

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____ to ____

Commission file number: 001-34502

SKYPEOPLE FRUIT JUICE, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

98-0222013

(I.R.S. Employer Identification No.)

**16F, China Development Bank Tower, No. 2,
Gaoxin 1st Road, Xi'an, PRC
710075**

(Address of principal executive offices including zip code)

86-29-88377161

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Class

Outstanding at November 13, 2012

Common Stock, \$0.001 par value per share

26,661,499

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CONSOLIDATED BALANCE SHEETS**

	September 30, 2012	December 31, 2011
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 80,869,190	\$ 61,154,007
Restricted cash	31,541	316,396
Accounts receivables, net of allowance of \$46,234 and \$46,529 as of September 30, 2012 and December 31, 2011, respectively	29,245,668	35,999,858
Other receivables	304,310	192,032
Inventories	6,382,796	6,126,376
Deferred tax assets	31,647	174,285
Advances to suppliers and other current assets	114,080	66,528
TOTAL CURRENT ASSETS	116,979,232	104,029,482
PROPERTY, PLANT AND EQUIPMENT, NET	49,781,361	44,277,228
LAND USE RIGHT, NET	7,695,834	6,673,496
OTHER ASSETS	347,494	5,323,162
TOTAL ASSETS	\$ 174,803,921	\$ 160,303,368
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 6,788,625	\$ 2,972,916
Accrued expenses	2,000,465	4,701,054
Income tax payable	1,728,077	1,910,779
Advances from customers	-	178,857
Short-term bank loans	11,559,691	6,425,713
Short-term notes payable	-	284,654
TOTAL CURRENT LIABILITIES	22,076,858	16,473,973
SHAREHOLDERS' EQUITY		
SkyPeople Fruit Juice, Inc, Stockholders' equity		
Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 230,147 shares and 1,456,647 shares issued and outstanding as of September 30, 2012 and December 31, 2011, respectively	230	1,457
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,508,068 shares and 25,690,402 shares issued and outstanding as of September 30, 2012 and December 31, 2011, respectively	26,508	25,690
Additional paid-in capital	59,189,783	59,189,374
Retained earnings	73,975,364	64,623,453
Accumulated other comprehensive income	13,216,615	14,086,620
Total SkyPeople Fruit Juice, Inc. stockholders' equity	146,408,500	137,926,594
Non-controlling interests	6,318,563	5,902,801
TOTAL EQUITY	152,727,063	143,829,395
TOTAL LIABILITIES AND EQUITY	\$ 174,803,921	\$ 160,303,368

The accompanying notes are an integral part of these consolidated financial statements.

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Revenue	\$ 28,563,469	\$ 17,437,105	\$ 56,394,242	\$ 49,062,726
Cost of goods sold	20,038,559	12,595,983	38,861,942	31,448,900
Gross profit	8,524,910	4,841,122	17,532,300	17,613,826
Operating Expenses				
General and administrative expenses	960,617	1,217,206	3,091,992	3,042,100
Selling expenses	732,751	638,211	1,779,867	1,741,814
Research and development expenses	142,077	145,413	427,447	420,121
Total operating expenses	1,835,445	2,000,830	5,299,306	5,204,035
Income from operations	6,689,465	2,840,292	12,232,994	12,409,791
Other income (expenses)				
Interest income	77,846	81,720	234,551	223,806
Subsidy income	615,997	50,632	1,699,108	622,396
Interest expenses	(213,847)	(308,447)	(616,991)	(648,635)
Other income (expenses)	-	(118)	(1,000)	39,454
Total other income (expenses)	479,996	(176,213)	1,315,668	237,021
Income before income tax	7,169,461	2,664,079	13,548,662	12,646,812
Income tax provision	1,917,425	726,239	3,710,098	3,419,625
Net income	5,252,036	1,937,840	9,838,564	9,227,187
Less: Net income attributable to non-controlling interests	219,934	124,420	486,653	633,642
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$ 5,032,102	\$ 1,813,420	\$ 9,351,911	\$ 8,593,545
Earnings per share:				
Basic earnings per share	\$ 0.19	\$ 0.07	\$ 0.35	\$ 0.32
Diluted earnings per share	\$ 0.19	\$ 0.07	\$ 0.35	\$ 0.32
Weighted average number of shares outstanding				
Basic	26,251,920	25,690,402	25,922,298	25,690,402
Diluted	26,661,500	26,661,500	26,661,500	26,661,500
Comprehensive Income				
Net income	\$ 5,252,036	\$ 1,937,840	\$ 9,838,564	\$ 9,227,187
Foreign currency translation adjustment	(311,480)	1,342,180	(870,005)	4,293,977
Total Comprehensive income	\$ 4,940,556	\$ 3,280,020	\$ 8,968,559	\$ 13,521,164
Comprehensive income attributable to non-controlling interests	172,179	182,649	415,762	800,375
Comprehensive income attributable to SkyPeople Fruit Juice, Inc.	\$ 4,768,377	\$ 3,097,371	\$ 8,552,797	\$ 12,720,789

The accompanying notes are an integral part of these consolidated financial statements.

SKYPEOPLE FRUIT JUICE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 9,838,564	\$ 9,227,187
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,376,671	2,674,081
Deferred income tax assets	142,638	-
Changes in operating assets and liabilities		
Accounts receivable	6,551,325	25,987,583
Other receivable	(113,858)	19,660
Advances to suppliers and other current assets	(47,955)	(399,945)
Inventories	(296,284)	(2,442,658)
Accounts payable	3,849,078	(398,972)
Accrued expenses	(2,683,737)	(1,491,478)
Income tax payable	(170,942)	(3,825,519)
Advances from customers	(178,401)	(535,017)
Net cash provided by operating activities	20,267,099	28,814,922
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,829,822)	(138,927)
Additions to construction progress	-	(46,437)
Additions to land use right	(1,204,179)	-
Prepayment for other assets	(256,585)	(5,894,322)
Net cash used in investing activities	(5,290,586)	(6,079,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease (Increase) in restricted cash	283,929	(679,744)
Short-term notes payable	(283,929)	657,590
Proceeds from short-term bank loans	6,332,120	7,733,603
Repayment of short-term bank loans	(1,137,847)	(5,181,670)
Net cash provided by financing activities	5,194,273	2,529,779
Effect of change in exchange rate	(455,603)	1,809,779
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,715,183	27,074,794
Cash and cash equivalents, beginning of period	61,154,007	49,350,385
Cash and cash equivalents, end of period	80,869,190	76,425,179
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	640,184	648,635
Cash paid for income taxes	3,740,987	7,245,144
SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION		
Transferred from other assets to property, plant and equipment and construction in process	\$ 5,217,366	\$ 457,070

The accompanying notes are an integral part of these consolidated financial statements.

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SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position as of September 30, 2012 and the results of operations and cash flows for the periods ended September 30, 2012 and 2011. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results for the three and nine months, respectively ended September 30, 2012 are not necessarily indicative of the results to be expected for any subsequent periods or for the entire year ending December 31, 2012. The balance sheet at December 31, 2011 has been derived from the audited financial statements at that date.

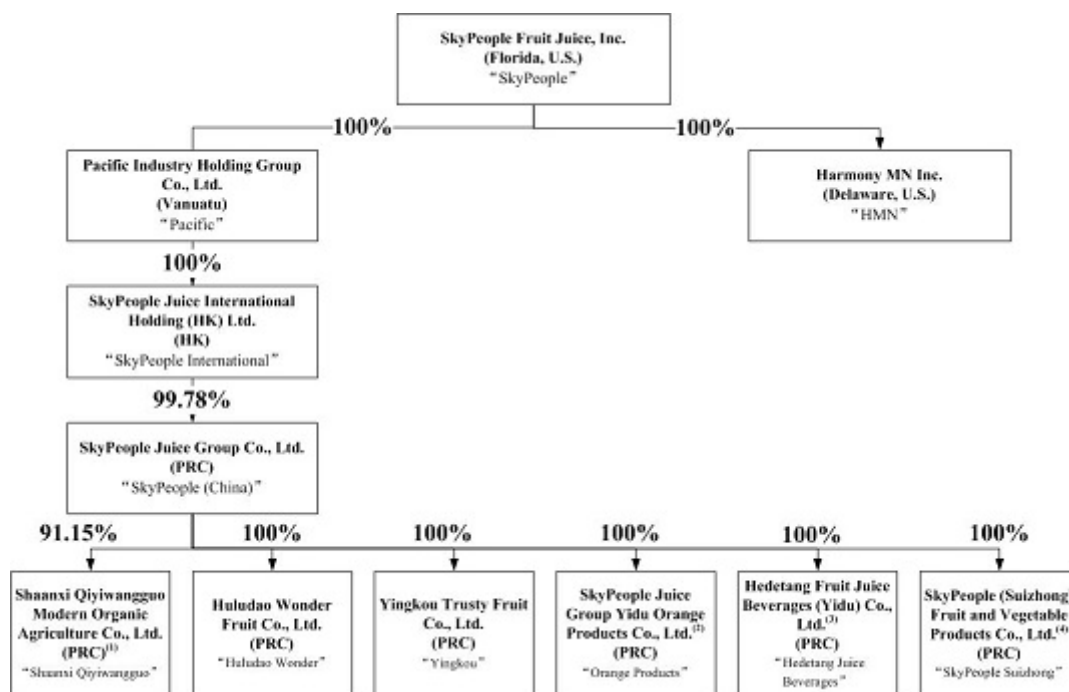
Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. These unaudited financial statements should be read in conjunction with our audited financial statements and notes thereto for the year ended December 31, 2011 as included in our Annual Report on Form 10-K.

