



SkyPeople Fruit Juice Reports \$13.4 Million in Revenues and \$0.22 in EPS for the Second Quarter 2010

XI'AN, China, Aug. 16 /PRNewswire-Asia-FirstCall/ -- SkyPeople Fruit Juice, Inc. (Nasdaq:SPU) ("SkyPeople" or "the Company"), a processor and manufacturer of kiwifruit, apple, pear, turnjube and other concentrated specialty fruit juices and manufacturer of Hedetang-branded fruit beverages for sale in domestic markets, today announced its financial results for its second quarter ended June 30, 2010.

Second Quarter 2010 Highlights

- Revenue was \$13.4 million, up 116.1% from 2Q 2009
- Gross margins increased 1,720 basis points to 47.8%
- Net income was \$4.8 million, up 182.4% from 2Q 2009 and EPS of \$0.22
- \$10.1 million in cash flow from operations for the first six months of 2010

Second Quarter 2010 Results

	2Q 2010	2Q 2009	CHANGE
Net Sales	\$ 13.4 million	\$ 6.2 million	+ 116.1%
Gross Profit	\$ 6.4 million	\$1.9 million	+ 236.8%
Net Income	\$ 4.8 million	\$ 1.7 million	+ 182.4%
EPS (Diluted)	\$0.22	\$0.09	+ 144.4%

"In the second quarter of 2010, sales of our concentrates and Hedetang juices experienced double digit growth exceeding management's expectations for the quarter," began Yongke Xue, CEO of SkyPeople Fruit Juice. "Continued growth in our domestic sales is a testament to our strategy to increase market share for our core concentrates of kiwifruit and pear in China while expanding our geographic footprint for our proprietary brand of juices. In the second quarter, we were also pleased to see continued orders from our international customer base, which we believe will support overall growth for the balance of the year. Our new product turnjube concentrate, also contributed to the second quarter and we expect incremental growth going forward." Xue concluded.

Second Quarter 2010 Revenue Segments

	Three Months Ended June 30,		
	2010	2009	% Change
Concentrated apple juice and apple aroma	\$ 1,137	\$ 1,313	(13.4)
Concentrated pear juice	1,656	842	96.7
Concentrated kiwifruit juice and kiwifruit puree	3,929	--	N/A



Fruit juice beverages	4,038	2,998	34.7
Fruit cider beverages	814	1,044	(22.0)
Other (Specialty fruit concentrates)	1,823	--	N/A
Consolidated	\$ 13,397	\$ 6,197	116.2

Total revenue for the second quarter of 2010 ended June 30, 2010 was \$13.4 million, up 116.1% from \$6.2 million for the quarter ended June 30, 2009. This increase was primarily due to an increase in sales of concentrated pear juice, concentrated kiwifruit puree and fruit juice beverages. Concentrated pear juice is widely used as a sweetener in a variety of juices, soft drinks and food products made in China and abroad. Sales of pear concentrate increased 96.7% year over year to \$1.7 million for the quarter. Due to an extended growing season which benefited from a favorable climate leading into 2010, kiwifruit puree and concentrates were also a significant contributor during the quarter. Sales of kiwifruit juice and puree were \$3.9 million for the period ended June 30, 2010. Normally, the harvest and squeezing season for kiwifruit concludes in the first quarter of the year, which is why there were no sales in the year ago period.

Revenue from SkyPeople's branded juice segment, Hedetang Juices, includes fruit beverages and ciders. This branded juice segment increased 20% to \$4.8 million, which was due entirely to sales of fruit juice beverages which increased 34.7% to \$4.0 million. Sales of ciders showed a slight decrease as the Company reduced inventories in preparation for repackaging and re-labeling its cider product line first, which SkyPeople will eventually extend to its fruit beverage products as well. Through its research and development department, which consists of 41 technicians, the Company is in the process of developing five different series of fruits based beverages and plans to launch these new series of products in the fourth quarter of 2010. The Company has communicated its plans to its retailers and distributors in advance of the restriction on cider availability and plans to re-launch the new products.

