



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

SkyPeople Fruit Juice Reports First Quarter 2013 Financial Results

XI'AN, China, May 14, 2013 /PRNewswire-FirstCall/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU) ("SkyPeople" or "the Company"), a producer of fruit juice concentrates, fruit juice beverages and other fruit-related products, today announced its financial results for the first quarter ended March 31, 2013.

First Quarter 2013 Highlights:

Revenue was \$18.6 million, an increase of 24% year-over-year

Gross profit was \$7.6 million, an increase of 60% year-over-year

Gross profit margin was 41% as compared to 32% for the same period of 2012.

Income from operations was \$5.5 million, an increase of 108% year-over-year

Net income attributable to the Company was \$3.8 million, an increase of 99% year-over-year

Revenue from the fruit juice beverage segment was \$8.6 million, an increase of 155% year-over-year

Cash and cash equivalents were \$91.3 million as of March 31, 2013

"We are very pleased to report strong financial results for the first quarter of 2013 as revenue grew 24% from the comparable year-ago quarter and net income almost doubled as our margins improved. The quarter was highlighted by the growth of our fruit juice beverages segment primarily in China. We anticipate further growth for this segment as we expand our domestic footprint and market to more highly populated Chinese cities. We currently sell our fruit beverages to more than 20,000 retail stores in approximately 20 provinces," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople.

"Also, as recently announced we entered into an agreement with the Managing Committee of Mei County National Kiwi Fruit Wholesale Trading Center, which has been authorized by the People's Government of Mei County to be in charge of the construction and administration of the Mei County National Kiwi Fruit Wholesale Trading Center (the "Trading Center") to establish kiwi processing facilities which we believe has excellent potential and will strengthen our competitive positioning in this important product segment. As announced in the fourth quarter of last year, we entered into an agreement to develop orange products in Hubei Province since we believe that there is a shortage of such products in the market. We believe that these two initiatives augment our existing product platform with the potential of driving additional revenue while mitigating both the regional and seasonal cyclicity of our products," Mr. Hongke Xue concluded.

First Quarter 2013 Financial Results

Revenue for the three months ended March 31, 2013 was \$18.6 million, an increase of 24% as compared to \$15.0 million for the same period in 2012. This increase was primarily due to an increase in sales of fruit juice beverages, concentrated pear juice and fresh fruits and vegetables, which was partially offset by a decrease in revenue generated from sales of the



apple-related products and kiwi-related products. The revenue attributable to the fruit beverages segment, in particular, was \$8.6 million for the first quarter of 2013, an increase of 155% as compared to \$3.4 million for the same period of 2012. The fruit juice beverages segment comprised 46% of total Company revenue for the first quarter for 2013 as compared to 22% for the same period of 2012, and so was a large factor in the increase in revenue for the first quarter of 2013 as compared to the same period in 2012.

First Quarter 2013 Revenue by Segment (in thousands)

	Three Months ended March 31,		
	2013	2012	% of change
Concentrated apple juice and apple aroma	636	2,508	(75)%
Concentrated kiwifruit juice and kiwi puree	3,419	3,761	(9)%
Concentrated pear juice	5,173	4,767	9%
Fruit juice beverages	8,585	3,370	155%
Fresh fruits and vegetables	798	588	36%
Total	18,611	14,994	24%

First Quarter 2013 Gross Profit by Segment (in thousands)

Gross profit was \$7.6 million in the first quarter of 2013, an increase of 60% from \$4.8 million for the same period in 2012. The Company's total gross profit margin was 41% in the first quarter of 2013 as compared to 32% for the same period of 2012, primarily due to an adjustment of product mix. The fruit juice beverages segment's gross profit margin increased to 41% in the first quarter of 2013 from 25% for the same period of 2012. This had the effect of increasing the total gross profit levels and gross profit margin for the first quarter of 2013 as compared to the same period of 2012.

	Three months ended March 31,			
	2013		2012	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	31	5%	414	16%
Concentrated kiwifruit juice and kiwi puree	2,114	62%	1,687	45%
Concentrated pear juice	1,599	31%	1,534	32%
Fruit juice beverages	3,512	41%	855	25%
Fresh fruits and vegetables	385	48%	296	50%



Total	7,641	41%	4,786	32%
-------	-------	-----	-------	-----

Operating expenses for the first quarter of fiscal 2013 was \$2.1 million, or 12% of sales, which were at the same level for that of the same period of 2012, where operating expenses represented 15% of sales. General and administrative expenses decreased 12% to \$1.3 million in the first quarter of 2013 as compared to \$1.5 million for the same period of 2012, mainly due to the continued decrease in legal fees related to currently pending litigations. Selling expenses increased 41% to \$0.7 million as compared to \$0.5 million the same period of 2012, mainly due to an increase in the headcount of the Company's sales force. Research and development expenses decreased 31% to \$0.1 million in the first quarter of 2013 as compared to \$0.14 million for the same period of 2012 as former research and development agreements the Company had with various institutions expired in January of 2013. During the first quarter of 2013, the Company renewed/entered into several new research and development agreements with outside research institutions. Currently, the Company has four research and development agreements that are in effect.