2. Business Description and Significant Accounting Policies

The principal activities of the Company consist of production and sales of fruit juice concentrates, fruit juice beverages, and other fruit-related products in the PRC and overseas markets. All activities of the Company are principally conducted by subsidiaries operating in the PRC.

Organizational Structure

Below is the Company's current organizational structure as of the date of this report:



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SKYPEOPLE FRUIT JUICE, INC.
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- (1) SkyPeople (China) holds a 91.15% interest in Shaanxi Qiyiwangguo Modern Organic Agriculture Co., Ltd. (“Shaanxi Qiyiwangguo”) since June 2006, after it acquired 21.05% of the shares held by Shaanxi Xirui Co. Ltd. In July 2009, the Company canceled the registration of Shaanxi Qiyiwangguo with Xi’an SAIC and registered with Zhouzhi County SAIC. On June 14, 2012, the record of Zhouzhi County SAIC was updated to reflect the increase in the Company’s interest percentage of Shaanxi Qiyiwangguo in June 2006.
- (2) SkyPeople Juice Group Yidu Orange Products Co., Ltd. was established on March 13, 2012. Its scope of business includes deep processing and sales of oranges.
- (3) Hedetang Fruit Juice Beverages (Yidu) Co., Ltd. was established on March 13, 2012. Its scope of business includes production and sales of fruit juice beverages.
- (4) SkyPeople (Suizhong) Fruit and Vegetable Products Co., Ltd. was established on April 26, 2012. Its scope of business includes initial processing, quick-frozen and sales of agricultural products and related by-products.

Principals of Consolidation

Our consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

The consolidated financial statements are prepared in accordance with U.S. GAAP. This basis differs from that used in the statutory accounts of SkyPeople (China), Shaanxi Qiyiwangguo, Huludao Wonder, Yingkou, Orange Products, Hedetang Juice Beverages, Orange Products and SkyPeople Suizhong, which were prepared in accordance with the accounting principles and relevant financial regulations applicable to enterprises in the PRC. All necessary adjustments have been made to present the financial statements in accordance with U.S. GAAP.

Uses of Estimates in the Preparation of Financial Statements

The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and this requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. The significant areas requiring the use of management estimates include, but not limited to, the allowance for doubtful accounts receivable, estimated useful life and residual value of property, plant and equipment, provision for staff benefit, valuation of change in fair value of warrant liability, recognition and measurement of deferred income taxes and valuation allowance for deferred tax assets. Although these estimates are based on management’s knowledge of current events and actions management may undertake in the future, actual results may ultimately differ from those estimates.

Impairment of Long-lived Assets

In accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-10, Accounting for the Impairment or Disposal of Long-Lived Assets, long-lived assets, such as property, plant and equipment and purchased intangibles subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable, or it is reasonably possible that these assets could become impaired as a result of technological or other industrial changes. The determination of recoverability of assets to be held and used is made by comparing the carrying amount of an asset to future undiscounted cash flows to be generated by the assets.

SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. During the reporting periods there was no impairment loss of long-lived assets recognized.

Inventories

Inventories consist of raw materials, packaging materials (which include ingredients and supplies) and finished goods (which include finished juice in the bottling and canning operations). Inventories are valued at the lower of cost or market. We determine cost on the basis of the weighted average method. The Company periodically reviews inventories for obsolescence and any inventories identified as obsolete are reserved or written off.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 605, Revenue Recognition. Revenue from sales of products is recognized upon shipment or delivery to customers, provided that persuasive evidence of sales arrangements exist, title and risk of loss have been transferred to the customers, the sales amounts are fixed and determinable and collection of the revenue is reasonably assured. Customers have no contractual right to return products. Historically, the Company has not had any returned products. Accordingly, no provision has been made for returnable goods. The Company is not required to rebate or credit a portion of the original fee if it subsequently reduces the price of its product and the distributor still has rights with respect to that product.

Shipping and Handling Costs

Shipping and handling amounts billed to customers in related sales transactions are included in sales revenues and shipping expenses incurred by the Company are reported as a component of selling expenses. The shipping and handling expenses of \$409,095 and \$361,076 for the three months ended September 30, 2012 and 2011, respectively, and \$940,441 and \$903,820 for the nine months ended September 30, 2012 and 2011, respectively, are reported in the Consolidated Statements of Income and Comprehensive Income as a component of selling expenses.

Foreign Currency and Other Comprehensive Income

The financial statements of the Company's foreign subsidiaries are measured using the local currency as the functional currency; however, the functional currency and the reporting currency of the Company are the United States dollar ("USD"). Assets and liabilities of the Company's foreign subsidiaries have been translated into USD using the exchange rate at the balance sheet date while equity accounts are translated using the historical exchange rate. The average exchange rate for the period has been used to translate revenues and expenses. Translation adjustments are reported separately and accumulated in a separate component of equity (cumulative translation adjustment).

Other comprehensive income for the three and nine months ended September 30, 2012 and 2011, respectively, represented foreign currency translation adjustments and were included in the consolidated statements of income and comprehensive income.

SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Income Taxes

We use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized.

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

Earnings Per Share

Under ASC 260-10, Earnings Per Share, basic EPS excludes dilution for Common Stock equivalents and is calculated by dividing net income available to common stockholders by the weighted-average number of Common Stock outstanding for the period. Our Series B Convertible Preferred Stock is a participating security. Consequently, the two-class method of income allocation is used in determining net income available to common stockholders.

Diluted EPS is calculated by using the treasury stock method, assuming conversion of all potentially dilutive securities, such as stock options and warrants. Under this method, (i) exercise of options and warrants is assumed at the beginning of the period and shares of Common Stock are assumed to be issued, (ii) the proceeds from exercise are assumed to be used to purchase Common Stock at the average market price during the period, and (iii) the incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted EPS computation. The numerators and denominators used in the computations of basic and diluted EPS are presented in the following table.

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SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
NUMERATOR FOR BASIC AND DILUTED EPS				
Net income (numerator for Diluted EPS)	\$ 5,032,102	\$ 1,813,420	\$ 9,351,911	\$ 8,593,545
Net income allocated to Preferred Stock holders	(77,304)	(66,008)	(259,286)	(312,805)
Net income allocated to Common Stock holders	<u>\$ 4,954,798</u>	<u>\$ 1,747,412</u>	<u>\$ 9,092,625</u>	<u>\$ 8,280,740</u>
DENOMINATORS FOR BASIC AND DILUTED EPS				
Weighted average Common Stock outstanding	<u>26,251,920</u>	<u>25,690,402</u>	<u>25,922,298</u>	<u>25,690,402</u>
DENOMINATOR FOR BASIC EPS	26,251,920	25,690,402	25,922,298	25,690,402
Add: Weighted average Preferred Stock, as if converted	<u>409,580</u>	<u>971,098</u>	<u>739,202</u>	<u>971,098</u>
Add: Weighted average stock warrants outstanding	-	-	-	-
DENOMINATOR FOR DILUTED EPS	<u><u>26,661,500</u></u>	<u><u>26,661,500</u></u>	<u><u>26,661,500</u></u>	<u><u>26,661,500</u></u>
EPS - Basic	\$ 0.19	\$ 0.07	\$ 0.35	\$ 0.32
EPS - Diluted	\$ 0.19	\$ 0.07	\$ 0.35	\$ 0.32

The diluted earnings per share calculation for the three and nine months ended September 30, 2012 and 2011, respectively, did not include the warrants to purchase up to 175,000 shares of common stock, because their effect was anti-dilutive.

3. Inventories

Inventories by major categories are summarized as follows:

	September 30, 2012	December 31, 2011
Raw materials and packaging	<u>\$ 4,253,660</u>	<u>\$ 576,028</u>
Finished goods	<u>2,129,136</u>	<u>5,550,348</u>
Inventories	<u><u>\$ 6,382,796</u></u>	<u><u>\$ 6,126,376</u></u>

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SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Property, Plant and Equipment

Property, plant and equipment consist of the following:

	September 30, 2012	December 31, 2011
Machinery and equipment	\$ 33,071,999	\$ 30,856,247
Furniture and office equipment	252,865	178,045
Motor vehicles	523,515	443,870
Buildings	32,058,507	25,777,820
Property, plant and equipment, gross	65,906,886	57,255,982
Less: accumulated depreciation	(16,125,525)	(12,978,754)
Property, plant and equipment, net	\$ 49,781,361	\$ 44,277,228

Depreciation expense included in general and administration expenses for the three months ended September 30, 2012 and 2011 was \$96,006 and \$63,939, respectively, and was \$290,742 and \$184,761 for the nine months ended September 30, 2012 and 2011, respectively. Depreciation expense included in cost of sales for the three months ended September 30, 2012 and 2011 was \$1,011,752 and \$815,554, respectively, and was \$2,953,581 and \$2,356,037 for the nine months ended September 30, 2012 and 2011, respectively.

