



23F, China Development Bank Tower
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SkyPeople Fruit Juice Reports Second Quarter 2013 Financial Results

XI'AN, China, Aug. 13, 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 second quarter ended June 30, 2013.

Second Quarter 2013 Summary:

Revenue was \$10.3 million, a decrease of 19% year-over-year

Gross profit was \$3.4 million, a decrease of 19% year-over-year

Gross profit margin was 32% as compared to 33% for the same period of 2012.

Income from operations was \$0.9 million, a decrease of 68% year-over-year

Net income attributable to the Company was \$0.7 million, a decrease of 72% year-over-year

Revenue from the fruit juice beverage segment was \$8.6 million, an increase of 35% year-over-year

Cash and cash equivalents were \$80.3 million as of June 30, 2013

"We recorded lower than expected financial results for the second quarter of 2013 attributable to reduced demand among our customers. However, we typically increase production of our concentrated fruit juice products in the third quarter which could potentially lead to improved sequential performance," said Mr. Hongke Xue, Chief Executive Officer of SkyPeople. "A bright spot in the second quarter was the continued strong performance of our fruit juice beverages segment, a key growth area in which we have invested substantially. For the quarter, the fruit juice beverages segment grew 35% year over year which helped to offset decreases in other of our key product segments. We currently sell our fruit juice beverages to more than 20,000 retail stores in approximately 26 provinces."

"During the second quarter of 2013, we decided to build our internal research and development team as we believe this is the best way to realize our commitment of creating new products with high margins to supplement our current product offerings. Therefore, we suspended four R&D contracts that were in effect in the quarter and will focus instead upon strengthening and expanding our current R&D team."

"We announced early in the second quarter that we entered into an agreement with Managing Committee of Mei County National Kiwi Fruit Wholesale Trading Center to establish kiwi processing facilities which we believe has excellent potential and will strengthen our competitive positioning in this important product segment. Our growth initiatives, including our project to develop orange products in Hubei Province, are a key element of our strategic plan is to further diversify our product platform in order to mitigate both the regional and seasonal cyclicity of our products."



"We continue to believe that China's economic growth and rising incomes are causing a transition in consumer tastes towards healthier lifestyles and improved nutrition. We see this as a long-term phenomenon that will stimulate further demand for our products. We believe that our diversified range of fruit products and branded fruit juice beverages are well positioned to meet this still emergent market environment," Mr. Hongke Xue concluded.

Second Quarter 2013 Financial Results

Revenue. Revenue for the three months ended June 30, 2013 was \$10.4 million, a decrease of 19% as compared to \$12.8 million for the same period in 2012. This was primarily due a decrease in sales of kiwi-related products, concentrated pear juice and other products, which was partially offset by an increase in revenue generated from sales of the apple-related products and fruit juice beverages.

	Second Quarter 2013 Revenue by Segment (In \$000's)		
	Three Months Ended June 30		
	2013	2012	% of change
Concentrated apple juice and apple aroma	1,052	751	40%
Concentrated kiwifruit juice and kiwi puree	10	489	(98%)
Concentrated pear juice	684	3,734	(82%)
Fruit juice beverages	8,594	6,366	35%
Fresh fruits and vegetables	4	-	NA
Other	6	1,497	NA
Total	10,350	12,837	(19%)

Revenue by Segment. Revenue from the fruit juice beverages increased to \$8.6 million, an increase of \$2.2 million or 35%, from \$6.4 million for the same period of 2012, primarily due to market share gains attributable to the Company's continuous efforts to expand their sales channel. The fruit juice beverages segment comprised 83% of total Company revenue for the second quarter for 2013 as compared to 50% for the same period of 2012, and so was a large factor in mitigating the decrease in revenue for the second quarter of 2013 as compared to the same period in 2012.

Sales from apple related products increased by \$0.3 million, or 40%, to \$1.1 million for the three months ended June 30, 2013, from \$0.8 million for the same period of 2012. During the second quarter of 2013, the Company sold approximately 615 tons of concentrated apple juice, compared with approximately 428 tons of concentrated apple juice sold in the same period of 2012. However, this increase was coupled with a decrease in unit price of concentrated apple juice.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$0.01 million for the second quarter of 2013, a decrease of \$0.48 million, or 98%, from \$0.49 million in the same quarter



of 2012, primarily due to decrease in both amount sold and unit price. During the three months ended June 30, 2013, the Company sold approximately 14 tons of kiwi-related products.

