenue bond. Project financing to date has been provided from internal sources. Unused lines of credit from the Company's bank are also available for bridge financing. The facility is expected to be completed by the end of the fourth quarter 2006.

YoCream International, Inc., with headquarters and manufacturing facility in Portland, OR, is a pioneer and leading producer of frozen yogurt. Founded in 1977, YoCream produces, markets and sells its flagship product under the Dannon® YoCream® Frozen Yogurt brand. The Company also produces ice cream and frozen

custard mixes under the YoCream brand. YoCream's frozen beverage product lines include Fruitquake® Smoothies, ready-to-use aseptically packaged real fruit smoothies; Frozen Dannon® Frusion® Smoothie, a ready-to-use frozen blended yogurt and fruit smoothie; and new Jolly Rancher® Frozen Beverages, a shelf-stable bag-in-box drink mix. With a proven history of providing high-quality products and solution-based customer service, YoCream International is an established food service vendor, co-packer, and industry leader poised for long-term growth.

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.

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YOCREAM INTERNATIONAL, INC.

STATEMENTS OF INCOME  
(Unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2006	2005	2006	2005
Sales	\$ 5,281,144	\$ 5,037,260	\$ 8,939,950	\$ 8,543,420
Cost of goods sold	<u>3,927,783</u>	<u>3,616,140</u>	<u>6,473,462</u>	<u>6,150,410</u>
Gross profit	1,353,361	1,421,120	2,466,488	2,393,010
Selling, and marketing expenses	613,978	589,803	1,134,275	1,104,218
General and administrative expenses	<u>526,857</u>	<u>558,641</u>	<u>1,066,717</u>	<u>1,098,326</u>
Income from operations	212,526	272,676	265,496	190,466
Other income (expenses)				
Interest income	4,128	6,217	14,548	10,945
Interest expense	(31,680)	(39,059)	(62,703)	(70,711)
Other (net)	<u>21,138</u>	<u>(2,247)</u>	<u>21,138</u>	<u>(2,247)</u>
Income before income taxes	206,112	237,587	238,479	128,453
Income tax provision	<u>75,000</u>	<u>86,600</u>	<u>87,000</u>	<u>46,200</u>
Net income	<u>\$ 131,112</u>	<u>\$ 150,987</u>	<u>\$ 151,479</u>	<u>\$ 82,253</u>
Earnings per common share – basic	<u>\$0.06</u>	<u>\$0.07</u>	<u>\$0.07</u>	<u>\$0.04</u>
Earnings per common share – diluted	<u>\$0.06</u>	<u>\$0.07</u>	<u>\$0.07</u>	<u>\$0.04</u>
Shares used in basic earnings per share	<u>2,052,898</u>	<u>2,134,810</u>	<u>2,065,834</u>	<u>2,159,268</u>
Shares used in diluted earnings per share	<u>2,055,777</u>	<u>2,138,360</u>	<u>2,068,672</u>	<u>2,162,818</u>

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YOCREAM INTERNATIONAL, INC  
BALANCE SHEETS

	April 30, 2006 <u>(Unaudited)</u>	<u>October 31, 2005</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 722,456	\$ 2,759,066
Trade accounts receivable, net	1,480,008	722,065
Inventories	3,096,472	2,368,293
Other current assets	570,025	347,525
Income taxes receivable	34,251	37,351
Deferred tax asset	<u>193,027</u>	<u>193,027</u>
Total current assets	6,096,239	6,427,327
Fixed assets, net	8,097,959	6,401,603
Intangible and other long-term assets, net	<u>457,537</u>	<u>426,617</u>
	<u>\$ 14,651,735</u>	<u>\$ 13,255,547</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Current portion of long-term debt	\$ 415,346	\$ 415,346
Trade accounts payable	2,153,450	1,381,634
Construction payable	954,044	137,708
Income taxes payable	33,000	-
Other accrued liabilities	<u>238,431</u>	<u>233,925</u>
Total current liabilities	3,794,271	2,168,613
Long-term debt, less current portion	1,634,480	1,856,405
Deferred income taxes	1,191,427	1,135,327
Other liabilities	<u>73,647</u>	<u>63,330</u>
Total liabilities	<u>6,693,825</u>	<u>5,223,675</u>
Shareholders' equity		
Common stock, no par value, 30,000,000 shares authorized 2,052,898 shares outstanding at April 2006, and 2,104,600 shares outstanding at October 2005	5,232,965	5,468,006
Unearned compensation – restricted stock	(1,500,000)	(1,500,000)
Retained earnings	4,194,245	4,042,766
Accumulated other comprehensive income	<u>30,700</u>	<u>21,100</u>
Total shareholders' equity	<u>7,957,910</u>	<u>8,031,872</u>
	<u>\$ 14,651,735</u>	<u>\$ 13,255,547</u>

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YOCREAM INTERNATIONAL, INC.  
STATEMENTS OF CASH FLOWS

For the six months ended April 30, 2006 and 2005  
(Unaudited)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Net income	\$ 151,479	\$ 82,253
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	319,577	314,291
Loss on disposal of equipment	-	2,247
Deferred income taxes	50,000	14,800
Change in assets and liabilities		
Trade accounts receivable	(757,943)	(156,982)
Inventories	(728,179)	(399,674)
Other assets	(253,420)	(348,121)
Trade accounts payable	771,816	354,857
Income taxes receivable and payable	36,100	29,900
Other accrued liabilities	<u>14,823</u>	<u>35,895</u>
Net cash used in operating activities	<u>(395,747)</u>	<u>(70,534)</u>
Cash flows from investing activities		
Expenditures for fixed assets	<u>(1,199,597)</u>	<u>(165,114)</u>
Net cash used in investing activities	<u>(1,199,597)</u>	<u>(165,114)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(206,225)	(200,155)
Repurchase of common stock	<u>(235,041)</u>	<u>(740,824)</u>
Net cash used in financing activities	<u>(441,266)</u>	<u>(940,979)</u>
Net decrease in cash and cash equivalents	(2,036,610)	(1,176,627)
Cash and cash equivalents, beginning of period	<u>2,759,066</u>	<u>3,806,993</u>
Cash and cash equivalents, end of period	<u>\$ 722,456</u>	<u>\$ 2,630,366</u>

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