5. Short-term Bank Loans

Short-term bank loans consist of the following loans collateralized by assets of the Company:

	September 30, 2012	December 31, 2011
Loan payable to Bank of Huludao, Suizhong branch due on June 28, 2013, bearing interest at 9.465% per annum, collateralized by the buildings, machinery and land use rights of Huludao Wonder	\$ 5,251,537	\$ 5,284,959
Loan payable to Bank of Chongqing, due on March 20, 2013, bearing interest at 8.528% per annum, collateralized by the buildings and land use rights of SkyPeople (China).	3,154,077	-
Loan payable to China Construction Bank due on February 4, 2012, bearing interest at 4.4794% per annum, collateralized by certain accounts receivable of SkyPeople (China), which was paid off in January 2012	-	420,387
Loan payable to China Citic Bank due on February 3, 2012, bearing interest at 4.19465% per annum, collateralized by certain accounts receivable of SkyPeople (China), which was paid off in February 2012	-	720,367
Loan payable to China Construction Bank due on May 15, 2013, bearing interest at 6.56% per annum, collateralized by the buildings and machinery of SkyPeople (China).	2,365,558	-
Loan payable to Xian Bank Jiankang Road Branch due on May 22, 2013, bearing interest at 8.528% per annum, guaranteed by Shaanxi Boai Pharmaceutical Technology Development Co., LTD.	788,519	-
Total	\$ 11,559,691	\$ 6,425,713

SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

6. Commitments and Contingencies

On April 20, 2011, plaintiff Paul Kubala (on behalf of his minor child N.K.) filed a securities fraud class action lawsuit in the United States District Court, Southern District of New York against the Company, certain of its individual officers and/or directors, and Rodman & Renshaw, LLC, the underwriter of the Company's follow-on public offering consummated in August 2010, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. On June 20, 2011, plaintiff Benjamin Padnos filed a securities fraud class action lawsuit in the United States District Court, Southern District of New York against the Company, certain of its current and former officers and/or directors, the Company's former independent auditors Child Van Wagner & Bradshaw, PLLC and BDO Limited, and Rodman & Renshaw, LLC, the underwriter of the Company's follow-on public offering consummated in August 2010, alleging violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. On August 30, 2011, the Court consolidated the foregoing two actions and appointed Zachary Lewy as lead plaintiff. On September 30, 2011, pursuant to the Court's order, Lead Plaintiff filed a consolidated complaint, which names the Company, Rodman & Renshaw, LLC, BDO Limited, Child Van Wagoner & Bradshaw PLLC and certain of the Company's current and former directors and/or officers and majority shareholders as defendants, and alleges violations of Sections 11, 12 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Exchange Act, and the rules promulgated thereunder. The Consolidated Complaint seeks, among other things, compensatory damages, and reasonable costs and expenses incurred in the action. On December 21, 2011, the Company and certain of the individual defendants filed a motion to dismiss the Consolidated Complaint. On May 3, 2012, Lead Plaintiff voluntarily dismissed the claims against BDO Limited and Child Van Wagoner & Bradshaw PLLC. On September 10, 2012, the Court granted in part and denied in part the Company's motion to dismiss the Consolidated Complaint. The Company believes the allegations against the Company are baseless and is contesting the case vigorously. The Company has made no accrual for any potential contingencies.

On August 5, 2011, we received a shareholder demand letter from counsel for a purported shareholder. The letter was addressed to the Company's Board of Directors and requested the Board of Directors to take a number of actions in order to repair the alleged "harm" caused to the Company by certain of its directors and officers, as well as its current and former auditors. The Board of Directors has been reviewing this shareholder demand letter and considering appropriate action that the Company should undertake. On November 7, 2011, Baosheng Lu and Tao Wang were appointed to serve as directors of the board and the independent directors of the board appointed them to serve as the members of the evaluation committee. The evaluation committee is in the process of evaluating the actions demanded by the shareholder and retaining counsel to respond to the shareholder inquiry. No formal shareholder derivative complaint has been filed to date on behalf of the Company. The Company believes any such suit would be without merit and would vigorously defend its position in this regard. The Company has made no accrual for any potential contingencies.

On July 8, 2011, the Company brought suit against Absaroka Capital Management, LLC ("Absaroka") and its principal Kevin Barnes in the U.S. District Court of Wyoming under the caption SkyPeople, Inc. v. Absaroka Capital Management, LLC, et al., No. 11-cv-238. Absaroka is a purported independent investment analyst who, while holding a short position in our stock, issued a so-called research report (the "Report") asserting, inter alia, that the Company had inflated revenues. We brought suit alleging three causes of action for libel per se, libel per quod and intentional interference with a prospective business relationship. In or around November, 2011, Absaroka and Barnes brought counter claims against us for defamation per se, defamation per quod and abuse of process. On June 22, 2012, the Company and Absaroka reached an out-of-court settlement of litigation in the U.S. District Court for the District of Wyoming. The settlement includes a dismissal of all claims and counterclaims filed by the Parties, with neither party admitting any wrongdoing or liability. As part of the settlement agreement, Absaroka has agreed to remove the Report from its website, undertake best efforts to remove the Report from third-party sites, and refrain from issuing any further articles, public statements, or research reports concerning the Company.

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(Unaudited)

Other than the above, from time to time we may be a party to various litigation proceedings arising in the ordinary course of our business, none of which, in the opinion of management, is likely to have a material adverse effect on our financial condition or results of operations.

7. Concentrations

(1) Concentration of customers

Sales to five largest customers accounted for approximately 29% and 22% of our net sales during the nine months ended September 30, 2012 and 2011, respectively. There was no single customer representing 10% of total sales for the nine months ended September 30, 2012 and 2011.

Sales to our five largest customers accounted for approximately 30.8% and 32.1% of our net sales during the three months ended September 30, 2012 and 2011, respectively. Sales to one customer accounted for 10% of total sales for the three months ended September 30, 2011. There was no single customer representing 10% of total sales for the three months ended September 30, 2012.

(2) Concentration of Suppliers

During the three months ended September 30, 2012, one supplier accounted for 21%, of our purchases, respectively. During the same period of 2011, three suppliers accounted for 22%, 18% and 12% of our purchases, respectively. There was no other single supplier representing 10% of purchase during both periods.

During nine months ended September 30, 2012, one supplier accounted for 20%, of our purchases. During the same period of 2011, three suppliers accounted for 23%, 18% and 12% of our purchases, respectively. There was no other single supplier representing 10% of our purchase during both periods.

8. Segment Reporting

The Company operates in six segments: concentrated apple juice and apple aroma, concentrated kiwifruit juice and kiwifruit puree, concentrated pear juice, fruit juice beverages, fresh fruits and vegetables, and other products. Our concentrated apple juice and apple aroma are primarily produced by our Huludao Wonder factory. Our concentrated pear juice is primarily produced by the Company's Jingyang factory. The Company uses the same type of production line to manufacture both concentrated apple juice and concentrated pear juice. In addition, both Jingyang factory and Huludao Wonder factory are located in regions abundant with fresh apple and pear supplies. As such, Jingyang factory also produces concentrated apple juice and Huludao Wonder factory also produces concentrated pear juice when necessary. Our concentrated kiwifruit juice and kiwifruit puree, as well as our fruit juice beverages, are primarily produced by our Qiyiwanguo factory. The Company's other products include fructose, concentrated turnjube juice, and other by-products, such as kiwifruit seeds.

Concentrated fruit juice is used as a basic ingredient for manufacturing juice drinks and as an additive to fruit wine and fruit jam, cosmetics and medicines. The Company sells its concentrated fruit juice to domestic customers and exports directly or via distributors. The Company believes that its main export markets are the United States, the European Union, South Korea, Russia and the Middle East. The Company sells its Hedetang branded bottled fruit beverages domestically primarily to supermarkets in the PRC. The Company sells its fresh fruit and vegetables to supermarkets and wholesalers in the PRC.

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Some of these product segments may not individually meet the quantitative thresholds for determining reportable segments and we determine the reportable segments based on the discrete financial information provided to the chief operating decision maker. The chief operating decision maker evaluates the results of each segment in assessing performance and allocating resources among the segments. Since there is an overlap of services provided and products manufactured between different subsidiaries of the Company, the Company does not allocate operating expenses and assets based on the product segments. Therefore, operating expenses and assets information by segment are not presented. Segment profit represents the gross profit of each reportable segment.