Sales of concentrated pear juice decreased to \$0.7 million in the second quarter of 2013, a decrease of \$3.0 million, or 82%, from \$3.7 million in the same quarter of 2012. During the second quarter of 2013, the unit selling price and amount of concentrated pear juice decreased. During the second quarter of 2013 and 2012, the Company sold 527 and 2,200 tons of concentrated pear juice, respectively.

Revenue from our fruit juice beverages in the PRC increased to \$8.6 million, an increase of \$2.2 million or 35%, from \$6.4 million for the same period of 2012, primarily due to bigger market share gained from our continuous efforts of expanding sales channel. Revenue from our fresh fruits and vegetables in the PRC were \$0.004 million and \$nil for the second quarter of 2013 and 2012, respectively.

Sales from other products decreased to \$0.006 million, a decrease from \$1.5 million for the same period of 2012. The amount of sales of other products is expected to be unstable and is generally not indicative of our future sales of other products.

Gross Profit. The Company's consolidated gross profit for the three months ended June 30, 2013 was \$3.4 million, a decrease of \$0.8 million, or 19%, from \$4.2 million for the same period of 2012, primarily due to a reduced level of gross profit generated from the Company's concentrated pear juice and apple-related products segments. The consolidated gross profit margin for the three months ended June 30, 2013 was 32%, a decrease of 1%, from 33% for the same period of 2012, primarily due to a decrease in gross margin of apple-related products, concentrated pear juice, which was partially offset by an increase in gross profit margin of both kiwi-related products and fruit juice beverages.

Second Quarter 2013 Gross Profit by Segment
(In \$000's)

	Three Months Ended June 30			
	2013		2012	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	77	7%	94	13%
Concentrated kiwifruit juice and kiwi puree	5	50%	223	46%
Concentrated pear juice	121	18%	1,705	46%
Fruit juice beverages	3,147	37%	2,118	33%
Fresh fruits and vegetables	3	75%	-	NA



Other	1	17%	81	5%
Total	3,354	32%	4,221	33%

Gross Profit by Segment. Gross profit of the fruit juice beverages increased to \$3.1 million, an increase of \$1.0 million or 49%, from \$2.1 million for the same period of 2012, primarily due to expansion of market share. The gross profit margin of the Company's fruit juice beverages increased from to 37% for the three months ended June 30, 2013, from 33% for the same period of 2012. The fruit juice beverages segment accounted for 94% of total gross profit for the second quarter of 2013 as compared to 50% for the same period of 2012. This had the effect of offsetting reduced total gross profit levels for the Company's other product segments for the second quarter of 2013 as compared to the same period of 2012.

Gross profit of the apple related products segment decreased to \$0.08 million for the three months ended June 30, 2013, from \$0.09 million for the same period of 2012. The gross margin of concentrated apple juice and apple aroma decreased to 7% for the three months ended June 30, 2013 from 13% for the same period of 2012, primarily due to significantly lower selling price of concentrated apple juice.

Gross profit of the company's concentrated kiwifruit juice and kiwifruit puree segment also decreased significantly and the gross profit margin of this segment's gross profit increased from 46% for the three months ended June 30, 2012 to 50% for the same period of 2013, primarily due to lower cost of fresh kiwi purchased in three months ended June 30, 2013 as compared to the same period of 2012.

Gross profit of the concentrated pear juice segment decreased to \$0.1 million in the second quarter of 2013, a decrease 93%, from \$1.7 million in the same quarter of 2012. During the second quarter of 2013, the unit selling price of concentrated pear juice decreased which led to a decrease of the gross margin of this segment to 18% in the second quarter of 2013 relative to 46% in the second quarter of 2012.

