



23F, China Development Bank Tower  
No.2, Gaoxin 1st Road  
Xi'an, Shaanxi, China 710075

## **SkyPeople Fruit Juice Reports First Quarter 2012 Financial Results**

XI'AN , China, May 14, 2012 /PRNewswire-Asia-FirstCall/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU) ("SkyPeople" or "the Company"), a producer of fruit juice concentrates, fruit beverages and other fruit-related products, today announced its financial results for the three months ended March 31, 2012.

### **First Quarter 2012 Summary:**

Total revenue was \$15.0 million, a decrease of 23% year-over-year

Sales revenue of concentrated kiwi juice and kiwi puree increased 26% to \$3.8 million

Sales revenue of concentrated pear juice increased 19% to \$4.8 million

Cash generated from operations was \$14.8 million

Cash and cash equivalents were \$76.7 million as of March 31, 2012

Yongke Xue, Chief Executive Officer of SkyPeople, commented, "We continue to be challenged by unpredictable market conditions and rising raw material costs due to the volatile pricing of fresh fruits. We understand that these factors are beyond our control, and have been working to further diversify our segment mix to offset, to the extent possible, the effect of seasonality. Nonetheless, we were able to generate healthy margins in two key product lines. We are also pleased to report solid cash flows generated from operating activities, further strengthening our cash position which enables us to execute our comprehensive growth strategy."

"During the quarter we achieved the following important developments which I would like to highlight. First of all, our cash balances had been independently verified, which substantiated our integrity and reassured investors as to our credibility. Secondly, we had commenced operation of a new fruit juice beverage production line in our Huludao Wonder subsidiary, which was expected to help us take advantage of economies of scale and focus on producing high margin fruit juice beverages. Thirdly, we appointed Mr. Xin Ma as our new Chief Financial Officer with confidence that his experience with U.S. publicly traded Chinese companies is an excellent fit to our needs. These developments reflected our management's commitment to focus on enhanced financial transparency, sound investor communications and an operational focus on high margin products. Our top priority continues to be generating solid returns on our investment so as to create long-term value for our shareholders," CEO Xue stated.

### **First Quarter 2012 Financial Results**

Revenue for the three months ended March 31, 2012 was \$15.0 million, a decrease of 23%, as compared to \$19.4 million in the same period in 2011. This decrease was primarily due to a decrease in the sales of concentrated apple juice and apple aroma, fruit juice beverages as well as fresh fruits and vegetables, as partially offset by an increase in the sales of concentrated kiwifruit juice and kiwifruit puree and concentrated pear juice.



### First Quarter 2012 Revenue by Segment (in thousands)

	2012	2011	% of change
Concentrated apple juice and apple aroma	\$2,508	\$3,673	(32%)
Concentrated kiwifruit juice and kiwifruit puree	3,761	2,985	26%
Concentrated pear juice	4,767	4,022	19%
Fruit juice beverages	3,370	7,277	(54%)
Fresh fruits and vegetables	588	1,458	(60%)
	<u>\$14,99</u>	<u>\$19,41</u>	
Total	<u>4</u>	<u>5</u>	<u>(23%)</u>

Gross profit was \$4.8 million, as compared to \$8.6 million in the first quarter of 2011. Gross profit margin was 32% as compared to 44% in the same period of 2011. The year-over-year decline in gross margin was attributable to a decline in gross margins in four of the Company's five primary product segments.

Operating expenses for the first quarter of 2012 were \$2.1 million, or 15% of sales, compared to \$1.4 million, or 7% of sales in the same period of 2011. General and administrative expenses increased by 81% to \$1.5 million, mainly due to an increase in legal fees related to the Company's current pending litigations, payroll and related expenses as a result of an increase in employees to handle the increased general and administrative work. Selling expenses increased by 16% to \$0.5 million, mainly due to an increase in payroll and related expenses as a result of an increased headcounts to handle the greater sales effort. Income from operations for the first quarter of 2012 dropped 63% to \$2.6 million as compared to \$7.2 million for the same period of 2011.

Net income attributable to common shareholders and earnings per share for the first quarter of 2012 were \$1.9 million and \$0.07, respectively, compared to \$5.3 million and \$0.20, respectively, in the first quarter of 2011.

### Conference Call

The Company will hold a conference call on Tuesday, May 15, 2012, at 9:00 a.m. Eastern Timeto discuss its financial results for the first quarter ended March 31, 2012.

The Company's CEO, Mr. Yongke Xue, and the 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.



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Date:	Tuesday, May 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:	79908497

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 79908497 for the replay. The replay will be available on May 15th 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, holds 99.78% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)"). SkyPeople (China) is engaged in the production and sales of fruit juice concentrates, fruit 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 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

Xin Ma, CFO

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- Financial Tables Follow -

**SKYPEOPLE FRUIT JUICE, INC.  
CONSOLIDATED BALANCE SHEETS**

	March 31, 2012	December 31, 2011
ASSETS	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 76,713,489	\$ 61,154,007
Restricted cash	31,775	316,396
Accounts receivables, net of allowance of \$46,577 and \$46,529 as of March 31, 2012 and December 31, 2011, respectively	21,782,597	35,999,858
Other receivables	190,210	192,032
Inventories	5,335,964	6,126,376
Deferred tax assets	113,770	174,285
Advances to suppliers and other current assets	175,832	66,528
TOTAL CURRENT ASSETS	<u>104,343,637</u>	<u>104,029,482</u>
PROPERTY, PLANT AND EQUIPMENT, NET	49,784,454	44,277,228
LAND USE RIGHT, NET	6,635,133	6,673,496
OTHER ASSETS	173,233	5,323,162
TOTAL ASSETS	<u>\$ 160,936,457</u>	<u>\$ 160,303,368</u>