For the Three Months Ended September 30, 2012	Concentrated apple juice and apple aroma	Concentrated kiwifruit juice and kiwifruit puree	Concentrated pear juice	Fruit juice beverages	Fresh fruits and vegetables	Others	Total
Reportable segment revenue	\$ 4,211	\$ 444	11,382	\$ 10,498	\$ 707	\$ 1,653	\$ 28,895
Inter-segment revenue	(249)	(45)	-	(38)	-	-	(332)
Revenue from external customers	<u>3,962</u>	<u>399</u>	<u>11,382</u>	<u>10,460</u>	<u>707</u>	<u>1,653</u>	<u>28,563</u>
Segment gross profit	\$ 679	\$ 189	\$ 3,469	\$ 3,951	\$ 218	\$ 19	\$ 8,525

For the Three Months Ended September 30, 2011	Concentrated apple juice and apple aroma	Concentrated kiwifruit juice and kiwifruit puree	Concentrated pear juice	Fruit juice beverages	Fresh fruits and vegetables	Others	Total
Reportable segment revenue	\$ 8,839	\$ 566	\$ 2,068	\$ 5,188	\$ 897	\$ 35	\$ 17,593
Inter-segment revenue	(57)	(67)	(32)	-	-	-	(156)
Revenue from external customers	<u>8,782</u>	<u>499</u>	<u>2,036</u>	<u>5,188</u>	<u>897</u>	<u>35</u>	<u>17,437</u>
Segment gross profit	\$ 2,045	\$ 267	\$ 516	\$ 1,582	\$ 424	\$ 7	\$ 4,841

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SKYPEOPLE FRUIT JUICE, INC.
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(Unaudited)

For the Nine Months Ended September 30, 2012	Concentrated apple juice and apple aroma	Concentrated kiwifruit juice and kiwifruit puree	Concentrated pear juice	Fruit juice beverages	Fresh fruits and vegetables	Others	Total
Reportable segment revenue	\$ 8,594	\$ 4,885	\$ 20,045	\$ 20,234	\$ 1,295	\$ 3,150	\$ 58,203
Inter-segment revenue	(1,373)	(236)	(162)	(38)	-	-	(1,809)
Revenue from external customers	<u>7,221</u>	<u>4,649</u>	<u>19,883</u>	<u>20,196</u>	<u>1,295</u>	<u>3,150</u>	<u>56,394</u>
Segment gross profit	\$ 1,186	\$ 2,099	\$ 6,709	\$ 6,924	\$ 514	\$ 100	\$ 17,532

For the Nine Months Ended September 30, 2011	Concentrated apple juice and apple aroma	Concentrated kiwifruit juice and kiwifruit puree	Concentrated pear juice	Fruit juice beverages	Fresh fruits and vegetables	Others	Total
Reportable segment revenue	\$ 15,024	\$ 5,595	\$ 8,036	\$ 17,898	\$ 2,354	\$ 825	\$ 49,732
Inter-segment revenue	(182)	(400)	(87)	-	-	-	(669)
Revenue from external customers	<u>14,842</u>	<u>5,195</u>	<u>7,949</u>	<u>17,898</u>	<u>2,354</u>	<u>825</u>	<u>49,063</u>
Segment gross profit	\$ 3,734	\$ 2,795	\$ 2,541	\$ 7,230	\$ 1,160	\$ 154	\$ 17,614

The following table reconciles reportable segment profit to the Company's consolidated income before income tax provision for the three and nine months ended September 30, 2012 and 2011, respectively:

	Three Months Ended September 30,	
	2012	2011
Segment profit	\$ 8,524,910	\$ 4,841,122
Unallocated amounts:		
Operating expenses	1,835,445	2,000,830
Other (income)/expenses	(479,996)	176,213
Income before tax provision	<u>\$ 7,169,461</u>	<u>\$ 2,664,079</u>

SKYPEOPLE FRUIT JUICE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	<u>Nine Months Ended September 30,</u>	
	<u>2012</u>	<u>2011</u>
Segment profit	\$ 17,532,300	\$ 17,613,826
Unallocated amounts:		
Operating expenses	5,299,306	5,204,035
Other (income)/expenses	(1,315,668)	(237,021)
Income before tax provision	<u>\$ 13,548,662</u>	<u>\$ 12,646,812</u>

9. Common Stock

The following table reconciles the number of Common Stock and Series B Convertible Preferred Stocks as to the date of this report.

<u>Date</u>	<u>B Series</u>	<u>Common Stocks</u>
	<u>Preferred Stocks</u>	
December 31, 2011 Issued and outstanding	1,456,647	25,690,402
May 17, 2012 Conversion of shares of Series B Preferred Stock into shares of Common Stock	(405,000)	270,000
July 27, 2012 Conversion of shares of Series B Preferred Stock into shares of Common Stock	(410,000)	273,333
August 28, 2012 Conversion of shares of Series B Preferred Stock into shares of Common Stock	(411,500)	274,333
October 1, 2012⁽¹⁾ Conversion of shares of Series B Preferred Stock into shares of Common Stock	(230,147)	153,431
Date of this report Issued and outstanding	<u>-</u>	<u>26,661,499</u>

⁽¹⁾ Please refer to Note 10 "Subsequent Event."

As of September 30, 2012, the Company had outstanding warrants to purchase 175,000 shares of the Company's Common Stock.

10. Subsequent Events

On October 1, 2012, a holder of the Company's Series B Convertible Preferred Stock converted 230,147 shares of Series B Convertible Preferred Stock into 153,431 shares of Common Stocks.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Financial Statements and Notes thereto appearing elsewhere in this Form 10-Q.

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

The following discussion and analysis of the condensed consolidated financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and notes in Item I above and with the audited consolidated financial statements and notes, and with the information under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from the results described in or implied by these forward-looking statements as a result of various factors, including those discussed in this report and under the heading "Risk Factors" in our most recent Annual Report on Form 10-K.

Overview of Our Business

We are engaged in the production and sales of fruit juice concentrates (including fruit purees, concentrated fruit purees and concentrated fruit juices), fruit beverages (including fruit juice beverages and fruit cider beverages), and other fruit related products (including organic and non-organic fresh fruits) in and from the PRC. Our fruit juice concentrates, which include apple, pear and kiwifruit concentrates, are sold to domestic customers and exported directly or via distributors. For the nine months ended September 30, 2012, sales of our fruit juice concentrates, fruit beverages and other fruit related products represented 56%, 36% and 8% of our revenue, respectively, compared to 57%, 36.5% and 6.5%, respectively, for the same period of 2011. For the three months ended September 30, 2012, sales of our fruit juice concentrates, fruit beverages and other fruit related products represented 55%, 37% and 8% of our revenue, respectively, compared to 65%, 30% and 5%, respectively, for the same period of 2011.

We export our products as well as sell them domestically. The Company sells its fruit juice concentrates to domestic customers and exports directly or via distributors with good credit. We believe that our main export markets are the United States, the European Union, South Korea, Russia and the Middle East. We sell our Hedetang-brand bottled fruit beverages primarily to domestic supermarkets. We also sell our other fruit related products to domestic customers.

We currently market our Hedetang brand fruit beverages in certain regions of the PRC. During the second quarter of 2012, we began exporting beverage to the Republic of Mongolia. We plan to expand the market presence of our Hedetang brand over a broader geographic area in the PRC. In particular, we plan to increase the production of higher margin portable fruit juice beverages targeting consumers in more populated Chinese cities. Currently we produce eight flavors of fruit beverages in 280 ml, 418 ml and 500 ml glass bottles and 3 liter Bag-In-Box packaging, including apple juice, pear juice, kiwifruit juice, mulberry juice, peach juice, pomegranate juice, kiwifruit cider and mulberry cider. We sell our fruit beverages to distributors and retail stores in approximately 20 provinces. Our products are sold through distributors to stores such as Hualian, Aeon and Wal-Mart in Beijing; CR Vanguard, RenRenLe and Wal-Mart in Shaanxi; TESCO in Shanghai; and Wal-Mart in Liaoning.

Our strategy is to focus on creating new products with high margins to supplement our current product offering.

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In this regard, we believe that continuous investment in research and development to enhance the quality of fruit juice concentrates and fruit beverages is crucial. As of September 30, 2012, we had an internal research and development team of approximately 40 employees, and we retained external experts and research institutions for additional consultation when necessary. As compared to the corresponding periods of last year, our expenditure on research and development has been stable. For the nine months ended September 30, 2012 and 2011, our research and development expenses were \$427,447 and \$420,121, respectively. In the three months ended September 30, 2012 and 2011, our research and development expenses were \$142,077 and \$145,413, respectively.

Fresh fruits are the main raw material in our business. As such our business is highly seasonal and can be greatly affected by weather because of the seasonal nature in the fruit growing business. Our core products are apple, pear and kiwifruit juice concentrates, which are produced from July or August to April of the following year. The squeezing season for apples is from August to January or February of the following year, the squeezing season for pears is from July or August until April of next year, the squeezing season for kiwifruits is from September through December each year. Typically, a substantial portion of our revenues is earned during the first and fourth quarters of each year. To minimize the seasonality of our business, we make continued efforts in identifying new products with harvesting seasons complementary to our current product mix. Our goal is to lengthen our squeezing season, thus increase our annual production of fruit juice concentrates and fruit beverages. Since the first quarter of 2009, we have been selling fruit beverages in the Chinese market. Unlike fruit juice concentrates, which can only be produced during the squeezing season, fruit beverages are made out of fruit juice concentrates and can be produced and sold throughout the year. The addition of beverages to our product mix reduces the seasonality of our other products, which use fresh fruits as raw material.