Operating Expenses. Operating expenses for the second quarter of fiscal 2013 was \$2.4 million, or 23% of sales, which were higher than that of the same period of 2012, when operating expenses represented 10% of sales. General and administrative expenses increased 96% to \$1.3 million in the second quarter of 2013 as compared to \$0.7 million for the same period of 2012, mainly due to an increased amount of legal fees related to the Company's current pending litigation and higher salary expenses resulting from an increase in the headcount of the Company's management staff. Selling expenses increased 132% to \$1.2 million as compared to \$0.5 million the same period of 2012, mainly due to an increase in the payroll and related expenses as a result of an increase in the Company's headcount to the handle an increase in sales work. During the second quarter of 2013, the Company suspended research and development work and received a fund of \$79,642 from outside research and development institutions as compared to \$142,685 incurred in research and development



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expenses for the three months ended June 30, 2012. In the second quarter of 2013, the Company suspended four research and development agreements with research institutions but concentrated on building up its own internal research and development team.

Income from Operations. Income from operations was \$0.9 million for the second quarter of 2013, a decrease of 68% as compared to \$2.9 million for the same period in 2012. The decrease in the income from operations was mainly due to decrease in both revenue as well as gross margin and increase in the operating expenses.

Net Income and Earnings Per Share. Net income attributable to SkyPeople Fruit Juice was \$0.7 million for the second quarter of 2013, a decrease of 72% as compared to \$2.4 million for the same period in 2012, while diluted earnings per share was \$0.03 as compared to \$0.09 for the same period in 2012.

Financial Condition

As of June 30, 2013, the Company had \$80.3 million in cash and cash equivalents, up from \$77.6 million as of fiscal year end 2012. The Company's working capital was \$73.4 million. As of June 30, 2013, the Company had total liabilities of \$28.8 million, which included \$14.0 million in short-term bank loans and an \$8.0 million short-term payable to a related party. As of June 30, 2013, stockholders' equity attributable to SkyPeople Fruit Juice was \$163.7 million as compared to \$156.5 million as of fiscal year end 2012.

During the six months ended June 30, 2013, the Company's operating activities generated a net cash inflow of \$29.8 million, as compared to \$25.1 million for the same period in 2012. Net cash used in investing activities were \$38.5 million for the six months ended June 30, 2013 as compared to \$3.4 million for the same period in 2012. For the six months ended June 30, 2013, cash flow generated from financing activities totaled \$10.1 million as compared to \$5.2 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.

Second Quarter Developments

In the second quarter of 2013, SkyPeople (China) announced an agreement to manufacture and market kiwi products. 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 Center.

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 Mei County with a total planned area of total planned area of approximately 47 acres.



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Pursuant to the investment agreement, the Company will be responsible for construction and financing with a total investment of 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, August 15, 2013 at 9:00 am Eastern Time to discuss its financial results for the first quarter ended June 30, 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, August 15, 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:	28953219

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 28953219 for the replay. The replay will be available on August 15, 2013 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**

	June 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 80,313,361	\$ 77,560,278
Accounts receivables, net of allowance of \$47,449 and \$46,643 as of June 30, 2013 and December 31, 2012, respectively	13,245,982	49,435,961
Other receivables	679,791	201,417
Inventories	7,602,110	7,278,191
Deferred tax assets	239,791	90,576
Advances to suppliers and other current assets	82,627	71,536
TOTAL CURRENT ASSETS	102,163,662	134,637,959



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PROPERTY, PLANT AND EQUIPMENT, NET	51,411,503	52,180,097
LAND USE RIGHT, NET	6,528,225	6,508,149
OTHER ASSETS	39,992,556	1,892,806
TOTAL ASSETS	\$200,095,946	\$ 195,219,011

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$4,633,338	\$ 14,399,282
Accrued expenses	1,805,446	2,050,675
Income tax payable	232,459	3,127,245
Advances from customers	120,567	530,437
Short-term loan - related parties	8,000,000	-
Short-term bank loans	13,983,524	11,661,761
TOTAL CURRENT LIABILITIES	\$28,775,334	\$ 31,769,400

STOCKHOLDERS' EQUITY

SkyPeople Fruit Juice, Inc, Stockholders' equity

Series B Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding as of June 30, 2013 and December 31, 2012	-	-
Common stock, \$0.001 par value; 66,666,666 shares authorized; 26,661,499 issued and outstanding as of, June 30, 2013 and December 31, 2012, respectively	26,661	26,661
Additional paid-in capital	59,189,860	59,189,860
Retained earnings	87,291,775	82,793,585
Accumulated other comprehensive income	17,165,635	14,500,860
Total SkyPeople Fruit Juice, Inc. stockholders' equity	163,673,931	156,510,966
Non-controlling interests	7,646,681	6,938,645
TOTAL STOCKHOLDERS' EQUITY	171,320,612	163,449,611
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$200,095,946	\$ 195,219,011



