



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

SkyPeople Fruit Juice Reports Second Quarter 2015 Financial Results

XI'AN, China, Aug. 14, 2015 /PRNewswire/ -- 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, 2015.

Second Quarter 2015 Summary:

Total revenue was \$12.2 million, an increase of 2% year-over-year

Gross profit was \$5.1 million, an increase of 11% year-over-year

Gross profit margin was 42% as compared to 38% in the year-ago quarter

Income from operations was \$3.6 million, an increase of 64% year-over-year

Net income attributable to SkyPeople Fruit Juice, Inc. was \$2.1 million, as compared to \$0.05 million in the year-ago quarter

Cash, cash equivalents and restricted cash were \$63.6 million as of June 30, 2015

"We are pleased to report a robust increase in profitability in the second quarter of 2015 from the year-ago quarter attributable to lower raw material costs, better operating efficiencies and prudent financial management," said Mr. Yongke Xue, Chief Executive Officer of SkyPeople. "Our fruit juice beverage segment continues to be the major segment contributor to both revenue and profitability which offset the constrained contributions from other product segments due to the scarcity of raw materials required for processing attributable to extended seasonality issues."

"In our view, China's rising incomes and the challenges of urban living are speeding the transition in consumer tastes towards healthier living. Our strategic plan is to widen our fruit juice beverage distribution efforts so as to further penetrate China's urban markets. Our fruit juice beverages products are sold via over 100 distributors in more than 20,000 retail stores in China. We also look forward to a new growing season to provide ample raw materials for processing so as to better balance the components of our revenue.

"We are making steady progress with our new projects that will better integrate our operations and ensure a more secure supply of fresh fruit raw materials. In particular, the project in Mei County to manufacture and trade kiwi products will undergo trial production later this year which is an important milestone for us. Our goal is to strengthen our product mix and reduce volatility that can occur with our current supply chain."

"We continue to view China's urbanization, changing demographics and the trend towards healthier lifestyles as key drivers of continued long-term growth. We are confident about the sustained marketability of our products even during times of an economic slowdown as nutrition and healthy living are gaining more traction as an emerging phenomenon across all of China," Chief Executive Officer Yongke Xue concluded.



Second Quarter 2015 Financial Results

Revenue for the three months ended June 30, 2015 was \$12.2 million, an increase of 2% as compared to \$12.0 million for the same period of 2014. This increase was primarily due to an increase in the sales of the concentrated pear juice, fruit juice beverages and concentrated kiwi segments, partially offset by a decrease in sales from the apple-related products segment. The fruit juice beverages segment comprised 91% of total revenue for the three months ended June 30, 2015 as compared to 92% of total revenue for same period of 2014. The segment now represents a substantial proportion of the Company's revenue.

Second Quarter 2015 Revenue by Product Segment (in thousands)

(In \$000's, except %'s)	Three Months ended		
	June 30,		
	2015	2014	% of change
Concentrated apple juice and apple aroma	50	773	(94%)
Concentrated kiwifruit juice and kiwi puree	42	5	740%
Concentrated pear juice	988	190	420%
Fruit juice beverages	11,085	10,991	1%
Other	-	20	-
Total	12,165	11,979	2%

Revenue by Segment. Sales from apple related products were approximately \$50,000 for the three months ended June 30, 2015, a 94% decrease from sales of \$0.77 million for the same period of 2014. Although volume declined substantially, the unit selling price of concentrated apple juice increased compared to the same period a year ago. For the second quarter of 2015, the Company sold approximately 11 tons of concentrated apple juice, a 98% decrease from the 480 tons of concentrated apple juice sold in the same period of 2014.

Sales from concentrated kiwifruit juice and kiwifruit puree were \$42,000 for the three months ended June 30, 2015, a 740% increase from sales of \$5,000 for the same period of 2014. This was attributable to an increase in the amount of products sold as well as an increase in unit selling price. For the second quarter of 2015, the Company sold approximately 9 tons of kiwi-related products, a 233% increase from the 2.7 tons of kiwi-related products sold in the same period of 2014.

Sales of concentrated pear juice were \$988,000 for the three months ended June 30, 2015, a 420% increase from sales of \$190,000 for the same period of 2014. This was primarily a result of an increase the amount of products sold, offset by a decrease in unit selling price. For the second quarter of 2015, the Company sold approximately 578 tons of concentrated pear juice, a 478% increase from the 100 tons of concentrated pear juice sold in the same period of 2014.



