



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

## **SkyPeople Fruit Juice Reports Full Year 2011 Financial Results**

XI'AN, China, March 28, 2011 /PRNewswire-Asia-FirstCall/ -- SkyPeople Fruit Juice, Inc. (NASDAQ: SPU) ("SkyPeople" or "the Company"), a producer and processor of concentrated apple, kiwi, pear and other specialty fruit juices and manufacturer of "Hedetang" - and "SkyPeople" - branded fruit juice beverages in the People's Republic of China ("PRC" or "China"), today announced its financial results for the fiscal year ended December 31, 2011 .

### **Full Year 2011 Summary:**

Total revenue was \$84.0 million, a decrease of 10% year-over-year

Concentrated apple juice and apple aroma segment sales revenue increased 6% to \$24.8 million

Concentrated pear juice segment sales revenue increased 6% to \$13.4 million

Cash inflow generated from operations was \$26.0 million

Cash and cash equivalents of \$61.2 million as of December 31, 2011

Added another concentrated pear juice production line in the Company's Jingyang factory in Shaanxi province

A new beverage production line that will produce a variety of fruit juice beverages has been substantially completed and the trial operation has commenced in the fourth quarter of 2011

Yongke Xue, Chief Executive Officer of SkyPeople, commented, "Despite the unexpected weather conditions that prevailed throughout the harvest season of the year, we were able to generate year-to-year increases in two important product lines for the year as well as a reasonable level of revenue and strong cash flow from all of our business segments. We experienced an increase in our raw material costs due to the highly volatile pricing of fresh fruit. However, we are confident in our ability to manage the business during difficult times, and to develop new products with higher margins that may offset some of these operating concerns in the future."

"We continue to be optimistic about the long-term future of our Company. We are implementing a strategy to cut the prices of our fruit juice beverages in order to expand our market share. We remain confident about the sector given relatively low current domestic consumption and potentially escalating consumer adoption as rising incomes lead to healthier lifestyles. A new production line for concentrated pear juice and a new fruit juice production line were both implemented in the fourth quarter of 2011. Our strategic growth plan for additional storage, processing and production capacity is in motion that we believe augurs a promising future for the Company," CEO Xue stated.

### **Full Year 2011 Financial Results**

Revenue for the year ended December 31, 2011 was \$84.0 million, a decrease of 10%, as compared to \$93.3 million in the prior year. This decrease was primarily due to a decrease in the sales of the fresh fruits and vegetables, concentrated kiwifruit juice and kiwifruit puree



and fruit beverages, as partially offset by an increase in the sales of the concentrated apple juice and concentrated pear juice.

Gross profit was \$27.5 million, a 28% decline from \$38.0 million in 2010. Gross profit margin was 32.7% as compared with 40.8% in 2010. 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.

### Full Year 2011 Revenue by Segment

(in thousands)

	2011	2010	% of change
Concentrated apple juice and apple aroma	\$24,838	\$23,420	6%
Concentrated kiwifruit juice and kiwifruit puree	15,544	19,550	(20%)
Concentrated pear juice	13,421	12,643	6%
Fruit juice beverages	20,974	22,590	(7%)
Fresh fruits and vegetables	7,879	11,587	(32%)
Other	1,365	3,460	(61%)
Total	\$84,021	\$93,250	(10%)

Operating expenses for 2011 were \$8.4 million, or 10% of sales, compared to \$6.1 million, or 7% of sales in the prior year. General and administrative expenses increased by 49% to \$5.1 million in 2011, mainly due to an increase in legal fees related to current pending litigations, payroll, and the premium payment for the directors' and officers' insurance. Selling expenses increased by 71% to \$2.7 million mainly due to an increase in shipping, packing and sales rebate expenses related to the Company's beverage sales. Income from operations for 2011 dropped 40% to \$19.0 million as compared to that for 2010.

Net income attributable to common shareholders and earnings per share for 2011 were \$13.2 million and \$0.50, respectively, compared to \$21.2 million and \$0.92, respectively, in 2010. Fully diluted shares were 26.7 million for 2011, compared to 23.1 million for 2010.

### Conference Call

The Company will hold a conference call on Friday, March 30, 2012, at 9:00 a.m. Eastern Timeto discuss its financial results for the fiscal year ended December 31, 2011.

The Company's CEO, Mr. Yongke Xue, Ms. Cunxia Xie, the CFO, and Mr. Oliver Ma, Vice President of Finance, 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:	Friday, March 30, 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:	65667179

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 65667179 for the replay. The replay will be available on March 30 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., 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 (including fruit purees, fruit puree concentrates, and clear fruit juice concentrates), fruit beverages (including fruit juice beverages and fruit cider beverages), and other fruit related products (including primarily organic and non-organic fresh fruits, kiwifruit seeds and apple aroma) in and from the PRC. 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 brand, Hedetang, which is a registered trademark in the PRC, is positioned as a high quality, healthy and nutritious end-use juice beverage. 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.