We purchase raw materials from local markets and fruit growers that deliver directly to our plants. We have implemented a fruit-purchasing program in areas surrounding our factories. In addition, we organize purchasing centers in rich fruit production areas, helping farmers deliver fruits to our purchasing agents easily and in a timely manner. We are then able to deliver the fruits directly to our factory for production. We have assisted local farmers in their development of kiwifruit fields to help ensure high quality products throughout the production channel. Our raw material supply chain is highly fragmented and raw fruit prices are highly volatile in China. Fruit concentrate and fruit juice beverage companies generally do not enter into purchasing agreements. In addition to raw materials, we purchase various ingredients and packaging materials such as sweeteners, glass and plastic bottles, cans and packing barrels. We generally purchase our materials or supplies from multiple suppliers. We are not dependent on any one supplier or group of suppliers.

Shaanxi and Liaoning Provinces, where our manufacturing facilities are located, are large fruit producing provinces. All of our four manufacturing facilities in the PRC are strategically located near fruit growing centers so that we can better preserve the freshness of the fruits and lower our transportation costs. To take advantage of economies of scale and to enhance our production efficiency, generally, each of our manufacturing facilities focuses on certain products made from one particular fruit according to the proximity of such manufacturing facility to the sources of that fruit supply. Our kiwifruit processing facilities are located in Zhouzhi County of Shaanxi Province, which has the largest planting area of apples and kiwifruits in the PRC. Our pear processing facilities are located in Shaanxi Province, which is the main pear-producing province in the PRC. Our apple processing facilities are located in Liaoning Province, a region that abounds with high acidity apples. As we use the same type of production line for both concentrated apple juices and concentrated pear juices and both Shaanxi Province and Liaoning Province are rich in production of fresh apples and pears, our Liaoning facilities also produce concentrated apple juices and our Shaanxi Province facilities also produce concentrated apple juices depending on customers' needs. We believe that these regions provide adequate supply of raw materials to meet our production needs in the foreseeable future.

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On August 30, 2010, we closed the public offering of 5,181,285 shares of our Common Stock at a price of \$5.00 per share for approximately \$25.9 million. We received an aggregate of approximately \$24 million as net proceeds after deducting underwriting discounts and commissions and other offering expenses. The use of proceeds from the offering is described in the section entitled "Capital Projects" below. As of September 30, 2012, we had spent approximately \$12 million on various capital projects, which are further described in Projects (4) and (5), respectively, in the section entitled "Capital Projects" below. We review these projects and capital expenditures on a quarterly basis based on the market conditions and associated costs of these projects.

Recent Development**State Intellectual Property Office of the PRC Granted Four New Patents to the Company**

In the third quarter of 2012, the Company was granted four new patents, each with a statutory patent period of 20 years, by the State Intellectual Property Office of the People's Republic of China ("SIPO"). Each of such patents is related to the Company's innovative production methods and techniques that can help more effectively produce a variety of fruit juice products. The Company received the patent certificates for these four patents in September 2012.

The Company received the following two patent certificates on September 12, 2012:

- A Kiwifruit cider beverage and its production method (Patent No. ZL 2009 1 0022739.1)
- A production technology for strawberry juice concentrates (Patent No. ZL 2010 1 0209900.9)

The Company received the following additional two patent certificates on September 26, 2012:

- A production technology for turnjujube juice concentrates (Patent No. ZL 2010 1 0108318.3)
- A production technology for cherry juice concentrates (Patent No. ZL 2010 1 0209899.X)

The Company filed the patent applications with respect to the above patents in 2009 and 2010, respectively, which were followed by a comprehensive review by SIPO. Upon being granted the new patents, the Company expects to secure market exclusivity for these innovative production methods and techniques for a period of 20 years. Including the foregoing four new patents, the Company now holds six active patents and has several patent applications in process.

Investment/Service Agreement with Yidu Municipal People's Government

On October 29, 2012, SkyPeople (China) entered into an investment/service agreement (the "Investment Agreement") with Yidu Municipal People's Government in Hubei Province of China.

Under the Investment Agreement, the parties agree to invest and establish an orange comprehensive deep processing zone in Yidu.

The Company will be responsible for the establishment, construction and financing of the project with a total investment of RMB 300 million (approximately \$48 million), in fixed assets and the purchase of land use rights, while Yidu government agrees to provide a parcel of land for the project that is approximately 280 mu in size located at Gaobazhou Town of Yidu for a fee payable by the Company. The consideration for transferring the land use right for the project land shall be RMB 0.3 million per mu.

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The main scope of the Yidu project includes the establishment of:

1. one modern orange distribution and sales center (the “distribution center”);
2. one orange comprehensive utilization deep processing zone (the “deep processing zone”), including:
 - a) one 45 ton/hour concentrated orange juice and byproduct deep processing production line;
 - b) one bottled juice drink production line with a capacity to produce 6,000 glass bottles per hour;
 - c) one storage freezer facility with a capacity to store 20,000 tons of concentrated orange juice; and
 - d) general purpose facilities within the zone, office space, general research and development facilities, service area, living quarters and other ancillary support areas
3. one research and development center for orange varietal improvement and engineering technology (the “R&D center”); and
4. one standardized orange plantation (the “orange plantation”).

The total amount of RMB 300 million (approximately \$48 million) will mainly be used to establish the distribution center and the deep processing zone on the project land of approximately 280 mu. SkyPeople and Yidu Municipal People’s Government agreed to discuss the investment amount and location for establishing the R&D center and the orange plantation in the future.

Capital Projects

Subsidiary	No.	Priority Projects	Progress	Estimated capital expenditure (in Millions)
SkyPeople Suizhong	(1)	Construction of a refrigeration storage unit for the storage of concentrated fruit juices and fresh fruits and vegetables	The design of the facility has been completed. Construction has started during the third quarter of 2012. It is expected that the construction will be completed in the fourth quarter of 2012.	\$ 2.7
Huludao Wonder	(2)	Construction of concentrated fruit juice mixing center	The design of the facility has been completed. The first stage of construction has started. It is expected that the construction work will be completed during the fourth quarter of 2012.	1.9
Huludao Wonder	(3)	Construction of a 30 ton/hour comprehensive fruits and vegetables processing line	The construction of this 30 ton/hour comprehensive fruits and vegetables processing line was delayed. The Company is installing and adjusting machinery and equipment for the project.	3
Huludao Wonder	(4)	Construction of a fruit juice beverage production line of 6,000 bottles/hour	The construction of the production line was completed and the production line commenced operation in the second quarter of 2012.	3
Huludao Wonder	(5)	Environmental project (waste water treatment facility for concentrated apple juice production line)	The construction of the environmental project was completed in the third quarter of 2012.	8
Total Capital Expenditure				\$ 18.6

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- (1) Our initial plan was to construct both the refrigeration storage (see Project (1) above) and fruit juice mixing center (see Project (2) above) in Huludao, Liaoning Province, for which the original estimated total capital expenditure was \$4.4 million. We initially planned to start the construction of the refrigeration storage unit and a concentrated fruit juice-mixing center in the fourth quarter of 2011. However, the construction of the refrigeration storage unit has been delayed due to a change of plan. Management concluded that it is in the best interest of the Company to build the refrigeration storage unit in Suizhong, Liaoning Province, which is in close geographic proximity of Huludao Wonder in Liaoning Province. The total estimated capital expenditure for Projects (1) and (2) based on the changed plan is expected to be \$4.6 million. The Company is now in the process of evaluating the new plan and in negotiation with the local government to acquire land use right for approximately 7.8 acres for consideration of approximately \$290,000 per acre. In April 2012, the Company paid partial consideration of approximately \$1,200,000. As of the date of this report, the certificate of land use right has not been granted to the Company.
- (2) The fruit juice-mixing center will be built in Huludao Wonder. The design of the fruit juice-mixing center has been completed. First stage of construction has started. It is expected that the construction work will be completed during the fourth quarter of 2012.
- (3) Our initial plan was to construct a 50 ton/hour concentrated apple juice production line in Huludao Wonder. We later decided to cancel the plan due to certain amendment to the Catalogue of Industry Structure Adjustment effective in June 2011, which classified concentrated apple juice business in the category of Restricted Industry. To avoid exposure to potential government restrictions on the expansion of this industry by, among other things, putting limitations on the increase in production capacity, increasing the product quality standard, reducing government financial support, we decided to change our existing 30 ton/hour concentrated apple juice line into a 30 ton/hour comprehensive fruits and vegetables processing line by adding additional equipment and machinery. The 30 ton/hour comprehensive fruits and vegetables processing line is expected to process a variety of fruits and vegetables (including apple, pear, and other fruits and vegetables) into juices. The estimated investment for this project is \$3.0 million. We believe that this project could provide us more flexibility. The Company is installing and adjusting machinery and equipment.
- (4) We started the construction of infrastructure for the fruit juice beverage production line on September 28, 2010. The construction of a fruit juice beverage production line with a maximum production capacity of 6,000 bottles per hour has been completed. On April 25, 2012, Huludao Wonder was granted a beverage production license (including fruit juice and vegetable juice) by Liaoning Bureau of Quality and Technical Supervision. Huludao Wonder commenced operation of the new production line on April 28, 2012.
- (5) The environmental project mainly consists of a wastewater processing facility that is required in our production of fruit and vegetable juice concentrates. The construction of the environmental project (waste water treatment facility for concentrated apple juice production line) has been completed in the third quarter of 2012.

