



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

## **SkyPeople Fruit Juice Reports Full Year 2012 Financial Results**

XI'AN , China, March 29, 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 fiscal year ended December 31, 2012.

### **Full Year 2012 Highlights:**

Total revenue was \$102.4 million, an increase of 22% year-over-year

Revenue from the concentrated pear juice segment increased 116% to \$28.9 million year-over-year

Revenue of the fruit juice beverage segment increased 29% to \$27.1 million year-over-year

Net income attributable to SkyPeople Fruit Juice, Inc. increased 38% to \$18.2 million year-over-year

Cash flow from operations for fiscal year 2012 was \$19.4 million

Cash and cash equivalents were \$77.6 million as of December 31, 2012

"We are very pleased to report robust financial results for the fiscal year 2012 even as we explore new market opportunities and initiatives. The year was driven by the outstanding commitment of our employees across a wide variety of activities which led to superior performance in two of our key product segments, concentrated pear juice and fruit juice beverages," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople. "We believe that our diversified product mix is a key to our success as it provides us with flexibility to shift our manufacturing towards fruit products that have better growing seasons as well as those with better market receptivity which, in turn, maximizes our performance."

CEO Hongke Xue continued, "I am also pleased to report that the financial condition of the company is sound and that SkyPeople has excellent growth opportunities available to it. As announced last year, we entered into an agreement with the government of Hubei Province, one of the largest citrus production provinces in China, to invest approximately \$61 million to develop facilities to produce a range of orange products. We believe that this project fits our diversification strategy as it complements our existing product platform, enhances our competitive advantages and further mitigates both the regional and seasonal cyclicity of our fruit segments."

"We continue to see China as a tremendous growth market as the country's unprecedented economic development and rising incomes are causing a transition in consumer tastes towards healthier lifestyles and improved nutrition. Our diversified range of fruit product offerings and branded fruit juice beverages with its downstream integration and unique delivery systems are all in place for SkyPeople to enjoy a successful and profitable year in 2013," CEO Hongke Xue concluded.



## Full Year 2012 Financial Results

Revenue for the twelve months ended December 31, 2012 was \$102.4 million, an increase of 22%, as compared to \$84.0 million for the same period in 2011. This increase was primarily due to an increase in sales of concentrated pear juice, fruit juice beverages and fresh fruit and vegetables which was partially offset by a decrease in the sales of concentrated kiwifruit juice and kiwifruit puree and concentrated apple juice and apple aroma.

## Fiscal Year Revenue by Segment (in thousands)

	Year ended December 31,		% of change
	2012	2011	
Concentrated apple juice and apple aroma	22,887	24,837	(8)%
Concentrated kiwifruit juice and kiwi puree	9,152	15,544	(41)%
Concentrated pear juice	28,925	13,421	116%
Fruit juice beverages	27,137	20,974	29%
Fresh fruits and vegetables	8,417	7,880	7%
Other	5,838	1,365	328%
Total	102,356	84,021	22%

Gross profit was \$33.1 million in fiscal 2012, an increase of 20% from \$27.5 million in fiscal 2011. Gross profit margin was 32% as compared to 33% for the same period of 2011. The slight year-over-year decrease in gross margin was attributable to a decrease in gross margin in our fruit juice beverages segment partially offset by gross margin increases in our apple products, kiwifruit products, concentrated pear juice and fresh fruit and vegetables segments.

	2012		2011	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	4,640	20%	4,412	18%
Concentrated kiwifruit juice and kiwi puree	4,535	50%	7,661	49%
Concentrated pear juice	8,507	29%	3,182	24%
Fruit juice beverages	9,288	34%	7,905	38%
Fresh fruits and vegetables	4,663	55%	3,746	48%
Other	1,440	25%	567	42%
Total	33,073	32%	27,473	33%

Operating expenses for fiscal 2012 decreased by 6% to \$7.9 million, or 8% of sales, compared to \$8.4 million, or 10% of sales for the same period of 2011. General and administrative expenses decreased 14% to \$4.4 million, mainly due to decreases in legal fees



related to currently pending litigations. Selling expenses increased 7% to \$2.9 million, which was mainly due to an increase in the headcount of the Company's sales force. Research and development expenses increased 2% to \$0.57 million in fiscal 2012 from \$0.56 million in fiscal 2011.

Income from operations for fiscal 2012 increased 33% to \$25.2 million as compared to \$19.0 million for fiscal 2011.

