



SkyPeople Fruit Juice Reports Second Quarter 2012 Financial Results

XI'AN, China, Aug. 13, 2012 /PRNewswire-Asia-FirstCall/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU) ("SkyPeople" or "the Company"), a producer of fruit juice concentrates, fruit juice beverages and other fruit-related products, today announced its financial results for the second quarter ended June 30, 2012.

Second Quarter 2012 Highlights:

Total revenue was \$12.8 million, an increase of 5.1% year-over-year

Revenue of concentrated pear juice increased 97.5% to \$3.7 million year-over-year

Revenue of fruit juice beverages increased 17.2% to \$6.4 million year-over-year

Cash flow from operations was \$25.1 million

Cash and cash equivalents were \$87.7 million as of June 30, 2012

"We are pleased to report that the Company generated sound financial results for the quarter as the diversification of our product mix has continued to help offset the volatility associated with specific product growing seasons." Mr. Yongke Xue, Chief Executive Officer of SkyPeople, commented. "We were able to generate healthy growth and margins in our pear juice segment, in particular, and continue to seek additional product categories where we can leverage our core competencies and secure growing and stable cash flow."

CEO Xue continued, "During the quarter, we implemented a variety of new marketing strategies for our fruit juice beverage segment in order to heighten the segment's profile and increase sales. This resulted in strong sales momentum which saw strong sequential gains aided by our new 6,000 bottle per hour fruit juice production line which also began its operation in the quarter. We foresee continued favorable results as this downstream integration of our business further diversifies our product mix and capitalizes on the trend toward healthy nutrition in the market place," CEO Xue stated.

Second Quarter 2012 Financial Results

Revenue for the three months ended June 30, 2012 was \$12.8 million, an increase of 5.1%, as compared to \$12.2 million for the same period in 2011. This increase was primarily due to an increase in the sales of concentrated pear juice and fruit juice beverages, as partially offset by a decrease in the sales of concentrated apple juice and apple aroma and concentrated kiwifruit juice and kiwifruit puree.

Second Quarter 2012 Revenue by Segment (in thousands)

	Three Months Ended, June		Change %
	30 2012	2011	
Concentrated apple juice and apple aroma	\$751	\$2,387	(68.5%)
Concentrated kiwifruit juice and kiwifruit	489	1,711	(71.4%)



puree			
Concentrated pear juice	3,734	1,891	97.5%
Fruit juice beverages	6,366	5,433	17.2%
Other	1,497	789	89.7%
Total	<u>\$12,837</u>	<u>\$12,211</u>	<u>5.1%</u>

Gross profit was \$4.2 million, an increase of 1% from the second quarter of 2011. Gross profit margin was 33% as compared to 34% for the same period of 2011. The year-over-year decline in gross margin was attributable to a decline in gross margins in two of the Company's primary product segments - concentrated apple juice and apple aroma, and concentrated kiwifruit juice and kiwifruit puree. The gross margin of the concentrated pear juice and fruit juice beverage segments increased slightly.

Second Quarter 2012 Gross Profit by Segment (in thousands)

	Three Months Ended, June 30			
	2012		2011	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin
Concentrated apple juice and apple aroma	\$94	13%	\$606	25%
Concentrated kiwifruit juice and kiwifruit puree	223	46%	941	55%
Concentrated pear juice	1,705	46%	805	43%
Fruit juice beverages	2,118	33%	1,668	31%
Other	81	5%	147	19%
	<u>\$4,22</u>		<u>\$4,16</u>	
Total	<u>1</u>	<u>33%</u>	<u>7</u>	<u>34%</u>

Operating expenses for the second quarter of 2012 decreased 27% to \$1.3 million, or 10% of sales, compared to \$1.8 million, or 14% of sales for the same period of 2011. General and administrative expenses decreased 35% to \$0.7 million, mainly due to the insurance refund of our legal fees that we incurred related to our pending litigations. Selling expenses decreased 20% to \$0.5 million, which was mainly due to a one-time sales rebate incurred during the same period of 2011, which was charged to selling expenses.

Income from operations for the second quarter of 2012 increased 22% to \$2.9 million as compared to \$2.4 million for the same period of 2011.



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Net income attributable to common shareholders and diluted earnings per share for the second quarter of 2012 were \$2.4 million and \$0.09, respectively, compared to \$1.5 million and \$0.06, respectively, for the second quarter of 2011.

Six-Month 2012 Financial Results

Revenue for the six months ended June 30, 2012 decreased 12% to \$27.8 million, from \$31.6 million for the same period of 2011. Gross profit decreased 30% to \$9.0 million from \$12.8 million in the corresponding period of 2011. Operating income declined 42% to \$5.5 million for the first half of 2012 from \$9.6 million for the first half of 2011. Net income attributable to common shareholders and earnings per share for the first half of 2012 decreased 36% to \$4.3 million, or \$0.16 per diluted share compared to net income attributable to common shareholders of \$6.8 million, or \$0.25 per diluted share, for the first half of 2011.

