



UKRPRODUCT GROUP

FOR IMMEDIATE RELEASE

21 April 2011

UKRPRODUCT GROUP RECEIVES A LOAN FROM EBRD TO MODERNIZE ITS PRODUCTION FACILITIES

Ukrproduct Group Limited (the “Company” or “Ukrproduct Group”) (AIM: UKR), one of the leading producers and distributors of branded dairy products in Ukraine, announces that Starokonstantinovskiy Molochnyi Zavod, a subsidiary of the Company, has entered into a loan agreement with the European Bank for Reconstruction and Development (the “EBRD”) in terms of which the EBRD will provide Ukrproduct Group with access to loan finance of €11 million. The funds will be used to finance the upgrading of the energy efficiency and productivity of Ukrproduct’s dairy plant in Starokonstantyniv in the Khmelnytskyi Region of Western Ukraine.

The reconstruction of the dairy plant in Starokonstantyniv is expected to significantly improve energy efficiency and productivity at this production facility and supports Ukrproduct’s strategy to drive down unit costs and improve profit margins. The reconstruction will include the purchase of new equipment for the milk reception area, milk treatment, cream and butter production, whey and skimmed milk pre-drying equipment, as well as a new central boiler house, an electric substation and an ammonia/cooling unit. All upgrading works are scheduled to be completed by the end of 2012.

The Company expects that the most significant savings will come from direct energy savings, decreased input volumes of raw milk for production of SMP, savings on packaging for butters and spreads and more precise weights in butter and spread production. The modernisation is also expected to generate additional revenue from the production of higher quality skimmed milk powder and increased profit on whey powder due to a substantial reduction in the production costs.

The EBRD loan will be provided in two tranches over a period of two years. The interest rate on the loan is a floating rate based on a margin over the Euribor, and is in line with the market rate for similar loans in Ukraine.

The loan to Ukrproduct Group is the first to be approved by the EBRD under its new Agribusiness Sustainable Investment Facility (ASIF). ASIF is a €50 million facility which enables clients to implement investment programmes that reduce their input intensity and improve their environmental and social performance, leading to improved sustainability in the agribusiness sector.

Jack Rowell, Chairman of Ukrproduct Group said: “This loan from the EBRD is a vote of confidence for Ukrproduct Group’s growth strategy. Our drive to increase profit margins by improving production efficiency will create long-term value for shareholders.”

Sergey Evlanchik, CEO of Ukrproduct Group said: “I am delighted that the EBRD has chosen Ukrproduct Group as the first recipient of the new Agribusiness Sustainable

Investment Facility. Our new energy investment initiative makes sense both from a commercial and an environmental perspective.”

To access the web-cast with Ukrproduct Group management please follow the link:
<http://mediaserve.buchanan.uk.com/2011/ukr210411/registration.asp>

For further information, please visit www.ukrproduct.com or contact:

Ukrproduct Group Ltd.
Sergey Evlanchik
Chief Executive Officer
Tel: +38 044 502 8014
sergey.evlanchik@ukrproduct.com

PBN
Financial Public Relations
Oksana Monastyrska
Tel. + 38 044 586 63 50
oksana.monastyrska@pbnc.co

WH Ireland Limited
Robin Gwyn
Tel: +44 161 832 2174

Metropol (UK) Limited
Natalia Pastukhova
Tel. +44 (0) 20 7439 6880

Ukrproduct Group Ltd is one of the leading Ukrainian producers and distributors 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 four operational dairy plants in western and central regions of Ukraine (a dairy plant in Starokonstantyniv with two satellite plants in Krasyliv and Letychiv, and a butter and cheese plant in Zhytomyr) with a total annual integrated capacity of approximately 70,000 tonnes 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.