[Table of Contents](#)**Results of Operations****Comparison of Three Months ended September 30, 2012 and 2011:**

Revenue

The following table presents our consolidated revenues for each of our main products for the three months ended September 30, 2012 and 2011, respectively (in thousands):

	Three Months Ended		Change	
	September 30,		Amount	%
	2012	2011		
Concentrated apple juice and apple aroma	3,962	8,782	(4,820)	(55)%
Concentrated kiwifruit juice and kiwifruit puree	399	499	(100)	(20)%
Concentrated pear juice	11,382	2,036	9,346	459%
Fruit juice beverages	10,460	5,188	5,272	102%
Fresh fruits and vegetables	707	897	(190)	(21)%
Other	1,653	35	1,618	4,623%
Total	28,563	17,437	11,126	64%

Our gross revenue for the three months ended September 30, 2012 was \$28.6 million, an increase of \$11.1 million, or 64%, from \$17.4 million for the same period of 2011. This increase was primarily due to the increases in sales of concentrated pear juice, fruit juice beverages, as well as other products, which was partially offset by the decreases in revenue generated from sales of concentrated apple juice and apple aroma, as well as kiwi juice and kiwi puree.

Sales from apple related products decreased by \$5.0 million, or 55%, to \$4.0 million for the three months ended September 30, 2012, from \$9.0 million for the same period of 2011. The decrease was primarily due to the decrease in sales volume for concentrated apple juice and apple aroma while the unit price for these products remained the same. During the third quarter of 2012, the Company sold approximately 2,050 tons of concentrated apple juice, a 55% decrease from 4,528 tons of concentrated apple juice sold in the same period of 2011. The decrease in sales volume was caused by a shorter squeezing season for concentrated apple juice and apple aroma in 2012, which started at the end of August in 2012, while it started at the beginning of August in 2011.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$0.4 million for the third quarter of 2012, a decrease of \$0.1 million, or 20%, from \$0.5 million in the same quarter of 2011. During the third quarter of 2012, the Company did not produce any concentrated kiwifruit juice and kiwifruit puree due to a shortage of fresh kiwi supply resulting from seasonal factors, and all sales of concentrated kiwifruit juice and kiwifruit puree were made out of the inventories.

Sales of concentrated pear juice increased to \$11.4 million in the third quarter of 2012, an increase of \$9.3 million, or 459%, from \$2.0 million in the same quarter of 2011. The increase was primarily attributable to the 397% increase in the sales volume and a slight increase in the unit price of concentrated pear juice. During the third quarter of 2012 and 2011, the Company sold approximately 6,000 tons and 1,200 tons of concentrated pear juice, respectively.

Revenue from our fruit juice beverages in the PRC increased to \$10.5 million, an increase of \$5.3 million or 102%, from \$5.2 million for the same period of 2011, primarily due to an increase in sales volume as a result of the downward pricing adjustment for our beverage products with an aim to improve our competitiveness and to gain more market shares. We implemented this pricing strategy since the third quarter of 2011.

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Sales of fresh fruits and vegetables decreased to \$0.7 million in the third quarter of 2012, a decrease of \$0.2 million, or 21%, from \$0.9 million in the same quarter of 2011. The decrease of revenue generated from sales of fresh fruits and vegetables was primarily due to fewer supply of fresh fruits and vegetables in the third quarter of 2012 as compared to the corresponding period of last year due to seasonable factors.

Revenue from other products increased to \$1.7 million, an increase of \$1.7 million or 4,623%, from \$0.04 million for the same period of 2011. Historically, revenue from other products only accounted for a small percentage of our total revenue. It accounted for 5.8% and 0.2% of our total revenue for the third quarter of 2012 and 2011, respectively. Revenue from other projects is expected to fluctuate and is generally not indicative of our future sales of other products.

Gross Margin

The following table presents the consolidated gross profit of each of our main products and its consolidated gross profit margin, which is gross profit as a percentage of the related revenues, for the three months ended September 30, 2012 and 2011, respectively (in thousands for the gross profit):

	Three Months Ended September 30,			
	2012		2011	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	\$ 679	17%	\$ 2,045	23%
Concentrated kiwifruit juice and kiwifruit puree	189	47%	267	54%
Concentrated pear juice	3,469	30%	516	25%
Fruit juice beverages	3,951	38%	1,582	30%
Fresh fruits and vegetables	218	31%	424	47%
Other	19	1%	7	20%
Total Gross Profit/Average Gross Margin	<u>\$ 8,525</u>	<u>30%</u>	<u>\$ 4,841</u>	<u>28%</u>

The consolidated gross profit for the three months ended September 30, 2012 was \$8.5million, representing an increase of \$3.7 million, or 76%, from \$4.8 million for the same period of 2011.

The consolidated gross profit margin for the three months ended September 30, 2012 was 30%, an increase of 2%, from 28% for the same period of 2011. The increase was primarily due to increases in gross profit margins of the concentrated pear juice and fruit juice beverages, which were slightly offset by slight decreases in gross profit margins of the concentrated apple juice and apple aroma, concentrated kiwifruit juice and kiwifruit puree, fresh fruits and vegetables.

The gross profit margin of the concentrated apple juice and apple aroma decreased to 17% for the three months ended September 30, 2012 from 23% for the same period of 2011, as the Company produced less concentrated apple juice and apple aroma available for sale during the third quarter of 2012 and also sold concentrated apple juice and apple aroma out of the 2011 inventories, whose cost of production was relatively high due to higher purchase price of fresh apple in 2011.

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The gross profit margin of the concentrated kiwifruit juice and kiwifruit puree decreased from 54% for the three months ended September 30, 2011 to 47% for the same period of 2012. During the third quarter of 2012, the Company did not produce any concentrated kiwifruit juice and kiwifruit puree due to shortage of raw materials, and all the sales of the concentrated kiwifruit juice and kiwifruit puree were generated from selling the inventories of the previous quarter. The decrease in gross profit margin was primarily due to the higher costs of inventory in the three months ended September 30, 2012.

The gross profit margin of concentrated pear juice increased slightly from 25% during third quarter of 2011 to 30% of the same period of 2012, mainly due to a decrease in the purchase price for the fresh pear in the third quarter of 2012 from that in the same period of 2011.

The gross profit margin of our fruit juice beverages increased from 30% for the three months ended September 30, 2011 to 38% for the same period of 2012 as a result of an increase in the production volume, which in turn led to the decrease in the cost of production and cost of sales.

The gross profit margin of our fresh fruits and vegetables decreased from 47% for the three months ended September 30, 2011 to 31% for the same period of 2012 primarily due to reduced selling price of fresh fruits and vegetable during third quarter of 2012 than the same period of 2011.

The gross profit margin for other products was 20% for the three months ended September 30, 2011 and 1% for the same period of 2012. Given the relatively low production volume and sales of other products, the gross profit margin for other products is expected to fluctuate from time to time.

Operating Expenses

The following table presents our consolidated operating expenses and operating expenses as a percentage of revenue for the three months ended September 30, 2012 and 2011, respectively:

	Three Months Ended September 30,					
	2012		2011		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
General and administrative expenses	\$ 960,617	3%	\$ 1,217,206	7%	(256,589)	(21)%
Selling expenses	732,751	4%	638,211	4%	94,540	15%
Research and development expenses	142,077	0%	145,413	1%	(3,336)	(2)%
Total operating expenses	<u>\$ 1,835,445</u>	<u>6%</u>	<u>\$ 2,000,830</u>	<u>11%</u>	<u>(165,385)</u>	<u>(8)%</u>

Our operating expenses consist of general and administrative expenses, selling expenses and research and development expenses. Operating expenses decreased by 8% to \$1,835,445 for the three months ended September 30, 2012, from \$2,000,830 for the corresponding period in 2011.

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General and administrative expenses decreased by \$256,589, or 21%, to \$ 960,617 for the three months ended September 30, 2012, from \$1,217,206 for the same period of 2011. The decrease in general and administrative expenses was mainly due to decreases in legal fees related to our currently pending litigations.

Selling expenses increased by \$94,540, or 15%, to \$732,751 for the three months ended September 30, 2012 from \$638,211 for the same period of 2011, mainly due to an increase in the headcount of our sales force.

Research and development expenses decreased slightly by \$3,336, or 2%, to \$142,077 for the three months ended September 30, 2012 from \$145,413 for the same period of fiscal 2011.

Income from Operations

Income from operations increased to \$6,689,465, for the three months ended September 30, 2012, an increase of 136%, or 3,849,173 from \$2,840,292 for the same period of 2011. The increase in the income from operations was mainly due to an increase in the gross profit and decrease in the operating expenses as discussed above.

Other Income (Expense), Net

Other income, net was \$ 479,996 for the three months ended September 30, 2012, as compared to other expense of \$176,213 in the same period of 2011. The increase in other income was primarily due to an increase in the subsidy income from \$50,632 in the third quarter of 2011 to \$615,997 for the same period of 2012. We received the subsidy income as a result of the value-added tax rebates provided on our exports, which significantly increased in the third quarter of 2012 from the corresponding period of 2011.