Sales from our fruit juice beverages segment were \$11.1 million for the three months ended June 30, 2015, a 1% increase from sales of \$11.0 million for the same period of 2014. The increase in revenue was primarily due to gains in market share attributable to our continuous efforts of expanding this sales channel.

Sales from our other fruit products segment were nil for the three months ended June 30, 2015, as compared to sales of \$20,000 for the same period of 2014. The amount of sales from the other fruit products segment is expected to be unstable.

Gross Profit. Gross profit was \$5.1 million for the three months ended June 30, 2015, an 11% increase from gross profit of \$4.6 million for the same period of 2014. The increase was primarily due to the 260% increase in gross profit generated from the concentrated pear juice segment and the 12% increase in gross profit generated from fruit juice beverages. These increases were partially offset by decreases in gross profit generated by the concentrated kiwifruit juice and kiwifruit puree segment and the apple-related products segment. The consolidated gross profit margin was 42% for the three months ended June 30, 2015 as compared to 38% for the same period of 2014 primarily due to the higher period-over-period gross margin of the fruit juice beverage segments.

Second Quarter 2015 Gross Profit by Product Segment (in thousands)

(In \$000's, except %'s)	Three months ended June 30,			
	2015		2014	
	Gross profit	Gross margin	Gross profit	Gross margin
Concentrated apple juice and apple aroma	-	-	153	20%
Concentrated kiwifruit juice and kiwi puree	(10)	(27%)	1	20%
Concentrated pear juice	324	33%	90	47%
Fruit juice beverages	4,797	43%	4,302	39%
Other	-	-	8	40%
Total	5,111	42%	4,554	38%

Operating expenses for the second quarter of 2015 decreased by 38% to \$1.5 million, or 13% of sales, compared to \$2.4 million, or 20% of sales for the same period of 2014. During the second quarter of 2015, the Company executed stronger control over its accounts receivables. Since the outstanding balance of account receivables decreased in the second quarter of 2015 as compared with that of fiscal year end 2014, and based upon Management's estimate of the collectability of account receivables, the Company reduced bad debt provisions from \$0.8 million as of fiscal year end 2014 to \$0.03 million as of the second quarter of 2015. As a result, general and administrative expenses for the second quarter of 2015 was significantly lower than that of the first quarter of 2015 when the Company accrued \$1.5 million of bad debt provisions. General and administrative expenses decreased 70% to \$0.3 million for the second quarter of 2015 from \$1.0 million for the same period of 2014. Selling expenses



decreased 7% to \$1.3 million for the second quarter of 2015 from \$1.4 million for the same period of 2014.

Income from operations for the second quarter of 2015 was \$3.6 million, an increase of 64% from \$2.2 million for the same period of 2014.

Net income attributable to SkyPeople Fruit Juice for the second quarter of 2015 was \$2.1 million as compared to \$0.05 million for the same period of 2014, while earnings per share was \$0.08 in the current quarter as compared to nil for the same period of 2014.

Financial Condition

As of June 30, 2015, the Company had \$63.6 million in cash, cash equivalents and restricted cash, an increase from \$31.6 million as of fiscal year end 2014. The Company's restricted cash of \$3.3 million consists of cash equivalents used as collateral to secure short-term notes payable. The Company's working capital was \$40.1 million as of the second quarter of 2015 as compared to working capital of \$34.8 million as of fiscal year end 2014. As of June 30, 2015, the Company had total debt of \$59.2 million, which included \$32.1 million in short-term bank loans, \$8.0 million in long-term loans from a related party and \$19.1 million in total capital lease obligations. Stockholders' equity attributable to SkyPeople Fruit Juice was \$185.0 million as of the end of the second quarter of 2015 as compared to \$181.4 million as of fiscal year end 2014.

For the first half of 2015, the Company's operating activities generated a net cash inflow of \$36.7 million as compared to a net cash inflow of \$22.4 million from operating activities for the same period of 2014. Net cash used in investing activities were \$1.9 million for the first half of 2015, including \$2.0 million in additions to property, plant and equipment as compared to net cash used in investing activities of \$2.5 million, including additions to property, plant and equipment of \$10.0 million. Cash flow provided by financing activities totaled \$0.4 million for the first half of 2015 as compared to \$6.4 million of net cash used in financing activities for the same period of 2014.