During the second quarter of 2010, the Company introduced a new product, turnjube concentrate, which can be used in production of traditional Chinese medicines. Sales of turnjube generated \$1.8 million in revenues in the second quarter of the year as its customer, Xi'an-based Boai Pharmaceutical, used the fruit concentrates in its production of Chinese medicines. Gross profit for the second quarter of 2010 was \$6.4 million, a 236.8% increase from \$1.9 million in the second quarter of 2009 as a result of an increase in revenue. Overall gross profit margin was 47.8% for the second quarter compared to 30.6% for the second quarter of 2009, as a result of an increase in gross margins of concentrated pear juice, concentrated kiwifruit juice, kiwifruit puree and fruit beverages.

The increase in the gross profit margin for concentrated pear juice was a result of an increase in the demand and the price of pear juice concentrates in the global market. Gross profits for pear juice concentrates were \$0.6 million at 37.7% gross profit margins versus 13.8% profit



margins for the second quarter of 2009. The second major contributor to gross profits for the quarter was kiwifruit puree and kiwifruit concentrates. Because of the abundant output of fresh kiwifruit in the fourth quarter of 2009 and early 2010, the Company was able to purchase fresh kiwifruit at lower prices, which resulted in the high gross margins for both products. Gross profits from the sales of kiwifruit purees and concentrates were \$2.7 million at 68.0% profit margins. The exact opposite happened in the market of fresh apples. The gross profit margin of concentrated apple juice and aroma decreased by 45.3% to 19.9% during the second quarter of 2010 as compared to 36.4% for the same period of 2009, primarily due to an increase in the price of fresh apples.

SkyPeople's newest product category, specialty concentrates, posted gross profits of \$0.8 million with gross margins of 45.9%. Currently, the only concentrate the Company produces as a specialty concentrate is turnjube for sales to the pharmaceutical industry.

Operating expenses for the quarter were \$1.3 million, an increase of 42.5% for the quarter, and were attributed to higher administrative and selling expenses to support increased sales volume. Increases in operating expense were also associated to overhead costs stemming from the consolidation of Yinkuo Trusty Fruits, SkyPeople's apple concentrate manufacturing operation in the Liaoning Province. Operating income totaled \$5.0 million in the second quarter of 2010, a 400.0% increase from \$1.0 million in the second quarter of the previous fiscal year. In the second quarter of 2010 the Company's operating margin was 37.5% compared to 16.0% in the second quarter of the prior year.

SkyPeople regularly receives subsidy income from the government in support of their work with fruit farming communities. The Company was awarded a \$2.2 million subsidy from the government of Shaanxi Province, in the second quarter of 2010, and anticipates receiving the subsidy during the second half of 2010. The Company does not anticipate recording further subsidy income during the remainder of 2010. During the second quarter of 2009, the Company received a similar \$1.6 million subsidy and expects the subsidy to continue through 2011.

Based on the Company's 25% tax rate, net income for the second quarter of 2010 was \$4.8 million, an increase of 182.4% from \$1.7 million in the first quarter of 2009. Earnings per share were \$0.22 per diluted share in the quarter, compared to \$0.09 per diluted share in the second quarter of 2009. The Company reported 21,481,227 weighted average diluted shares outstanding in the second quarter of 2010, compared to 18,411,461 in the second quarter of 2009. The share count in the second quarter of the year reflected the two-for-three reverse stock split executed in October of 2009 and approximately 1.2 million shares of Common Stock which were converted from warrants by shareholders in 2010. As of June 30, 2010 investors converted all of their warrants into common shares.



Six Months Results

For the Period Ended June 30, 2010

	1H 2010	1H 2009	CHANGE
Net Sales	\$31.1 million	\$12.9 million	+ 141.1%
Gross Profit	\$13.5 million	\$4.8 million	+ 181.3%
GAAP Net Income	\$6.4 million	\$2.9 million	+ 120.7%
EPS (Diluted)	\$0.31	\$0.15	+ 106.7%
Adjusted Net Income*	\$8.5 million	\$2.9 million	+ 193.1%
Adjusted EPS (Diluted)*	\$0.41 (Diluted)*	\$0.15 (Diluted)*	+ 173.3% (Diluted)*

Adjusted net income and EPS in 1H2010 are non-GAAP calculations and include the change in the amount of \$2,103,832 for the six months ended June 30, 2010 in fair value of warrant liability. As of June 30, 2010 there were no remaining warrants.

