



## UKRPRODUCT GROUP

FOR IMMEDIATE RELEASE

3 March, 2010

### UKRPRODUCT ANNOUNCES ITS SALES VOLUMES FOR 2009

**Kiev, Ukraine** – 3 March, 2010 – Ukrproduct Group Ltd (“Ukrproduct” or the “Group”) (AIM: UKR), one of the leading producers and distributors of branded dairy products in Ukraine, today announced its sales volumes for 2009, ahead of announcing its full year results in April 2010.

The Group witnessed a material slowdown in the Ukrainian economy in the second half of 2009. Ukrproduct’s full year aggregate sales volumes (in tonnes) were slightly below the previous year, impacted by the significant shortage of raw milk and other raw materials in the second half of 2009, which led to lower output.

In ‘000 tonnes	2009	2008	Year on Year Performance
Branded products	19,292	23,395	(17.5%)
SMP	8,958	5,471	63.7%
Total	28,250	28,866	(2.1%)

Sergey Evlanchik, Chief Executive Officer of Ukrproduct, commented: “Following a recovery in the global market starting from October 2009, Ukrproduct’s sales volumes of Skimmed Milk Powder increased significantly year on year. The Group signed new sales contracts and started shipments of SMP in Ukraine to Dannon, Unimilk and Wimm-Bill-Dann. Sales volumes of butter, Ukrproduct’s largest product group, were below the previous year, however, volumes were up in the second half compared to the first half of 2009. The Group was able to push through price increases in butter and processed cheese in November and December and the average price for branded products increased by 22.3% year on year.

Ukrproduct expects its profitability in the second half of 2009 to be significantly below the first half of the year, as previously indicated in December 2009, following the sharp increase of raw milk prices which has impacted margins. This increase was partially offset by a double digit decline in our administrative, selling and distribution expenses year on year. The Group’s cash position is sufficient to meet current debt obligations in the short and medium term. Ukrproduct maintained its leading market share of packaged butter and processed cheese in 2009. We believe that we have the

right strategy for this market and expect to successfully come through this challenging period.”

Ukrproduct will publish its audited financial results for the full year ended 31 December, 2009 on April 21, 2010.

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**For further information, please visit [www.ukrproduct.com](http://www.ukrproduct.com) or contact:**

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**Ukrproduct Group Ltd is a leading Ukrainian producer and distributor of branded dairy products. The Group’s product portfolio includes processed and hard cheese, skimmed milk powder (SMP) and butter. Ukrproduct has built a range of recognisable product brands (“Our Dairyman”, “People’s Product”, “Creamy Valley”, Molendam”, “Farmer’s”) that are well known and highly regarded by consumers. The Group has modern production facilities that comprise five dairy plants in western and central regions of Ukraine (Molochnik, Starokonstantinovskiy Dairy Plant, Krasilovskiy Dairy Plant, Zhmerinka Plant and Letichiv Dairy Plant) with a total annual integrated capacity of approximately 70,000 tons of dairy products. With its own fleet of more than 150 vehicles, Ukrproduct has one of the largest logistics and distribution networks in Ukraine which covers the country’s eight major cities. The Group reported total assets of approximately GBP 19.5 million as at June 30, 2009 and consolidated revenues of approximately GBP 22.1 million for the first six months of 2009. Ukrproduct’s securities are traded under the symbol “UKR” on AIM, a market operated by the London Stock Exchange.**

*Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of the Group. You can identify forward looking statements by terms such as “expect,” “believe,” “anticipate,” “estimate,” “intend,” “will,” “could,” “may” or “might” the negative of such terms or other similar expressions. These statements are only predictions and that actual events or results may differ materially. We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in such projections or forward-looking statements, including, among others, general economic conditions, our competitive environment, risks associated with operating in Ukraine, rapid technological and market change in our industry, as well as many other risks specifically related to the Group and its operations.*