Income from operations was \$5.5 million for the first quarter of 2013, an increase of 108% as compared to \$2.6 million for the same period in 2012.

Net income attributable to SkyPeople Fruit Juice was \$3.8 million for the first quarter of 2013, an increase of 99% as compared to \$1.9 million for the same period in 2012, while diluted earnings per share was \$0.14, an increase of 100% as compared to \$0.07 for the same period in 2012.

Financial Condition

As of March 31, 2013, the Company had \$91.3 million in cash and cash equivalents, up from \$77.6 million as of fiscal year end 2012. The Company's working capital was \$108.1 million. As of March 31, 2013, the Company had total liabilities of \$22.6 million, which included \$8.5 million in short-term bank loans and a \$4.0 million short-term loan to a related party. As of March 31, 2013, shareholders' equity attributable to SkyPeople Fruit Juice was \$160.7 million as compared to \$156.5 million as of fiscal year end of 2012.

For the first quarter ended March 31, 2013, the Company's operating activities generated a net cash inflow of \$13.2 million, as compared to \$14.8 million for the same period in 2012. Net cash used in investing activities were \$0.4 million for the quarter ended March 31, 2013 as compared to \$1.3 million for the same period in 2012. For the first quarter ended March 31, 2013, cash flow generated from financing activities totaled \$0.8 million as compared to \$2.0 million for the same period in 2012. Historically, the Company has financed its capital expenditures and other operating expenses through cash on hand, operating cash flows and bank loans.



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

During the first quarter of 2013, the Company entered into a loan agreement with SkyPeople International Holdings Group Limited ("SkyPeople International"), which indirectly holds a 50.2% interest in the Company. Mr. Yongke Xue, the Chairman of the Board and Mr. Hongke Xue, its Chief Executive Officer and a director, indirectly and beneficially own 80.0% and 9.4% of equity interest in SkyPeople International, respectively. This entity has extended to the Company a one-year unsecured term loan of \$8.0 million at an interest rate of 6% per year; during first quarter of 2013, the Company received \$4.0 million of this amount.

Recent Developments

On April 3, 2013, SkyPeople (China) entered into an investment agreement with the Managing Committee of Mei County National Kiwi Fruit Wholesale Trading Center, which has been authorized by the People's Government of Mei County to be in charge of the construction and administration of the Mei County National Kiwi Fruit Wholesale Trading. Under the investment agreement, the parties agreed to invest and establish a kiwi fruit comprehensive deep processing zone and kiwi fruit and fruit-related materials trading zone in Yangjia Village, Changxing Town of Mei County with a total planned area of total planned area of 286 mu (approximately 47 acres).

Pursuant to the investment agreement, the Company will be responsible for construction and financing with a total investment of RMB 445.6 million (approximately \$71.9 million) in buildings and equipment. In addition, the Company agreed to pay a fee of RMB 0.3 million per mu for the land use rights.

Conference Call

The Company will hold a conference call on Thursday, May 16, 2013 at 9:00 am Eastern Time to discuss its financial results for the first quarter ended March 31, 2013. The Company's Chairman, Mr. Yongke Xue, and Chief Financial Officer, Mr. Xin Ma, will host the call.

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

Date:	Thursday, May 16, 2013
Time:	9:00 am Eastern Time, US
Conference Line Dial-In:	+1-855-880-8437
International Dial-In:	+1-931-229-4159
Conference Pass Code:	68990185

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 68990185 for the replay. The replay will be available on May 16, 2013 at 12:00 pm.



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

About SkyPeople Fruit Juice, Inc.

SkyPeople Fruit Juice, Inc., a Florida company, through its wholly-owned subsidiary Pacific Industry Holding Group Co., Ltd. ("Pacific"), a Vanuatu company, and SkyPeople Juice International Holding (HK) Ltd., a company organized under the laws of Hong Kong Special Administrative Region of the People's Republic of China and a wholly owned subsidiary of Pacific, holds 99.78% ownership interest in SkyPeople Juice Group Co., Ltd. ("SkyPeople (China)"). SkyPeople (China), together with its operating subsidiaries in 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, 2012 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.



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

For more information, please contact:

COMPANY

Xin Ma, Chief Financial Officer
SkyPeople Fruit Juice, Inc.
Tel: China + 86 - 29-8837-7161
Email: oliver.x.ma@skypeoplefruitjuice.com
Web: <http://www.skypeoplefruitjuice.com/>

INVESTOR RELATIONS

David Rudnick, Account Manager
CCG Investor Relations
Tel: US +1- 646-626-4172
Email: david.rudnick@ccgir.com
Web: <http://www.ccgir.com/>

-Financial Tables Follow-

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

	March 31, 2013 <u>(Unaudited)</u>	December 31, 2012 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 91,320,803	\$ 77,560,278
Accounts receivables, net of allowance of \$46,766 and \$46,643 as of March 31, 2013 and December 31, 2012, respectively	31,083,435	49,435,961
Other receivables	465,725	201,417
Inventories	7,582,226	7,278,191
Deferred tax assets	147,126	90,576
Advances to suppliers and other current assets	141,158	71,536
TOTAL CURRENT ASSETS	<u>130,740,473</u>	<u>134,637,959</u>
PROPERTY, PLANT AND EQUIPMENT, NET	51,851,976	52,180,097
LAND USE RIGHT, NET	7,693,256	7,718,363
OTHER ASSETS	378,137	682,592
TOTAL ASSETS	<u>\$ 190,663,842</u>	<u>\$ 195,219,011</u>