Conference Call

The Company will hold a conference call on Wednesday, August 15, 2012, at 9:00 a.m. Eastern Time to discuss its financial results for the second quarter ended June 30, 2012. The Company's CEO, Mr. Yongke Xue, and CFO, Mr. Xin Ma, will host the call.

To attend the live conference call, please dial in at least 10 minutes before the call to ensure timely participation. Please use the dial-in information below. When prompted by the operator, mention the conference Pass Code.

Date:	Wednesday, August 15, 2012
Time:	9:00 a.m. Eastern Time, US
Conference Line Dial-In:	+1-866-394-2209
International Dial-In:	+1-706-758-1481
Conference Pass Code:	18762772

To access the replay, please dial 1-855-859-2056 within the United States or 1-404-537-3406 when dialing internationally, and enter the pass code 18762772 for the replay. The replay will be available on August 14 at 12:00 pm.

About SkyPeople Fruit Juice, Inc.

SkyPeople Fruit Juice, Inc., a Florida company, through its wholly-owned subsidiary Pacific Industry Holding Group Co., Ltd. ("Pacific"), a Vanuatu company, and SkyPeople Juice International Holding (HK) Ltd., a wholly-owned subsidiary of Pacific and a company organized under the laws of Hong Kong Special Administrative Region of the People's Republic of China, holds 99.78% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)"). SkyPeople (China) is engaged in the production and sale of fruit juice concentrates, fruit juice beverages, and other fruit related products in the PRC and overseas markets. Its fruit juice concentrates are sold to domestic customers and exported directly or via distributors. Fruit juice concentrates are used as a basic ingredient component in the food



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industry. Its brands, "Hedetang" and "SkyPeople", which are registered trademarks in the PRC, are positioned as high quality, healthy and nutritious end-use juice beverages. For more information, please visit <http://www.skypeoplefruitjuice.com>.

Safe Harbor Statement

Certain of the statements made in this press release are "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "could," "intend," "target" and other similar words and expressions of the future.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2011 and otherwise in our SEC reports and filings, including the final prospectus for our offering. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

For more information, please contact:

COMPANY

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-Financial Tables Follow-

SKYPEOPLE FRUIT JUICE, INC.

CONSOLIDATED BALANCE SHEETS



	June 30, 2012	December 31, 2011
	(Unaudit ed)	
ASSETS		
CURRENT ASSETS		
	87,712,8	61,154,0
Cash and cash equivalents	\$ 71	\$ 07
Restricted cash	31,621	316,396
Accounts receivables, net of allowance of \$46,352 and \$46,529 as of June 30, 2012 and December 31, 2011, respectively	15,065,9 38	35,999,8 58
Other receivables	229,795	192,032
	5,951,04	6,126,37
Inventories	9	6
Deferred tax assets	132,629	174,285
Advances to suppliers and other current assets	149,628	66,528
	<u>109,273,</u>	<u>104,029,</u>
TOTAL CURRENT ASSETS	<u>531</u>	<u>482</u>
	48,435,3	44,277,2
PROPERTY, PLANT AND EQUIPMENT, NET	75	28
	7,760,56	6,673,49
LAND USE RIGHT, NET	5	6
	1,026,16	5,323,16
OTHER ASSETS	7	2
	<u>166,495,</u>	<u>160,303,</u>
TOTAL ASSETS	<u>\$ 638</u>	<u>\$ 368</u>

LIABILITIES

CURRENT LIABILITIES

	3,024,27	2,972,91
Accounts payable	\$ 0	\$ 6
	3,144,14	4,701,05
Accrued expenses	6	4
Income tax payable	880,708	1,910,77



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		9
Advances from customers	-	178,857
	11,589,1	6,425,71
Short-term bank loans	16	3
Short-term notes payable	-	284,654
	<u>18,638,2</u>	<u>16,473,9</u>
TOTAL CURRENT LIABILITIES	<u>40</u>	<u>73</u>

SHAREHOLDERS' EQUITY

SkyPeople Fruit Juice, Inc, Stockholders' equity		
Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 1,051,647 shares and 1,456,647 shares issued and outstanding as of June 30, 2012 and December 31, 2011, respectively	1,052	1,457
Common stock, \$0.001 par value; 66,666,666 shares authorized; 25,960,402 shares and 25,690,402 shares issued and outstanding as of June 30, 2012 and December 31, 2011, respectively	25,960	25,690
	59,189,5	59,189,3
Additional paid-in capital	09	74
	68,943,2	64,623,4
Retained earnings	62	53
	13,551,2	14,086,6
Accumulated other comprehensive income	31	20
Total SkyPeople Fruit Juice, Inc. stockholders' equity	<u>141,711, 014</u>	<u>137,926, 594</u>
	6,146,38	5,902,80
Non-controlling interests	4	1
	<u>147,857,</u>	<u>143,829,</u>
TOTAL EQUITY	<u>398</u>	<u>395</u>
	166,495,	160,303,
TOTAL LIABILITIES AND EQUITY	<u>\$ 638</u>	<u>\$ 368</u>

SKYPEOPLE FRUIT JUICE, INC.
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE
INCOME**
(Unaudited)