Income Tax

Our provision for income taxes increased by \$1,191,186, or 164%, to \$1,917,425 for the three months ended September 30, 2012 from \$726,239 for the three months ended September 30, 2011. The increase in the tax provision was due to increased income before taxes generated in the third quarter of 2012 as compared to the same quarter of 2011. Our consolidated income tax rate was 27% and 27% for the three months ended September 30, 2012 and 2011, respectively.

Net Income

Net income was \$5,252,036 for the three months ended September 30, 2012, an increase of \$3,314,196 or 171%, from \$1,937,840 for the same period of 2011, primarily due to the factors previously discussed.

Non-controlling Interests

As of September 30, 2012, SkyPeople (China) held a 91.15% interest in Shaanxi Qiyiwangguo and Pacific held a 99.78% interest in SkyPeople (China). Net income attributable to non-controlling interests, which is deducted from our net income, was \$219,934 and \$124,420 for the three months ended September 30, 2012 and 2011, respectively. The increase in the net income attributable to non-controlling interests was mainly due to the increase in the net income generated from SkyPeople (China).

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Net Income Attributable to SkyPeople Fruit Juice, Inc.

Net income attributable to the Company was \$ 5,032,102 for the three months ended September 30, 2012, an increase of \$3,218,682 or 177%, from \$1,813,420 for the same period of 2011. The increase was due to the reasons described above.

Comparison of Nine Months ended September 30, 2012 and 2011:

Revenue

The following table presents our consolidated revenues for each of our main products for the nine months ended September 30, 2012 and 2011, respectively (in thousands):

	Nine Months Ended		Change	
	September 30,		Amount	%
	2012	2011		
Concentrated apple juice and apple aroma	7,221	14,842	(7,621)	(51)%
Concentrated kiwifruit juice and kiwifruit puree	4,649	5,195	(546)	(11)%
Concentrated pear juice	19,883	7,949	11,934	150%
Fruit juice beverages	20,196	17,898	2,298	13%
Fresh fruits and vegetables	1,295	2,354	(1,059)	(45)%
Other	3,150	825	2,325	282%
Total	56,394	49,063	7,331	15%

Our gross revenue for the nine months ended September 30, 2012 was \$56.4 million, an increase of \$7.3 million, or 15%, from \$49.1 million for the same period of 2011. The increase was primarily due to increases in the sales of the concentrated pear juice, fruit juice beverages and other products, which were partially offset by decreases in the sales of concentrated apple juice and apple aroma, concentrated kiwifruit juice and kiwifruit puree as well as fresh fruits and vegetables.

Sales from apple related products decreased by \$7.6 million, or 51%, to \$7.2 million for the nine months ended September 30, 2012 from \$14.8 million for the same period of 2011. The decrease was primarily caused by a decrease in sales volume. During the nine months ended September 30, 2012, the Company sold approximately 3,736 tons of concentrated apple juice, a 54% decrease from 8,165 tons for the same period of 2011. The decrease in sales volume was caused by a shorter squeezing season of for concentrated apple juice and apple aroma of in 2012, which started at the end of August, while it started at the beginning of August in 2011. Such decrease was partially offset by a slight increase in the unit price of the concentrated apple juice.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$4.7 million for the nine months ended September 30, 2012, a decrease of \$0.5 million, or 11%, from \$5.2 million in the same period of 2011. The decrease was primarily due to a 12% decrease in sales of concentrated kiwifruit puree in the nine months ended September 30, 2012 from those in the nine months ended September 30, 2011 and an increase in the unit selling price.

Sales of concentrated pear juice increased to \$19.9 million for the nine months ended September 30, 2012, an increase of \$11.9 million, or 150%, from \$7.9 million for the same period of 2011. The increase was primarily due to an 85% increase in the sales volume and an increase in the unit selling price for the concentrated pear juice during the nine months ended September 30, 2012 as compared to the corresponding period of 2011. The Company sold approximately 11,085 tons and 5,993 tons of the pear juice during the nine months ended September 30, 2012 and 2011, respectively.

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Revenue from our fruit juice beverages in the PRC increased to \$20.2 million, an increase of \$2.3 million or 13%, from \$17.9 million for the same period of 2011. Since the second quarter of 2011, the Company made downward pricing adjustment to our fruit juice beverage products to improve our competitiveness and gained more market share. The downward pricing adjustment increased our sales volume and our market share of our fruit juice beverages for the nine months ended September 30, 2012 as compared to the corresponding period of 2011.

Revenue from our fresh fruits and vegetables in the PRC decreased to \$1.3 million, a decrease of \$1.1 million or 45%, from \$2.4 million for the same period of 2011. The decrease was primarily due to a decrease in the sales volume of the fresh fruits as well as an overall decrease in the selling prices of fresh fruits in the nine months ended September 30, 2012 as compared to those in the same period of 2011.

Revenue from other products increased to \$3.2 million, an increase of \$2.3 million or 282%, from \$0.8 million for the same period of 2011. Sale of other products is expected to fluctuate and is generally not indicative of any trend in future sales.

Gross Margin

The following table presents the consolidated gross profit of each of our main products and its consolidated gross profit margin, which is gross profit as a percentage of the related revenues, for the nine months ended September 30, 2012 and 2011, respectively (in thousands for the gross profit):

	Nine Months Ended September 30,			
	2012		2011	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	\$ 1,186	16%	\$ 3,734	25%
Concentrated kiwifruit juice and kiwifruit puree	2,099	45%	2,795	54%
Concentrated pear juice	6,709	34%	2,541	32%
Fruit juice beverages	6,924	34%	7,230	40%
Fresh fruits and vegetables	514	40%	1,160	49%
Other	100	3%	154	19%
Total Gross Profit/Average Gross Margin	<u>\$ 17,532</u>	<u>31%</u>	<u>\$ 17,614</u>	<u>36%</u>

The consolidated gross profit for the nine months ended September 30, 2012 was \$17.5 million, a decrease of \$0.1 million, or 0.5%, from \$17.6 million for the same period of 2011. The decrease was primarily due to the decreases in gross profits for concentrated apple juice and apple aroma, concentrated kiwifruit juice and kiwifruit puree, fruit juice beverages and fresh fruits and vegetables, which was partially offset by increases in the gross profit in concentrated pear juice and other products.

The consolidated gross profit margin for the nine months ended September 30, 2012 was 31%, a decrease of 5%, from 36% for the same period of 2011. The decrease was primarily due to decreases in gross margins of concentrated apple juice and apple aroma, concentrated kiwifruit juice and kiwifruit puree, fruit juice beverages and fresh fruits and vegetables and other products, while gross profit margin of concentrated pear juice remain stable for the same period of last year.

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The gross profit margin of concentrated apple juice and apple aroma decreased to 16% for the nine months ended September 30, 2012 from 25% for the same period of 2011, primarily due to the fact that the Company did not produce any apple juice and apple aroma during the first half of 2012, and the cost of goods sold was incurred from selling the inventories of the previous year. Cost of production of concentrated apple juice and apple aroma of 2011 was relatively high due to high purchase price of fresh apples in 2011.

The gross profit margin for concentrated kiwifruit juice and kiwifruit puree decreased from 54% for the nine months ended September 30, 2011 to 45% for the same period of 2012. The decrease was primarily due to an increase in costs for the fresh kiwifruits in the nine months ended September 30, 2012 as compared to that in the same period of 2011.

The gross profit margin for concentrated pear juice increased from 32% for the nine months ended September 30, 2011 to 34% for the same period of 2012. The increase was primarily due to a decrease in fresh pear price.

The gross profit margin for our fruit juice beverages decreased from 40% for the nine months ended September 30, 2011 to 34% for the same period of 2012 as a result of the downward price adjustment for our beverage products as explained above in this report.

The gross profit margin for fresh fruits and vegetables decreased from 49% for the nine months ended September 30, 2011 to 40% for the same period of 2012. The decrease was primarily due to lower selling price of fresh fruits and vegetables.

The gross profit margin for other products was 19% for the nine months ended September 30, 2011 and 3% for the same period of 2012. Given the relatively low production volume and sales of other products, the gross profit margin is prone to fluctuation from time to time.

Operating Expenses

The following table presents our consolidated operating expenses and their respective percentage of revenue for the nine months ended September 30, 2012 and 2011, respectively:

	Nine Months Ended September 30,					
	2012		2011		Change	
	Amount	% of revenue	Amount	% of revenue	Amount	%
General and administrative expenses	\$ 3,091,992	5%	\$ 3,042,100	6%	49,892	2%
Selling expenses	1,779,867	3%	1,741,814	4%	38,053	2%
Research and development expenses	427,447	1%	420,121	1%	7,326	2%
Total operating expenses	<u>\$ 5,299,306</u>	9%	<u>\$ 5,204,035</u>	11%	<u>95,271</u>	2%

Our operating expenses consist of general and administrative expenses, selling expenses and research and development expenses. Total operating expenses increased by 2% to \$5,299,306 for the nine months ended September 30, 2012 from \$5,204,035 for the corresponding period in 2011.

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General and administrative expenses increased by \$49,892, or 2%, to \$3,091,992 for the nine months ended September 30, 2012 from \$3,042,100 for the same period of 2011.

Selling expenses increased by \$38,053, or 2%, to \$1,779,867 for the nine months ended September 30, 2012 from \$1,741,814 for the same period of 2011, primarily due to an increase in the headcount of our sales force.

