

Current report No 5/2011 dated 03 March 2011

Preliminary results of 2010 and outlook for 2011

The Board of Directors of Milkiland N.V. (the "Company") hereby announces the overview of the 2010 results and 2011 outlook, containing, *inter alia*, some preliminary unaudited consolidated financial results of the Milkiland Group for the year 2010.

The full text of the press-release is attached.

Legal grounds: Article 5:53 and subsequent of the Dutch Act of 28 September 2006 on rules regarding the financial markets and their supervision (Act on Financial Supervision - Wft.) in conjunction with Article 56.1.1 of the Polish Act on Public Offerings, Conditions governing the Introduction of Financial Instruments to Organized Trading and on Public Companies of 29 July 2005.

SIGNATURES OF INDIVIDUALS AUTHORIZED TO REPRESENT THE COMPANY

Date:	Name:	Title:	Signature:
03-03-2011	Sergey Trifonov	Proxy	Sergey Trifonov



Preliminary overview of 2010 results and 2011 outlook

Press-release

Kyiv, 3rd March 2011

The key 2010 event for Milkiland Group (“Milkiland”, the “Group”) was fulfilling of its strategic goal to become a public company. The IPO of the Group’s holding company Milkiland N.V. (the “Company”) at Warsaw Stock Exchange was accomplished on December 6, 2010, resulting in 22.4% of the Company’s shares being placed among Polish and European investors, and providing net proceeds of EUR 49.4 million* to the Group.

Milkiland strongly intends to continue implementation of best practice corporate governance principles, ensuring long term vision, stringent risk management and transparency for investors. Following this imperative, two independent non-executive Directors were invited to the Board in 2010, both with extensive executive experience in global food companies such as Nestle and Unilever.

From the market perspective, 2010 proved to be a challenging year for CIS dairy companies, as abnormal summer heat drove raw milk prices up and thus restrained consumption of dairy products both in Russia and Ukraine. This led to an increased competition and inflow of imports. Despite such unfavorable developments, the Group managed to advance in strategic areas and recorded positive financial results for 2010.

Milkiland’s consolidated revenue rose in 2010 by almost 30%, from EUR 200 million to EUR 259 million* mainly due to improved product mix and higher prices. This growth was followed by an increase in EBITDA by 37%, from EUR 32.5 million to EUR 44.6 million*. EBITDA margin advanced from 16.2% in 2009 to 17.2% in 2010.

The Group’s debt position also improved in 2010, as EUR 26 million of the most expensive loans was repaid. As of December 31, 2010, Milkiland’s debt portfolio stood at EUR 79.8 million*, net debt/EBITDA ratio was 0.9. The Group has enough room for leverage in case acquisition financing is needed.

In 2010 Milkiland continued its focus on product mix optimization towards higher value added products and discontinued about 20% of the least profitable SKUs. Also, the Group became No 1 Ukrainian cheese exporter due to advantageous product offering and aggressive distribution approach.



In line with its intentions, in 2010 Milkiland completed the acquisition of 17.8% stake in its Russian entity – OJSC “Ostankino Dairy Combine” (“Ostankino”), and increased its share in Ostankino to almost 94%.

Year 2011 sets new challenges before the Ukrainian dairy sector, as recently adopted Tax Code implies a number of uncertainties for farmers in respect to government subsidies, and therefore can impact raw milk supply both in terms of quantity and prices. This, coupled with fragile post-crisis demand in the CIS region, poses margin threats for Ukrainian dairy producers. However, the management believes that Milkiland is well-positioned to get advantage of such challenges, as additional market share could be gained, and new acquisition opportunities may arise.

The Group’s 2011 business plan envisages a significant increase in milk processing volumes and product sales, allowing for greater market power and economy of scale. Milkiland’s priority is to build a complete dairy supply chain in line with its “From Farm to Fork” paradigm, ensuring delivery of high quality products at affordable price.

For this purpose, the Group will pursue its modernization program of upgrading Okhtyrsky Cheese Plant and implementing state-of-the-art fresh dairy production technologies at Ostankino. Also, the Group follows its vertical integration strategy and intends to accomplish two new modern milk farms of 6,000 cow capacity in total in 2011.

Milkiland closely watches acquisition opportunities in Ukraine and Russia, as such can accelerate the growth of the Group’s business and strengthen its market position in the CIS.

Comment by Anatoliy Yurkevich, Chairman of the Board of Directors, Milkiland N.V.

“The year 2010 proved to be a time of further steady development of the Group’s business and strengthening of its financial standing in a tough market environment. Our successful IPO provided us with additional opportunities for expansion, both organic and through M&A.

We have built a solid ground to bring our company to the next levels in respect of consumer service, geography, profitability, and corporate governance. We’ll use our strengths and resources effectively this year in order to create additional value for the existing and prospective shareholders of Milkiland N.V.”

*The financial figures for the year 2010 stated above are preliminary and unaudited



About Milkiland N.V.

Milkiland is a TOP-5 CIS diversified dairy producer operating in Russia and Ukraine, offering a wide range of dairy products such as fresh dairy, cheese and butter, to satisfy consumers in their everyday needs for healthy and tasty foods.

In Russia, the company produces fresh dairy products at Moscow-based OJSC “Ostankino Dairy Combine” and sells under Ostankinskaya brand. Also, Dobryana Ukrainian cheese is sold in the most Russian regions. In Ukraine, the company operates 10 plants and offers a wide range of fresh dairy, cheese and butter under Dobryana and Kolyada brands. Milkiland exports dairy products from Ukraine to over 30 countries.

Shares of Milkiland N.V. has been listed on the Warsaw Stock Exchange since December,6, 2010.

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