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	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	\$ 273	\$ 706	\$ 773	\$ 621
Cost of goods sold	82	60	383	917
Gross profit	91	46	90	704
Operating Expenses				
General and administrative expenses	653,77	1,008,7	2,131,3	1,824,8
Selling expenses	1	34	75	94
Research and development expenses	521,78	648,92	1,047,1	1,103,6
Total operating expenses	2	9	16	03
Income from operations	142,68	138,24	285,37	274,70
Other income (expenses)	5	1	0	8
Interest income	1,318,2	1,795,9	3,463,8	3,203,2
Subsidy income	38	04	61	05
Interest expenses	2,903,1	2,371,2	5,543,5	9,569,4
Others income (expenses)	53	42	29	99
Total other income (expenses)			156,70	142,08
Income before income tax	87,016	65,774	5	6
Income tax	649,60		1,083,1	571,76
	7	88,697	11	4
	(248,33)	(176,39)	(403,14)	(340,18)
	2)	3)	4)	8)
	(32)	42,605	(1,000)	39,572
	488,25		835,67	413,23
	9	20,683	2	4
Income before income tax	3,391,4	2,391,9	6,379,2	9,982,7
Income tax	12	25	01	33
	864,29	763,57	1,792,6	2,693,3



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provision	3	8	73	86
	<u>2,527,1</u>	<u>1,628,3</u>	<u>4,586,5</u>	<u>7,289,3</u>
Net income	19	47	28	47
Less: Net income attributable to non-controlling interests	126,46	140,39	266,71	509,22
	<u>8</u>	<u>8</u>	<u>9</u>	<u>2</u>
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	2,400,6	1,487,9	4,319,8	6,780,1
	<u>\$ 51</u>	<u>\$ 49</u>	<u>\$ 09</u>	<u>\$ 25</u>
Earnings per share:				
Basic earnings per share	\$ 0.09	\$ 0.06	\$ 0.16	\$ 0.25
Diluted earnings per share	\$ 0.09	\$ 0.06	\$ 0.16	\$ 0.25
Weighted average number of shares outstanding				
	25,820,	25,690,	25,755,	25,690,
Basic	951	402	677	402
	26,661,	26,661,	26,661,	26,661,
Diluted	500	500	500	500
Comprehensive Income				
	2,527,1	1,628,3	4,586,5	7,289,3
Net income	\$ 19	\$ 47	\$ 28	\$ 47
Foreign currency translation adjustment	(715,09	1,810,2	(558,52	2,951,7
	<u>6)</u>	<u>14</u>	<u>5)</u>	<u>92</u>
Total Comprehensive income	1,812,0	3,438,5	4,028,0	10,241,
	23	61	03	139
Comprehensive income attributable to non-controlling interests	96,851	203,92	243,58	617,72
	<u>4</u>	<u>3</u>	<u>6</u>	<u>6</u>
Comprehensive	<u>\$ 1,715,1</u>	<u>\$ 3,234,6</u>	<u>\$ 3,784,4</u>	<u>\$ 9,623,4</u>



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income attributable to SkyPeople Fruit Juice, Inc.	72	37	20	13
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SKYPEOPLE FRUIT JUICE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,586,528	\$ 7,289,347
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,434,420	1,748,456
Deferred income tax assets	41,656	-
Changes in operating assets and liabilities		
Accounts receivable	20,855,020	24,269,825
Other receivable	(38,559)	(302,428)
Advances to suppliers and other current assets	(83,436)	(38,099)
Inventories	945,181	38,114
Accounts payable	62,809	704,376
Accrued expenses	(1,545,105)	(1,994,692)
Income tax payable	(1,025,682)	(3,666,772)
Advances from customers	(178,673)	(508,717)
Net cash provided by operating activities	<u>25,054,159</u>	<u>27,539,410</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,249,417)	(134,415)
Additions to land use right	(1,206,012)	-
Prepayment for other assets	(936,644)	(4,714,425)
Net cash used in investing activities	<u>(3,392,073)</u>	<u>(4,848,840)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (increase) in restricted cash	284,361	(273,047)



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Short-term notes payable	(284,361)	273,047
Proceeds from short-term bank loans	6,341,757	7,585,239
Repayment of short-term bank loans	(1,139,578)	(5,082,262)
Net cash provided by (used in) financing activities	<u>5,202,179</u>	<u>2,502,977</u>
Effect of change in exchange rate	(305,401)	1,602,342
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,558,864	26,795,889
Cash and cash equivalents, beginning of period	61,154,007	49,350,385
Cash and cash equivalents, end of period	<u>\$ 87,712,871</u>	<u>\$ 76,146,274</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ 403,145	\$ 340,188
Cash paid for income taxes	\$ 2,776,698	\$ 6,360,158

SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION

Transferred from other assets to property, plant and equipment and construction in process	\$ 5,225,307	\$ 445,384
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The notes in the Company's 10-Q are an integral part of these consolidated financial statements.

SOURCE SkyPeople Fruit Juice, Inc.