Research and development expenses increased by \$7,326, or 2%, to \$427,447 for the nine months ended September 30, 2012 from \$420,121 for the same periods of fiscal 2011.

Income from Operations

Income from operations decreased to \$ 12,232,994 for the nine months ended September 30, 2012, a decrease of 1% or \$176,797, from \$12,409,791 for the same period of 2011. The decrease in the income from operations was mainly due to the significant increase in the operating expenses, which were partially offset by an increase in revenue.

Other Income (Expense), Net

Other income, net was \$1,315,668 for the nine months ended September 30, 2012, an increase of \$ 1,078,647 or 455%, from \$237,021 for the same period of 2011. The increase was primarily due to an increase of \$1,475,302, or 659%, in subsidy income as a result of the value-added tax rebates provided on our exports.

Income Tax

Our provision for income taxes increased by \$290,473, or 8%, to \$3,710,098 for the nine months ended September 30, 2012 from \$3,419,625 for the nine months ended September 30, 2011. The increase resulted from income before taxes generated in the nine months ended September 30, 2012 as compared to that in the corresponding period in 2011. Our consolidated income tax rate was 27% and 27% for the nine months ended September 30, 2012 and 2011, respectively.

Net Income

Net income was \$9,838,564 for the nine months ended September 30, 2012, an increase of \$ 611,377 or 7%, from \$9,227,187 for the same period of 2011. The increase was primarily due to an increase in subsidy income.

Non-controlling Interests

As of September 30, 2012, SkyPeople (China) held a 91.15% interest in Shaanxi Qiyiwangguo and Pacific held a 99.78% interest in SkyPeople (China). Net income attributable to non-controlling interests, which is deducted from our net income, was \$486,653 and \$633,642 for the nine months ended September 30, 2012 and 2011, respectively. The decrease in net income attributable to non-controlling interests was mainly due to the decrease in the net income generated from SkyPeople (China).

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Net Income Attributable to SkyPeople Fruit Juice, Inc.

Our net income was \$ 9,351,911 for the nine months ended September 30, 2012, an increase of \$ 758,366 or 9%, from \$8,593,545 for the same period of 2011. The increase was due to the reasons described above.

Liquidity and Capital Resources

As of September 30, 2012, we had cash and cash equivalents of \$ 80,869,190, an increase of \$ 19,715,183, or 32%, from \$61,154,007 as of December 31, 2011. We expect the projected cash flows from operation, anticipated cash receipts, cash on hand, and trade credit to provide necessary capital to meet our projected operating cash requirements at least for the next 12 months, without taking into account any potential expenditures related to the potential expansion of our current production capacity. Our restricted cash of \$31,541 is used as collateral to obtain a short-term note payable.

Our working capital has historically been generated from our operating cash flows, advances from our customers and loans from bank facilities. Our working capital was \$94,902,374 as of September 30, 2012, an increase of \$7,346,865 or 8%, from \$87,555,509 as of December 31, 2011, mainly due to an increase in cash.

During the nine months ended September 30, 2012, our operating activities generated net cash inflow of \$20,267,099 a decrease of \$8,547,823 or 30% from \$28,814,922 generated for the same period of 2011. The decrease was mainly due a decrease of \$19,436,258, or 75%, in accounts receivable, and an increase of 4,248,050, or 1,065%, in accounts payable.

During the nine months ended September 30, 2012, our investing activities used net cash of \$5,290,586, a decrease of \$789,100 or 13%, from \$6,079,686 for the same period of 2011.

During the nine months ended September 30, 2012, our financing activities generated net cash inflow of \$5,194,273, as compared to \$2,529,779 for the same period of 2011. During the nine months ended September 30, 2012, we paid off \$1,137,847 of our short-term bank loans while we took out \$6,332,120 short-term bank loans. In the same period of 2011, we paid off \$5,181,670 of our short-term bank loans while we took out \$7,733,603 short-term bank loans.

Off-Balance Sheet Arrangements

As of September 30, 2012, we did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

An evaluation was carried out by the Company's Chief Executive Officer and Chief Financial Officer of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of September 30, 2012, the end of the period covered by this Quarterly Report on Form 10-Q. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2012, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures were completed, our disclosure controls and procedures were effective in providing reasonable assurance of achieving their objectives for the three months ended September 30, 2012.

Changes in Internal Controls Over Financial Reporting

There have been no changes to the Company's internal control over financial reporting during the three months ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On April 20, 2011, plaintiff Paul Kubala (on behalf of his minor child N.K.) filed a securities fraud class action lawsuit in the United States District Court, Southern District of New York against the Company, certain of its individual officers and/or directors, and Rodman & Renshaw, LLC, the underwriter of the Company's follow-on public offering consummated in August 2010, alleging violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder. On June 20, 2011, plaintiff Benjamin Padnos filed a securities fraud class action lawsuit in the United States District Court, Southern District of New York against the Company, certain of its current and former officers and/or directors, the Company's former independent auditors Child Van Wagner & Bradshaw, PLLC and BDO Limited, and Rodman & Renshaw, LLC, the underwriter of the Company's follow-on public offering consummated in August 2010, alleging violations of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. On August 30, 2011, the Court consolidated the foregoing two actions and appointed Zachary Lewy as lead plaintiff. On September 30, 2011, pursuant to the Court's order, Lead Plaintiff filed a consolidated complaint, which names the Company, Rodman & Renshaw, LLC, BDO Limited, Child Van Wagoner & Bradshaw PLLC and certain of the Company's current and former directors and/or officers and majority shareholders as defendants, and alleges violations of Sections 11, 12 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Exchange Act, and the rules promulgated thereunder. The Consolidated Complaint seeks, among other things, compensatory damages, and reasonable costs and expenses incurred in the action. On December 21, 2011, the Company and certain of the individual defendants filed a motion to dismiss the Consolidated Complaint. On May 3, 2012, Lead Plaintiff voluntarily dismissed the claims against BDO Limited and Child Van Wagoner & Bradshaw PLLC. On September 10, 2012, the Court granted in part and denied in part the Company's motion to dismiss the Consolidated Complaint. The Company believes the allegations against the Company are baseless and is contesting the case vigorously. The Company has made no accrual for any potential contingencies.

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On August 5, 2011, we received a shareholder demand letter from counsel for a purported shareholder. The letter was addressed to the Company's Board of Directors and requested the Board of Directors to take a number of actions in order to repair the alleged "harm" caused to the Company by certain of its directors and officers, as well as its current and former auditors. The Board of Directors has been reviewing this shareholder demand letter and considering appropriate action that the Company should undertake. On November 7, 2011, Baosheng Lu and Tao Wang were appointed to serve as directors of the board and the independent directors of the board appointed them to serve as the members of the evaluation committee. The evaluation committee is in the process of evaluating the actions demanded by the shareholder and retaining counsel to respond to the shareholder inquiry. No formal shareholder derivative complaint has been filed to date on behalf of the Company. The Company believes any such suit would be without merit and would vigorously defend its position in this regard. The Company has made no accrual for any potential contingencies.

On July 8, 2011, the Company brought suit against Absaroka Capital Management, LLC ("Absaroka") and its principal Kevin Barnes in the U.S. District Court of Wyoming under the caption SkyPeople, Inc. v. Absaroka Capital Management, LLC, et al., No. 11-cv-238. Absaroka is a purported independent investment analyst who, while holding a short position in our stock, issued a so-called research report (the "Report") asserting, inter alia, that the Company had inflated revenues. We brought suit alleging three causes of action for libel per se, libel per quod and intentional interference with a prospective business relationship. In or around November, 2011, Absaroka and Barnes brought counter claims against us for defamation per se, defamation per quod and abuse of process. On June 22, 2012, the Company and Absaroka reached an out-of-court settlement of litigation in the U.S. District Court for the District of Wyoming. The settlement includes a dismissal of all claims and counterclaims filed by the Parties, with neither party admitting any wrongdoing or liability. As part of the settlement agreement, Absaroka has agreed to remove the Report from its website, undertake best efforts to remove the Report from third-party sites, and refrain from issuing any further articles, public statements, or research reports concerning the Company.

Other than the above, from time to time we may be a party to various litigation proceedings arising in the ordinary course of our business, none of which, in the opinion of management, is likely to have a material adverse effect on our financial condition or results of operations.

Item 1A. Risk Factors

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

[Table of Contents](#)**Item 6. Exhibits****Exhibit No. Description**

31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document+
101.SCH	XBRL Schema Document+
101.CAL	XBRL Calculation Linkbase Document+
101.DEF	XBRL Definition Linkbase Document+
101.LAB	XBRL Label Linkbase Document+
101.PRE	XBRL Presentation Linkbase Document+

+ As provided in Rule 406T of Regulation S-T, this information shall not be deemed “filed” for purposes of Section 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under those sections, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

[Table of Contents](#)**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SKYPEOPLE FRUIT JUICE, INC.

By: /s/YONGKE XUE
Yongke Xue
Chief Executive Officer
(Principal Executive Officer)
November 13, 2012

By: /s/ XIN MA
Xin Ma
Chief Financial Officer
(Principal Financial and Accounting Officer)
November 13, 2012