We believe that projected cash flows from operations, anticipated cash receipts, cash on hand, and trade credit will provide the necessary capital to meet the Company's projected operating cash requirements for at least the next twelve months, which does not take into account any potential expenditures related to the potential expansion of our current production capacity.

Project Updates

The Company is developing a fruit and vegetable industry chain and processing zone in Suizhong County, Liaoning Province, China, pursuant to its Letter of Intent with the People's Government of Suizhong County. The Suizhong project may include the construction and operation of fruit juice production lines, a vegetable and fruit flash freeze facility, a refrigeration storage facility and warehouse, a world-class food safety testing center and a fruit and vegetable finished products processing center, among other facilities. The estimated



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

capital expenditure for the project is expected to be \$4.6 million. The Company has made partial payment to acquire the land use right from the local government, purchase equipment and build facilities. As of the date of this report, the Company has finished building an office building, a dormitory, a refrigeration storage facility and a warehouse.

The Company is developing an orange processing and distribution center pursuant to its investment/service agreement with the Yidu Municipal People's Government in Hubei Province, China. Pursuant to the agreement, the Company will be responsible for an investment amount of approximately \$48 million. The Yidu Municipal People's Government is in the process of demolition of buildings on the project land. The Company is actively working with various bodies of the local government to make preparations for the start of the project.

The Company is developing a kiwi processing and trading center pursuant to its 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, China. Pursuant to the agreement, the Company will be responsible for construction and financing with an investment amount of approximately \$72 million. As of the date of this report, the Company is in the process of building facilities and purchasing equipment. It is expected that trial production will begin in the second half of 2015.

Conference Call

The Company will hold a conference call on Monday, August 17, 2015 at 9:00 a.m. Eastern Time to discuss its financial results for the second quarter ended June 30, 2015.

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

Date:	Monday, August 17, 2015
Time:	9:00 a.m. Eastern Time, US
Conference Line Dial-In:	+1-877-407-8031
International Dial-In:	+1-201-689-8031

To access the replay, please dial 1-877-660-6853 within the United States or 1-201-612-7415 when dialing internationally. The passcode for the replay is 13617530 and it will be available on August 17, 2015 at 12:00 pm through August 24, 2015.

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



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

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, 2014 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. CONDENSED CONSOLIDATED BALANCE SHEETS

June 30, December 31,



	2015	2014
ASSETS	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$60,370,972	\$25,130,302
Restricted cash	3,271,395	6,537,016
Accounts receivable, net of allowance of \$34,002 and \$837,200 as of June 30, 2015 and December 31, 2014, respectively	26,659,988	66,570,314
Other receivables	67,458	371,995
Inventories	4,484,889	4,118,630
Deferred tax assets	1,671,563	1,410,690
Advances to suppliers and other current assets	250,116	472,578
TOTAL CURRENT ASSETS	96,776,381	104,611,525
Property, plant and equipment, net	101,376,282	96,279,068
Land use right, net	6,125,025	6,502,420
Long term assets	3,165,075	3,162,281
Deposits	62,137,972	68,878,798
TOTAL ASSETS	\$269,580,735	\$279,434,092
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$10,885,535	\$18,381,263
Accrued expenses	8,867,898	10,085,152
Income tax payable	238,922	1,457,258
Advances from customers	390,767	469,007
Notes payable -bank	-	8,171,270
Short-term bank loans	32,144,782	28,243,373
Obligations under capital leases	3,940,172	2,954,401
TOTAL CURRENT LIABILITIES	56,468,076	69,761,724
NON-CURRENT LIABILITIES		
Long-term loan - related party	7,959,107	7,959,143
Obligations under capital leases	15,172,791	15,625,435
TOTAL NON-CURRENT LIABILITIES	23,131,898	23,584,578
TOTAL LIABILITIES	79,599,974	93,346,302
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, 2015 and December 31, 2014, respectively	-	-
Common stock, \$0.001 par value; 66,666,666 shares authorized;	26,661	26,661



26,661,499 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively

Additional paid-in capital	59,189,860	59,189,860
Retained earnings	106,422,605	102,833,747
Accumulated other comprehensive income	19,379,532	19,351,703
Total SkyPeople Fruit Juice, Inc. Stockholders' equity	185,018,658	181,401,971
Non-controlling interests	4,962,103	4,685,819
TOTAL EQUITY	189,980,761	186,087,790
TOTAL LIABILITIES AND EQUITY	\$269,580,735	\$279,434,092

