



UKRPRODUCT GROUP

**FINAL RESULTS FOR THE FINANCIAL YEAR
ENDING 31 DECEMBER 2012**

Ukrproduct Group Limited (AIM: UKR), one of the leading producers and distributors of branded dairy products and beverages (kvass) in Ukraine announces its audited consolidated IFRS results for the twelve months ending 31 December, 2012.

Financial Highlights:

- Revenue increased by 19% to GBP 60.2 m (2011: GBP 50.5 m)
- Gross profit increased by 33% to GBP 9.0 m (2011: GBP 6.8 m)
- EBITDA increased by 68% to GBP 3.2 m (2011: GBP 1.86 m)
- Tax decreased with effective rate reduced through improved tax planning
- Profit after Tax more than doubled to GBP 0.85 m in 2012 (2011: GBP 0.4 m)
- Dividend withheld in view of a major cost saving capital expenditure program
- Year end cash balance stood at GBP 0.42 m (2011: GBP 0.51 m) and the Group's cash resources and facilities are sufficient to meet current obligations in the short and medium term

Operational Highlights:

- **Dairy** products showed a good performance with revenue increasing by 2.6% to GBP 35.6 m (2011: 34.7 m) and gross profit increasing by 21% to GBP 7.6 m (2011: GBP 6.3 m)
- Increased the market leadership in processed cheese achieving market share of 22.6% (16.3% in 2011)
- Confirmed the market leading position in packaged butter maintaining the market share at 22.6% (23% in 2011)
- SMP (Skimmed Milk Powder) revenues increased by 18.5% to GBP 8.9 m (2011: GBP 7.5 m), while gross profitability showed a gradual recovery trend compared to 2011 although still below the break-even point minus GBP 0.25 m (2011: minus GBP 0.46 m)
- **Beverages** (recently acquired kvass business) showed the revenue GBP 2.4 m or 4% of total sale and a gross profit of GBP 1.2 m. This was previously accounted in the distribution services
- **Distribution Services:** revenues increase by 60% to GBP 13.4 m (2011: GBP 6.7 m) but gross profit declined by 50.7% to GBP 0.48 m (2011: GBP 0.61 m) due to the acquisition of kvass business
- Completed the first stage of the reconstruction project at the plant in Starokostiantyniv under a loan facility provided by European Bank for Reconstruction and Development.

The full text of the 2012 Annual Report, incorporating the 2012 Audited Financial Statements, is available on the Company's website www.ukrproduct.com.

A summary of the Audited Financial Statements and certain extracts from the Notes to the Financial Statements follow in this announcement. Shareholders are advised to read the full text of the 2012 Annual Report in its entirety.

Sergey Evlanchik, CEO of Ukrproduct, commented:

“The Company was able to deliver a strong recovery in profitability within the trading environment that continued challenging. In dairy the Russian ban on imports led to higher milk volumes availability and lower prices until September 2012. This together with the Company holding its strong market position in butter and expanding that in processed cheese provided the much improved performance. In beverages the now acquired kvass business was further developed leading to a major stride forward in sales with

encouraging margins. The cost improvement program gained further momentum. This was aided especially by the major capital project at the plant in Starokostintyniv.

The Company can now be seen as branded dairy foods and beverages business with a wider base for profitable growth.”

Conference call information

Ukrproduct management will host a conference call today at 9.00 am (London time) / 10.00 am (CET) / 11.00 am (Kiev Time) to present and discuss the audited FY2012 results.

The dial-in numbers for the conference call are:

+44 (0) 20 3003 2666 - Standard International Access

0808 109 0700 - UK Toll Free

0 800 50 2059 - Ukraine Toll Free

Password - UKR

For the play-back or further information, please visit www.ukrproduct.com or contact:

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The financial information provided in this announcement does not constitute audited statutory financial information. The summarised financial statements follow however the full text of the 2012 Annual Report, incorporating the 2012 Audited Financial Statements, is available in pdf form on the Company's website www.ukrproduct.com.