LIABILITIES

CURRENT LIABILITIES



Accounts payable	\$ 7,127,984	\$ 14,399,282
Accrued expenses	1,540,894	2,050,675
Income tax payable	1,347,111	3,127,245
Advances from customers	127,861	530,437
Short-term loan - related party	4,000,000	-
Short-term bank loans	8,502,289	11,661,761
TOTAL CURRENT LIABILITIES	\$ 22,646,139	\$ 31,769,400

SHAREHOLDERS' EQUITY

SkyPeople Fruit Juice, Inc, Stockholders' equity

Series B Preferred stock, \$0.001 par value,
10,000,000 shares authorized, Nil shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively

Common stock, \$0.001 par value;
66,666,666 shares authorized; 26,661,499 shares and 26,661,499 shares issued and outstanding as of,

March 31, 2013 and December 31, 2012, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	86,611,733	82,793,585
Accumulated other comprehensive income	14,874,872	14,500,860
Total SkyPeople Fruit Juice, Inc. stockholders' equity	160,703,126	156,510,966
Non-controlling interests	7,314,577	6,938,645
TOTAL STOCKHOLDERS' EQUITY	168,017,703	163,449,611
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 190,663,842	\$ 195,219,011

The notes in the Company's 10-Q are an integral part of these consolidated financial statements.



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

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

	For the Three Months Ended March 31,	
	2013	2012
Revenue	\$ 18,611,456	\$ 14,993,500
Cost of goods sold	10,970,558	10,207,501
Gross profit	7,640,898	4,785,999
Operating Expenses		
General and administrative expenses	1,305,914	1,477,604
Selling expenses	741,166	525,334
Research and development expenses	98,622	142,685
Total operating expenses	2,145,702	2,145,623
Income from operations	5,495,196	2,640,376
Other income (expenses)		
Interest income	71,579	69,689
Subsidy income	350,974	433,504
Interest expenses	(277,023)	(154,812)
Others expenses	-	(968)
Total other income	145,530	347,413
Income before income tax	5,640,726	2,987,789
Income tax provision	1,483,865	928,380
Net income	4,156,861	2,059,409
Less: Net income attributable to non-controlling interests	338,713	140,251
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$ 3,818,148	\$ 1,919,158
Earnings per share:		
Basic earnings per share	\$ 0.14	\$ 0.07
Diluted earnings per share	\$ 0.14	\$ 0.07



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

Weighted average number of shares
outstanding

Basic	26,661,499	25,690,402
Diluted	26,661,499	26,661,499

Comprehensive Income

Net income	\$ 4,156,861	\$ 2,059,409
Foreign currency translation adjustment	411,231	156,571
Total Comprehensive income	\$ 4,568,092	\$ 2,215,980
Comprehensive income attributable to non-controlling interests	375,932	146,732
Comprehensive income attributable to SkyPeople Fruit Juice, Inc.	\$ 4,192,160	\$ 2,069,248

The notes in the Company's 10-Q are an integral part of these consolidated financial statements.

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

For the Three Months Ended March
31,

2013	2012
------	------

CASH FLOWS FROM OPERATING
ACTIVITIES

Net income	\$ 4,156,861	\$ 2,059,409
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	863,343	706,064
Deferred income tax assets	(56,550)	60,515
Changes in operating assets and liabilities		
Accounts receivable	18,455,170	14,225,403
Other receivable	(263,398)	2,009
Advances to suppliers and other current assets	(69,496)	(109,276)
Inventories	107,472	1,163,961
Accounts payable	(7,298,251)	(875,022)
Accrued expenses	(513,157)	(1,233,484)
Income tax payable	(1,785,680)	(1,055,393)
Advances from customers	(403,363)	(178,673)



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

Net cash provided by operating activities	13,192,951	14,765,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(428,692)	(1,320,608)
Prepayment for other assets	(9,600)	(13,621)
Net cash used in investing activities	(438,292)	(1,334,229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in restricted cash	-	284,361
Short-term notes payable	-	(284,361)
Proceeds from related party loan	4,000,000	-
Proceeds from short-term bank loans	-	3,170,879
Repayment of short-term bank loans	(3,185,474)	(1,139,578)
Net cash provided by (used in) financing activities	814,526	2,031,301
Effect of change in exchange rate	191,340	96,897
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents, beginning of year	77,560,278	61,154,007
Cash and cash equivalents, end of year	91,320,803	76,713,489
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	250,722	154,812
Cash paid for income taxes	3,326,095	1,923,258
SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION		
Change in fair value of warrant liability		
Transferred from other assets to property, plant and equipment and construction in process	315,394	5,158,425

The notes in the Company's 10-Q are an integral part of these consolidated financial statements.

SOURCE SkyPeople Fruit Juice, Inc.