



UKRPRODUCT GROUP

FOR IMMEDIATE RELEASE

July 13, 2012

TRADING UPDATE FOR THE FIRST HALF OF 2012

Kyiv, Ukraine – 13 July 2012 – Ukrproduct Group Limited (“Ukrproduct” or the “Company”) (AIM: UKR), one of the leading producers and distributors of branded dairy products in Ukraine and now in addition beverages (kvass), today published the following trading update ahead of its first half year results in September 2012.

In H1’2012 the economic environment remained challenging with consumer purchasing power further constrained by the effective inflation. The dairy sector was mainly affected by the ban on hard cheese exports to Russia which caused an oversupply on domestic market of hard cheese and consequently of butter and Skimmed Milk Powder as several producers chose to switch to the output of these products. On the positive side, the restrictions on export to Russia together with the re-introduction of the milk subsidy regime prompted higher milk volumes availability in Ukraine and resulted first in stabilization and later in a gradual decrease in raw milk prices.

The highlight has been the performance of the recently acquired business of kvass, a traditional fermented beverage, which the Company was exclusively distributing from September 2010. The sales of kvass demonstrated a significant increase as the Company expanded the geography of sales and strengthened the presence in the existing regions, largely supported by the integrated marketing communication. Profitability therefore showed a very encouraging growth unhindered by the economic environment.

In the dairy sector, the butter market in Ukraine grew, mostly due to an increase in bulk butter output. The lack of hard cheese exports to Russia as mentioned above led to a domestic market cluttered by competitors. Ukrproduct therefore successfully focused on increasing the profitability of sales helped by decreased raw milk prices rather than pursuing market share. Thus, despite the decrease in sales revenues compared to H1’2011, the Company looks towards the increase in gross profitability.

The market of processed cheese also expanded and the Company confirmed its leadership in terms of market share and widened the gap with its next competitor. Sales increased both in revenue and tonnage terms, allowing the gross profit to show a significant increase compared with H1’2011.

In the segment of hard cheese the Company has repositioned its product offering and its market position is growing though from the small base.

The Skimmed Milk Powder segment remained suppressed, with several factors further deteriorating profitability: namely increased energy costs, weak demand and a decrease in prices both due to global market conditions and an overhang on Ukrainian market. Thus, the Company decreased its output strictly to the volumes that need to be produced as the by-product of butter production. However the Company could not fully eliminate the losses in this sector and continued to seek alternative ways of protein utilization.

In line with its strategy the Company continued to develop the distribution services. Ukrproduct contracted with three large retail chains and further increased its active client base.

Furthermore Ukrproduct opened a direct sales office in Odessa aimed at increasing Company's presence in the Southern Regions of Ukraine.

A very important step forward was made on the operational side with the completion of the first stage of modernization project with finance from the European Bank for Reconstruction and Development. This modernization will substantially improve energy efficiency and productivity of Starokostiantyniv Dairy Plant, driving down the unit cost. The Company is now seeing the benefits and will continue to build up the savings.

Overall Ukrproduct looks to a good gross profit result after absorbing very high fuel inflation and the SMP issue. This should show an encouraging improvement in EBITDA and also at net income level, even after a very sizeable interest charge arising from the EBRD loan.

Other than the Starokostiantyniv project investment, operating cash flow improved significantly with significant cash being released from working capital. The Group's cash levels are sufficient to meet current debt obligations in the short and medium term.

OUTLOOK is to a similar economic environment perhaps accentuated by inflationary currency devaluation and government spending pre the autumn elections. The trading and volume trends will again be pursued in dairy and kvass. Margins pressured as seasonal milk prices increase and inflation pressures especially in fuel. Thus the cost optimization program including EBRD financed project is critical to Ukrproduct success.

Within these dynamics Ukrproduct looks to deliver the improved performance evidenced in the first half on the year.

The Group will provide a further trading update when its first half year results are announced in September.

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

Seymour Pierce
Nominated advisor and Broker

Guy Peters
Tel: +44 (0) 20 7107 8097

Nick Piazza
Tel: +380952703250
npiazza@spadvisors.eu

Jacqui Briscoe
Tel: +44 (0) 20 7107 8000

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 dairy plants in western and central regions of Ukraine (Zhytomyr, Starokonstantyniv, Krasyliv and Letychiv) with a total annual integrated capacity of approximately 60,000 tons of dairy products. With its own fleet of more than 125 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 31.1 million as at December 31, 2011 and consolidated revenues of approximately GBP 50.5 million for the twelve months ended

December 31, 2011. 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.