- Financial Tables Follow -

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

	December 31,	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 61,154,007	\$ 49,350,385
Restricted cash	316,396	505,581
Accounts receivables, net of allowance of \$46,529 and \$ 44,405 as of December 31, 2011 and 2010, respectively	35,999,858	46,029,962
Other receivables	192,032	1,272,648
Inventories	6,126,376	5,436,117
Deferred tax assets	174,285	-
Advances to suppliers and other current assets	66,528	31,604
TOTAL CURRENT ASSETS	104,029,482	102,626,297
PROPERTY, PLANT AND EQUIPMENT, NET	44,277,228	36,337,251
LAND USE RIGHT, NET	6,673,496	6,541,825
OTHER ASSETS	5,323,162	1,694,486
TOTAL ASSETS	\$ 160,303,368	\$ 147,199,859



## LIABILITIES

### CURRENT LIABILITIES

Accounts payable	\$ 2,972,916	\$ 3,446,797
Accrued expenses	4,701,054	4,871,934
Income tax payable	1,910,779	4,377,039
Advances from customers	178,857	573,609
Short-term bank loans	6,425,713	10,238,856
Short-term notes payable	284,654	505,581
<b>TOTAL CURRENT LIABILITIES</b>	<u>16,473,973</u>	<u>24,013,816</u>

### 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 December 31, 2011 and 2010	1,457	1,457
Common stock, \$0.001 par value; 66,666,666 shares authorized; 25,690,402 shares issued and outstanding as of December 31, 2011 and 2010	25,690	25,690
Additional paid-in capital	59,189,374	59,189,374
Retained earnings	64,623,453	51,418,283
Accumulated other comprehensive income	14,086,620	7,823,967
<b>Total SkyPeople Fruit Juice, Inc. stockholders' equity</b>	<u>137,926,594</u>	<u>118,458,771</u>
Non-controlling interests	5,902,801	4,727,272
<b>TOTAL EQUITY</b>	<u>143,829,395</u>	<u>123,186,043</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 160,303,368</u>	<u>\$ 147,199,859</u>



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

	For the Years Ended December 31,	
	2011	2010
Revenue	\$ 84,021,429	\$ 93,249,629
Cost of goods sold	56,548,845	55,233,139
Gross profit	27,472,584	38,016,490
Operating Expenses		
General and administrative expenses	5,138,388	3,449,746
Selling expenses	2,728,129	1,596,819
Research and development expenses	557,361	1,087,443
Total operating expenses	8,423,878	6,134,008
Income from operations	19,048,706	31,882,482
Other income (expenses)		
Interest income	277,458	108,345
Subsidy income	893,241	2,452,384
Interest expense	(849,743)	(801,496)
Change in fair value of warrant liabilities	-	(2,103,832)
Others	(149,015)	(44,550)
Total other income (expenses)	171,941	(389,149)
Income before income tax	19,220,647	31,493,333
Income tax provision	5,089,285	8,520,884
Net income	14,131,362	22,972,449
Less: Net income attributable to non-controlling interests	926,192	1,791,873
<b>NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.</b>	<b>\$ 13,205,170</b>	<b>\$ 21,180,576</b>
Earnings per share:		
Basic earnings per share	\$ 0.50	\$ 0.92
Diluted earnings per share	\$ 0.50	\$ 0.92
Weighted average number of shares		



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outstanding		
Basic	25,690,402	21,673,969
Diluted	26,661,500	23,104,534
Comprehensive Income		
Net income	\$ 14,131,362	\$ 22,972,449
Foreign currency translation adjustment	6,511,990	3,509,514
Total Comprehensive income	\$ 20,643,352	\$ 26,481,963
Comprehensive income attributable to non-controlling interests	1,175,529	1,965,126
Comprehensive income attributable to SkyPeople Fruit Juice, Inc.	\$ 19,467,823	\$ 24,516,837

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

	For the Years Ended December 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 14,131,362	\$ 22,972,449
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,552,740	2,393,856
Changes in fair value of warrant liabilities		2,103,832
Loss on dispose of properties and equipment	142,380	-
Deferred tax assets	(174,285)	-
Changes in operating assets and liabilities		
Accounts receivable	11,932,885	(17,241,524)
Other receivable	1,113,111	(1,015,249)
Advances to suppliers and other current assets	(34,243)	1,494,672
Inventories	(419,708)	(334,713)
Accounts payable	(623,141)	654,334
Accrued expenses	(382,650)	(2,025,274)
Short-term notes payable	(239,119)	492,396
Income tax payable	(2,609,659)	1,652,495
Advances from customers	(411,869)	(457,945)
Net cash provided by operating activities	25,977,804	10,689,329



### CASH FLOWS FROM INVESTING ACTIVITIES

Prepayment for other assets	(5,147,903)	(293,424)
Additions to property, plant and equipment	(7,791,997)	(7,697,473)
Net cash used in investing activities	<u>(12,939,900)</u>	<u>(7,990,897)</u>

### CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Common Stock issuance, net of related expenses	-	27,014,219
Decreased in restricted cash	208,154	(505,581)
Repayment of short-term bank loans	(8,433,584)	(17,966,987)
Proceeds from short-term bank loans	4,235,865	22,480,860
Net cash provided by (used in) financing activities	<u>(3,989,565)</u>	<u>31,022,511</u>
Effect of change in exchange rate	<u>2,755,283</u>	<u>1,224,942</u>

### NET INCREASE IN CASH AND CASH EQUIVALENTS

	11,803,622	34,945,885
Cash and cash equivalents, beginning of year	49,350,385	14,404,500
Cash and cash equivalents, end of year	<u>\$ 61,154,007</u>	<u>\$ 49,350,385</u>

### SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$ 849,743	\$ 801,496
Cash paid for income taxes	\$ 7,853,661	\$ 6,885,032

### SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION

Change in fair value of warrant liability	\$ -	\$ 2,103,832
Transferred from other assets to property, plant and equipment and construction in process	\$ 1,687,012	\$ 3,416,096



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Note: Please refer to the Company's annual report on Form 10-K for the year ended December 31, 2011 for additional notes, which are an integral part of these consolidated financial statements.

SOURCE SkyPeople Fruit Juice, Inc.