## LIABILITIES

### CURRENT LIABILITIES

Accounts payable	\$ 2,099,190	\$ 2,972,916
Accrued expenses	3,468,696	4,701,054
Income tax payable	855,217	1,910,779
Advances from customers	-	178,857
Short-term bank loans	8,467,979	6,425,713
Short-term notes payable	-	284,654
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,891,082</b>	<b>16,473,973</b>

### SHAREHOLDERS' EQUITY

#### SkyPeople Fruit Juice, Inc, Stockholders' equity

Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 1,456,647 issued and outstanding as of March 31, 2012 and December 31, 2011	1,457	1,457
Common stock, \$0.001 par value; 66,666,666 shares authorized; 25,690,402 shares issued and outstanding as of March 31, 2012 and December 31, 2011	25,690	25,690
Additional paid-in capital	59,189,374	59,189,374
Retained earnings	66,542,611	64,623,453
Accumulated other comprehensive income	14,236,710	14,086,620
<b>Total SkyPeople Fruit Juice, Inc. stockholders' equity</b>	<b>139,995,842</b>	<b>137,926,594</b>
Non-controlling interests	6,049,533	5,902,801
<b>TOTAL EQUITY</b>	<b>146,045,375</b>	<b>143,829,395</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 160,936,457</b>	<b>\$ 160,303,368</b>



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

(Unaudited)

	For the Three month Ended March 31,	
	2012	2011
Revenue	\$ 14,993,500	\$ 19,414,915
Cost of goods sold	10,207,501	10,809,357
Gross profit	4,785,999	8,605,558
Operating Expenses		
General and administrative expenses	1,477,604	816,160
Selling expenses	525,334	454,674
Research and development expenses	142,685	136,467
Total operating expenses	2,145,623	1,407,301
Income from operations	2,640,376	7,198,257
Other income (expenses)		
Interest income	69,689	76,312
Subsidy income	433,504	483,067
Interest expenses	(154,812)	(163,795)
Others	(968)	(3,033)
Total other income (expenses)	347,413	392,551
Income before income tax	2,987,789	7,590,808
Income tax provision	928,380	1,929,808
Net income	2,059,409	5,661,000
Less: Net income attributable to non-controlling interests	140,251	368,824
<b>NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.</b>	<b>\$ 1,919,158</b>	<b>\$ 5,292,176</b>
Earnings per share:		
Basic earnings per share	\$ 0.07	\$ 0.20
Diluted earnings per share	\$ 0.07	\$ 0.20



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Weighted average number of shares outstanding		
Basic	25,690,402	25,690,402
Diluted	26,661,500	26,662,599
Comprehensive Income		
Net income	\$ 2,059,409	\$ 5,661,000
Foreign currency translation adjustment	156,571	1,141,578
Total Comprehensive income	\$ 2,215,980	\$ 6,802,578
Comprehensive income attributable to non-controlling interests	146,732	413,802
Comprehensive income attributable to SkyPeople Fruit Juice, Inc.	\$ 2,069,248	\$ 6,388,776

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

	For the Three month Ended March 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,059,409	\$ 5,661,000
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	706,064	865,108
Deferred income tax assets	60,515	-
Changes in operating assets and liabilities		
Accounts receivable	14,225,403	10,143,930
Other receivable	2,009	(108,542)
Advances to suppliers and other current assets	(109,276)	(28,135)
Inventories	1,163,961	(837,263)
Accounts payable	(875,022)	2,457,839
Accrued expenses	(1,233,484)	(1,699,172)
Income tax payable	(1,055,393)	(2,451,649)
Advances from customers	(178,673)	(394,573)
Net cash provided by operating activities	14,765,513	13,608,543



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#### **CASH FLOWS FROM INVESTING ACTIVITIES**

Additions to property, plant and equipment	(1,320,608)	(60,901)
Prepayment for other assets	(13,621)	(225,513)
Net cash used in investing activities	(1,334,229)	(286,414)

#### **CASH FLOWS FROM FINANCING ACTIVITIES**

Decreased in restricted cash	284,361	103,574
Short-term notes payable	(284,361)	(103,574)
Proceeds from short-term bank loans	3,170,879	2,486,808
Repayment of short-term bank loans	(1,139,578)	-
Net cash provided by financing activities	2,031,301	2,486,808

Effect of change in exchange rate	96,897	560,614
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#### **NET INCREASE IN CASH AND CASH EQUIVALENTS**

	15,559,482	16,369,551
Cash and cash equivalents, beginning of period	61,154,007	49,350,385
Cash and cash equivalents, end of period	\$ 76,713,489	\$ 65,719,936

#### **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash paid for interest	\$ 154,812	\$ 163,795
Cash paid for income taxes	\$ 1,923,258	\$ 4,381,457

#### **SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION**

Transferred from other assets to property, plant and equipment and construction in process	\$ 5,158,425	\$ 445,487
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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.