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

SKYPEOPLE FRUIT JUICE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND
COMPREHENSIVE INCOME (LOSS)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenue	\$12,165,269	\$11,978,652	\$28,736,308	\$23,761,819
Cost of goods sold	7,054,539	7,424,302	16,466,217	15,536,234
Gross profit	5,110,730	4,554,350	12,270,091	8,225,585
Operating Expenses				
General and administrative expenses	273,646	995,830	3,258,128	2,188,951
Selling expenses	1,271,227	1,384,991	2,323,881	2,249,489
Total operating expenses	1,544,873	2,380,821	5,582,009	4,438,440
Income from operations	3,565,857	2,173,529	6,688,082	3,787,145
Other income (expense)				
Interest income	230,473	238,212	264,026	311,873
Subsidy income	49,426	37,374	238,187	470,971
Interest expenses	(598,090)	(1,749,783)	(1,697,160)	(2,562,204)
Consulting fee related to capital lease	-	(439,908)	-	(882,700)
Total other expenses	(318,191)	(1,914,105)	(1,194,947)	(2,662,060)
Income before income tax	3,247,666	259,424	5,493,135	1,125,085
Income tax provision	1,070,171	102,608	1,632,740	331,210



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

Net income	2,177,495	156,816	3,860,395	793,875
Less: Net income attributable to non-controlling interests	(88,247)	(107,948)	(271,537)	(241,335)
NET INCOME ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	2,089,248	48,868	3,588,858	552,540
Other comprehensive income				
Foreign currency translation adjustment	1,334,006	(11,592)	575,650	(1,717,080)
Comprehensive income (loss)	3,511,501	145,224	4,436,045	(923,205)
Comprehensive income (loss) attributable to non-controlling interests	(109,877)	(156,907)	(276,284)	(135,938)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO SKYPEOPLE FRUIT JUICE, INC.	\$3,401,624	\$(11,683)	\$4,159,761	\$(1,059,143)
Earnings per share:				
Basic and diluted net income per share	\$0.08	\$-	\$0.13	\$0.02
Weighted average number of shares outstanding				
Basic and diluted	26,661,499	26,661,499	26,661,499	26,661,499

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

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

	Six Months Ended	
	June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$3,860,395	\$793,875
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	3,180,201	1,572,175
Deferred income tax assets	(260,873)	(944,977)



Reverse of provision for bad debt	(803,200)	-
Changes in operating assets and liabilities		
Accounts receivable	40,671,942	16,111,019
Other receivable	304,109	(352,389)
Advances to suppliers and other current assets	222,326	640,892
Inventories	(361,721)	(438,715)
Accounts payable	(7,602,038)	1,801,177
Accrued expenses	(1,258,368)	4,461,534
Income tax payable	(1,216,599)	(1,178,899)
Advances from customers	(78,459)	(113,301)
Net cash provided by operating activities	36,657,715	22,352,391

CASH FLOWS FROM INVESTING ACTIVITIES

Refund of purchase deposit	-	7,506,207
Additions to property, plant and equipment	(2,036,888)	(9,966,212)
Prepayment for other assets	296,959	(18,652)
Prepayments for deposit on equipment	(143,822)	-
Net cash used in investing activities	(1,883,751)	(2,478,657)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid to non-controlling interest	-	(4,414,820)
Decrease (Increased) in restricted cash	3,263,282	(12,950,836)
(Repayment) Proceeds from short-term notes	(8,158,204)	14,254,064
Proceeds from short-term bank loans	18,752,908	19,489,005
Repayment of short-term bank loans	(13,492,076)	(19,595,955)
Payment for capital lease	-	(3,152,185)
Repayment of related party loans	-	(24,970)
Net cash provided (used in) by financing activities	365,910	(6,395,697)
Effect of change in exchange rate	100,796	(643,036)

NET CHANGE IN CASH AND CASH EQUIVALENTS	35,240,670	12,835,001
Cash and cash equivalents, beginning of period	25,130,302	66,888,954
Cash and cash equivalents, end of period	\$60,370,972	\$79,723,955

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for interest	\$1,697,160	\$2,159,600
Cash paid for income taxes	\$1,648,425	\$2,455,086

SUPPLEMENTARY DISCLOSURE OF SIGNIFICANT NON-CASH TRANSACTION



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

Transferred from other assets to property, plant and equipment and construction in process	\$6,928,619	\$1,325,819
Equipment acquired by capital lease	\$-	\$21,014,564

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

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