SKYPEOPLE FRUIT JUICE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenue	\$10,349,909	\$12,837,273	\$28,961,365	\$27,830,773
Cost of sales	6,995,919	8,615,882	17,966,477	18,823,383
Gross Margin	3,353,990	4,221,391	10,994,888	9,007,390
Operating Expenses				
General and administrative expenses	1,281,515	653,803	2,587,429	2,132,375
Selling expenses	1,212,921	521,782	1,954,087	1,047,116
Research and development expenses	(79,642)	142,685	18,980	285,370
Total operating expenses	2,414,794	1,318,270	4,560,496	3,464,861
Income from Operations	939,196	2,903,121	6,434,392	5,542,529
Other income (expense)				
Interest income	82,941	87,016	154,520	156,705
Subsidy income	435,839	649,607	786,813	1,083,111
Interest expense	(351,033)	(248,332)	(628,056)	(403,144)
Total other income (expense)	167,747	488,291	313,277	836,672
Income before income tax	1,106,943	3,391,412	6,747,669	6,379,201
Income tax provision	322,754	864,293	1,806,619	1,792,673
Net Income	784,189	2,527,119	4,941,050	4,586,528
Less: Net income attributable to non-controlling interests	104,147	126,468	442,860	266,719
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	680,042	2,400,651	4,498,190	4,319,809

Other comprehensive income



Foreign currency translation adjustment	2,518,720	(715,096)	2,929,951	(558,525)
Comprehensive income	\$3,198,762	\$1,685,555	\$7,428,141	\$3,761,284
Other Comprehensive income attributable to non-controlling interests	227,957	(29,617)	265,176	(23,136)
COMPREHENSIVE INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$2,970,805	\$1,715,172	\$7,162,965	\$3,784,420
Earnings Per Share:				
Basic earnings per share	\$0.03	\$0.09	\$0.17	\$0.16
Diluted earnings per share	\$0.03	\$0.09	\$0.17	\$0.16
Weighted Average Shares Outstanding				
Basic	26,661,499	25,820,951	26,661,499	25,755,677
Diluted	26,661,499	26,661,499	26,661,499	26,661,499

SKYPEOPLE FRUIT JUICE, INC.

CONSOLIDATED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Six Months Ended June 30,	
	2013	2012
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	\$4,941,050	\$4,586,528
Adjustments to reconcile net income to net cash flow provided by operating activities		
Depreciation and amortization	1,510,091	1,434,420
Deferred income tax	(149,215)	41,656
Changes in operating assets and liabilities		
Accounts receivables	36,671,171	20,855,020
Other receivable	(470,281)	(38,559)
Advances to suppliers and other current assets	(10,174)	(83,436)
Inventories	841,381	945,181
Accounts payable	(9,913,912)	62,809
Accrued expenses	(270,092)	(1,545,105)
Income tax payable	(2,919,124)	(1,025,682)



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Advances from customers	(414,816)	(178,673)
Net cash provided by operating activities	29,816,079	25,054,159
Cash Flow from Investing Activities		
Additions to property, plant and equipment	(485,142)	(1,249,417)
Prepayment for other assets	(38,000,669)	(2,142,656)
Net cash used in investing activities	(38,485,811)	(3,392,073)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in restricted cash	-	284,361
Short-term notes payable	-	(284,361)
Proceeds from related party loan	8,000,000	-
Proceeds from short-term loan bank loans	8,653,944	6,341,757
Repayment of short-term bank loans	(6,555,123)	(1,139,578)
Net cash provided by financing activities	10,098,821	5,202,179
Effect of change in exchange rate	1,323,994	(305,401)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,753,083	26,558,864
Cash and cash equivalents, beginning of period	77,560,278	61,154,007
Cash and cash equivalents, end of period	\$80,313,361	\$87,712,871
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$496,209	\$403,145
Cash paid for income taxes	\$4,874,958	\$2,776,698
SUPPLEMENTAL DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION		
Transferred from other assets to property, plant and equipment and construction in progress	\$317,258	\$5,225,307

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



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