Total other income was \$0.9 million for the fiscal year 2012, as compared to total other income of \$0.2 million in 2011. The increase in other income was primarily due to an increase in the subsidy income to \$1.9 million in fiscal 2012 as a result of the value-added tax rebates provided on the Company's exports, which significantly increased in 2012 from 2011. Net income attributable to common SkyPeople Fruit Juice shareholders for the fiscal year 2012 increased 38% to \$18.2 million from \$13.2 million in the fiscal year 2011, while diluted earnings per share was \$0.68 for the fiscal year 2012 as compared to \$0.50 for fiscal year 2011.

### **Financial Condition**

As of December 31, 2012, the Company had \$77.6 million in cash and cash equivalents, up from \$61.2 million as of fiscal year end 2011. The Company's working capital was \$102.9 million. As of December 31, 2012, the Company had total liabilities of \$31.8 million, which included \$11.7 million in short-term bank loans. Shareholders' equity attributable to SkyPeople Fruit Juice was \$156.5 million as of fiscal year end 2012 as compared to \$137.9 million as of fiscal year end 2011.

During 2012, the Company's operating activities generated net cash inflow of \$19.4 million, a decrease of 25% as compared to \$26.0 million in 2011. The decrease was mainly due to a 37% increase in accounts receivable year over year. Net cash used in investing activities were \$8.8 million for fiscal 2012 versus \$12.9 million in fiscal 2011. Cash flow generated from financing activities totaled \$5.5 million in fiscal 2012, versus a net outflow of \$4.0 million in fiscal 2011. Historically, the Company has financed its capital expenditures and other operating expenses through operating cash flows and bank loans.

### **Financial Guidance**

The Company has previously provided financial guidance for the fiscal year 2012. Based on the business outlook in August 2012, the Company forecasted revenue to be in the range of \$90 million to \$110 million, net income attributable to SkyPeople Fruit Juice to be in the range of \$16.2 million to \$22.0 million, and fully diluted earnings per share to be in the range of \$0.61 to \$0.83. For fiscal year 2012, the Company's actual financial results for these three income statement metrics were within the ranges forecasted. The Company plans upon providing financial guidance for fiscal year 2013 once it has further visibility into the operating and business conditions for the year.



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## **Conference Call**

The Company will hold a conference call on Tuesday, April 2, 2012 at 9:00 a.m. Eastern Time to discuss its financial results for the fourth quarter and fiscal year ended December 31, 2012.

The Company's Chairman, Mr. Yongke Xue, and CFO, Mr. Xin Ma, will host the call. To attend the live conference call, please dial in at least 10 minutes before the call to ensure timely participation. Please use the dial-in information below. When prompted by the operator, mention the conference Pass Code.

Date:	Tuesday, April 2, 2013
Time:	9:00 a.m. Eastern Time, US
Conference Line Dial-In:	+1-855-880-8437
International Dial-In:	+1-931-229-4159
Conference Pass Code:	28286940

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 28286940 for the replay. The replay will be available on April 2 at 12:00 pm.

## **About SkyPeople Fruit Juice, Inc.**

SkyPeople Fruit Juice, Inc., a Florida company, through its wholly-owned subsidiary Pacific Industry Holding Group Co., Ltd. ("Pacific"), a Vanuatu company, and SkyPeople Juice International Holding (HK) Ltd., a 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.

**-Financial Tables Follow-**  
**SKYPEOPLE FRUIT JUICE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Audited)

	December 31, 2012	December 31, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 77,560,278	\$ 61,154,007
Restricted cash	-	316,396
Accounts receivables, net of allowance of \$46,643 and \$46,529 as of December 31, 2012 and December 31, 2011, respectively	49,435,961	35,999,858
Other receivables	201,417	192,032
Inventories	7,278,191	6,126,376
Deferred tax assets	90,576	174,285
Advances to suppliers and other current assets	71,536	66,528



TOTAL CURRENT ASSETS	134,637,959	104,029,482
PROPERTY, PLANT AND EQUIPMENT, NET	52,180,097	44,277,228
LAND USE RIGHT, NET	7,718,363	6,673,496
OTHER ASSETS	682,592	5,323,162
TOTAL ASSETS	\$ 195,219,011	\$ 160,303,368

## LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 14,399,282	\$ 2,972,916
Accrued expenses	2,050,675	4,701,054
Income tax payable	3,127,245	1,910,779
Advances from customers	530,437	178,857
Short-term bank loans	11,661,761	6,425,713
Short-term notes payable	-	284,654
TOTAL CURRENT LIABILITIES	31,769,400	16,473,973

## SHAREHOLDERS' EQUITY

SkyPeople Fruit Juice, Inc, Stockholders' equity		
Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; Nil shares and 1,456,647 shares issued and outstanding		
as of, December 31, 2012 and 2011, respectively.	-	1,457
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,661,499 shares and 25,690,402 shares issued and outstanding as of, December 31, 2012 and 2011, respectively	26,661	25,690
Additional paid-in capital	59,189,860	59,189,374
Retained earnings	82,793,585	64,623,453
Accumulated other comprehensive income	14,500,860	14,086,620
Total SkyPeople Fruit Juice, Inc. stockholders'		
equity	156,510,966	137,926,594
Non-controlling interests	6,938,645	5,902,801
TOTAL EQUITY	163,449,611	143,829,395



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TOTAL LIABILITIES AND EQUITY	\$ 195,219,011	\$ 160,303,368
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The notes in the Company's 10-K are an integral part of these consolidated financial statements.