CONSOLIDATED INCOME STATEMENT

	year ended 31 December 2012 £ '000	year ended 31 December 2011 £ '000
Revenue	60,212	50,524
Cost of sales	(51,177)	(43,725)
GROSS PROFIT	9,035	6,799
Administrative expenses	(3,059)	(2,855)
Selling and distribution expenses	(3,473)	(2,884)
Net other operating expenses	(494)	(89)
PROFIT FROM OPERATIONS	2,009	971
Net finance costs	(771)	(428)
Effect of foreign currency translation	(53)	288
PROFIT BEFORE TAXATION	1,185	831
Income tax expenses	(333)	(431)
PROFIT FOR THE YEAR	852	400
Attributable to:		
Owners of the Parent	852	410
Non-controlling interests	-	(10)
Earnings per share:		
Basic	2.09	1.00
Diluted	2.09	1.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	year ended 31 December 2012 £ '000	year ended 31 December 2011 £ '000
PROFIT FOR THE YEAR	852	400
OTHER COMPREHENSIVE INCOME:		
Exchange differences on translation to the presentation currency	(885)	(28)
Income from changes in tax rates	83	206
OTHER COMPREHENSIVE INCOME, NET OF TAX	(802)	178
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	50	578
Attributable to:		
Owners of the Parent	50	588
Non-controlling interests	-	(10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2012 £ '000	As at 31 December 2011 £ '000
ASSETS		
Non-current assets		
Property, plant and equipment	18,447	17,173
Intangible assets	1,238	1,055
Available for sale investments	30	169
Deferred tax assets	46	50
	19,761	18,447
Current assets		
Inventories	3,415	4,634
Trade and other receivables	6,899	6,906
Current taxes	2,990	404
Other financial assets	196	177
Cash and cash equivalents	415	512
	13,915	12,633
TOTAL ASSETS	33,676	31,080
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	4,082	4,082
Other reserves	1,726	2,868
Retained earnings	13,496	12,367
	19,304	19,317
Non-controlling interests	-	-
	19,304	19,317
Non-Current Liabilities		
Bank borrowings	4,903	3,844
Deferred tax liabilities	670	881
	5,573	4,725
Current liabilities		
Bank borrowings	4,056	3,514
Trade and other payables	4,512	3,165
Current income tax liabilities	110	108
Other taxes payable	121	251
	8,799	7,038
TOTAL EQUITY AND LIABILITIES	33,676	31,080

CONSOLIDATED STATEMENT OF CASH FLOWS

	year ended 31 December 2012 £ '000	year ended 31 December 2011 £ '000
Cash flows from operating activities		
Profit before taxation for the year	1,185	831
Adjustments for:		
Exchange difference	53	(288)
Depreciation and amortisation	1,164	890
(Profit)/loss on disposal of non-current assets	25	(214)
Impairment of trade receivables	120	51
Impairment of inventories	76	94
Impairment of available for sale investments	36	-
Income from disposal of subsidiaries	-	(18)
Interest income	(11)	(19)
Interest expense	782	447
Decrease / (increase) in inventories	908	(677)
Increase in trade and other receivables	(2,874)	(2,789)
Increase in trade and other payables	942	1,842
Cash generated from operations	2,406	150
Interest received	11	19
Income tax paid	(519)	(511)
Net cash generated by / (used in) operating activities	1,898	(342)
Cash flows from investing activities		
Payments for property, plant and equipment and intangible assets	(3,321)	(3,792)
Proceeds from sale of property, plant and equipment	50	422
Purchase / sale of investments	-	113
Repayments of loans issued	(27)	(222)
Net cash used in investing activities	(3,298)	(3,479)
Cash flows from financing activities		
Dividends paid	-	(204)
Interest paid	(782)	(447)
(Decrease) / increase in short term borrowing	(118)	561
Increase in long term borrowing	2,182	3,707
Net cash generated by financing activities	1,282	3,617
Net decrease in cash and cash equivalents	(118)	(204)
Effect of exchange rate changes on cash and cash		

	-	-	(57)	(6)	-	(63)	-	(63)
As at 31 December 2012	4,082	4,555	3,877	13,496	(6,339)	19,304	-	19,304

These financial statements were approved and authorised for issue by the Board of Directors on 16 April 2013.

Notes to the Consolidated Financial Statements

1. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for property, plant and equipment, intangible asset (Customer list) that have been measured at fair value. The consolidated financial statements are presented in British pounds sterling and all values are rounded to the nearest thousand (£000) except where otherwise indicated. The consolidated financial statements have been prepared on a going concern basis.

2. Earnings per share

Basic earnings per share have been calculated by dividing net profit attributable to the ordinary shareholders by the weighted average number of shares in issue.

	year ended 31 December 2012 £ '000	year ended 31 December 2011 £ '000
Net profit attributable to ordinary shareholders	852	410
Weighted number of ordinary shares in issue	40,817,599	40,817,599
Basic earnings per share, pence	2.09	1.00
Diluted average number of shares	40,817,599	40,817,599
Diluted earnings per share, pence	2.09	1.00

3. Dividends

Due to the business circumstances dictating the prudence and cash conservation, the Board has decided not to pay a final dividend in respect of the year ended 31 December 2012.