



UKRPRODUCT GROUP

FOR IMMEDIATE RELEASE

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TRADING UPDATE

Kyiv, Ukraine – March 10, 2014 – Ukrproduct Group Limited (“Ukrproduct” or the “Group”) (AIM: UKR), one of the leading Ukrainian producers and distributors of branded dairy foods and beverages (kvass), today announces the following trading update.

The unstable political and economic situation, as to be expected, is having an adverse effect on businesses throughout Ukraine including Ukrproduct Group.

The Company revenues in hryvna year-to-date have been below expectations as consumer confidence has fallen, a range of open markets servicing mass and mid-market have closed and a number of agents in other sales channels have withdrawn from the market not least for the reason of bad debt risk.

Overall, sales have also been adversely affected as higher unit costs due to a currency devaluation of the hryvna and sustained high raw milk prices has necessitated the consumer price increases.

As a result, key categories have experienced lower sales levels. The sales volumes of processed cheese in January-February decreased year-on-year but showed a slight increase in hryvna terms. Sales of packaged butter dropped but in hryvna terms the decrease was less significant than in tonnage.

At the same time hryvna devaluation is having a positive influence on the export revenues thus Ukrproduct will aim to grow its export oriented sales.

On the other hand the sizable increase in US Dollar exchange rate will significantly decrease the consolidated results of the Company after the translation into the presentation currency of GBP Sterling.

The banking confidence in Ukraine has also fallen and this is limiting credit facilities. Ukrproduct Group is managing the situation and currently has sufficient support of its banks. Ukrproduct also continues its cooperation with the European Bank for Reconstruction and Development in addressing the current challenges.

In summary, the current environment in Ukraine has led to performance below expectations year-to-date. In the context of the general political and economic environment Ukrproduct Group has adjusted its business model. The financial outcomes of such model are planned to allow Ukrproduct to carry through the current environment as far as it can be assessed successfully.

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

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