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

(Audited)

	For the Year Ended December 31,	
	2012	2011
Revenue	\$ 102,356,001	\$ 84,021,429
Cost of goods sold	69,283,010	56,548,845
Gross profit	33,072,991	27,472,584
Operating Expenses		
General and administrative expenses	4,409,055	5,138,388
Selling expenses	2,899,141	2,728,129
Research and development expenses	570,278	557,361
Total operating expenses	7,878,474	8,423,878
Income from operations	25,194,517	19,048,706
Other income (expenses)		
Interest income	314,628	277,458
Subsidy income	1,908,802	893,241
Interest expenses	(888,574)	(849,743)
Others incomes	-	(149,015)
Settlement relating to prior acquisition	(475,248)	-
Total other income (expenses)	859,608	171,941
Income before income tax	26,054,125	19,220,647
Income tax provision	6,871,238	5,089,285
Net income	19,182,887	14,131,362



Less: Net income attributable to non-controlling interests	1,012,755	926,192
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NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$ 18,170,132	13,205,17 \$ 0
	<hr/>	<hr/>
Earnings per share:		
Basic earnings per share	\$ 0.68	\$ 0.51
Diluted earnings per share	\$ 0.68	\$ 0.50
Weighted average number of shares outstanding		
		25,690,40
Basic	26,107,264	2
		26,661,50
Diluted	26,661,500	0
Comprehensive Income		
		14,131,36
Net income	\$ 19,182,887	\$ 2
Foreign currency translation adjustment	437,329	6,511,990
	<hr/>	<hr/>
Total Comprehensive income	\$ 19,620,216	\$ 2
Comprehensive income attributable to non-controlling interests	1,035,844	1,175,529
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Comprehensive income attributable to SkyPeople Fruit Juice, Inc.	\$ 18,584,372	19,467,82 \$ 3
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**SKYPEOPLE FRUIT JUICE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Audited)

For the Year Ended Dec 31,	
2012	2011
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**CASH FLOWS FROM OPERATING**



## ACTIVITIES

Net income	\$ 19,182,887	\$ 14,131,362
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,596,276	3,552,740
Loss on disposal of properties and equipment	-	142,380
Deferred tax assets	83,709	(174,285)
Changes in operating assets and liabilities		
Accounts receivable	(13,290,808)	11,932,885
Other receivable	(8,900)	1,113,111
Advances to suppliers and other current assets	(4,861)	(34,243)
Inventories	(1,131,943)	(419,708)
Accounts payable	11,370,240	(623,141)
Accrued expenses	(2,648,963)	(382,650)
Short-term notes payable	(284,131)	(239,119)
Income tax payable	1,206,559	(2,609,659)
Advances from customers	349,640	(411,869)
Net cash provided by operating activities	<u>19,419,705</u>	<u>25,977,804</u>

## CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property, plant and equipment	(6,954,476)	(7,791,997)
Additions to land use right	(1,205,038)	-
Prepayment for other assets	(591,518)	(5,147,903)
Net cash used in investing activities	<u>(8,751,032)</u>	<u>(12,939,900)</u>

## CASH FLOWS FROM FINANCING ACTIVITIES

Changes in restricted cash	315,814	208,154
Proceeds from short-term bank loans	6,336,634	4,235,865
Repayment of short-term bank loans	(1,138,658)	(8,433,584)
Net cash provided by (used in) financing activities	<u>5,513,790</u>	<u>(3,989,565)</u>
Effect of change in exchange rate	223,808	2,755,283
NET INCREASE (DECREASE) IN CASH AND	16,406,271	11,803,622



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#### CASH EQUIVALENTS

Cash and cash equivalents, beginning of year	61,154,007	49,350,385
Cash and cash equivalents, end of year	<u>77,560,278</u>	<u>61,154,007</u>

#### SUPPLEMENTAL DISCLOSURES OF CASH

##### FLOW INFORMATION

Cash paid for interest	888,574	849,743
Cash paid for income taxes	5,556,241	7,853,661

#### 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	5,221,925	1,687,012

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

#### For more information, please contact:

##### COMPANY

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##### INVESTOR RELATIONS

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