Total revenue for the first six months of fiscal 2010 was \$31.1 million, up 141.8% from \$12.9 million in the prior year's period. Gross profits for the first half of 2010 were \$13.5 million, an increase of 178.9% versus the same period prior year. Gross margins for the first half of 2010 were 43.4%, a 15.3% improvement compared to the same period of fiscal 2009. The increase in gross profit margin for the six months ended June 30, 2010 was primarily due to an increase in the gross margins of concentrated kiwifruit juice and kiwifruit puree, pear juice and fruit beverages, which were partially offset by a decrease in the gross margin of concentrated apple juice and apple aroma, concentrated pear juice and fresh kiwifruit. Selling, general and administrative (SG&A) expenses in the first half of fiscal year 2010 were \$2.2 million, compared to \$1.3 million in the prior year's corresponding period, a 61.5% increase year over year. SG&A increases were attributed to freight and transportation expenses for shipment of SkyPeople Fruit Juice products.

Operating income in the first half of 2010 was \$10.8 million, with an operating margin of 34.6%, a 260.0% increase from \$3.0 million in the prior year's period.

GAAP net income for the first half of fiscal year 2010 was \$6.4 million, compared to \$2.9 million in the prior year's corresponding period, a 120.7% increase year over year. Earnings per diluted share were \$0.31 based on 21.1 million diluted shares. Adjusted net income for the first half of 2010, which excluded a \$2.1 million in fair value of warrant liability recorded during the first quarter of 2010, was \$8.5 million. Adjusted earnings per diluted shares were \$0.41.



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Financial Condition

As of June 30, 2010, the Company had \$26.6 million in cash, up from \$14.4 million as of December 31, 2009; working capital was \$38.6 million, up from \$29.0 million as of December 31, 2009; accounts receivable were \$24.3 million, compared to \$27.4 million as of December 31, 2009, and accounts receivable turnover in days for the second quarter of 2010 was 152 days. Cash flow from operations for the first six months of 2010 was \$10.1 million, compared to \$3.5 million for the year ago period. Current liabilities were \$19.4 million compared to \$19.5 million as of December 31, 2009. Shareholder's equity was \$80.5 million, a 25.4% increase from \$64.2 million reported on December 31, 2009. The Company had \$11.8 million in short term loans as of June 30, 2010.

2010 Guidance

For the calendar year ended December 31, 2010, SkyPeople has provided \$92.0-\$100.0 million in revenue guidance and \$19.0 to \$21.0 in net income. The Company expects revenue and earnings growth to continue through the second half of the year, as it enters its most profitable selling period during the third and fourth quarter harvest and squeezing seasons. Second Quarter 2010 Conference Call To attend the call, please use the dial-in information below. When prompted, ask for the "SkyPeople Fruit Juice call" and/or be prepared to provide the conference ID.

Date:	Tuesday, August 17, 2010
Time:	11:00 a.m. Eastern
Conference Line Dial-In (U.S.):	1-888-846-5003
International Dial-In:	1-480-629-9860
Conference ID:	4348193
Webcast link:	http://viaid.net/dce.aspx?sid=00007997

Please dial in at least 10-minutes before the call to ensure timely participation. A playback will be available through August 24, 2010. To listen, please call 1-877-870-5176 within the United States or 1-858-384-5517 if calling internationally. Utilize the pass code 4348193 for the replay.

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% 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.



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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(TM), 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> .

About Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements, which statements are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: non-GAAP adjusted net income, and non-GAAP adjusted EPS. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The Company uses these non-GAAP financial measures for financial and operational decision making and as a means to evaluate period-to-period comparisons. Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding the Company's performance and liquidity by excluding certain expenses and expenditures that may not be indicative of "recurring core business operating results," meaning operating performance excluding non-cash amortization charges for intangibles. The Company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing performance and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to historical performance and liquidity as well as comparisons to competitors' operating results. The Company believes these non-GAAP financial measures are useful to investors both because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making and (2) they are used by our institutional investors and the analyst community to help them analyze the health of the business.

Forward-Looking Statements

This press release contains certain "forward-looking statements" that involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be accurate and the actual results and future events could differ materially from management's current expectations. Such factors include, but are not limited to, the Company's ability to obtain the necessary financing to continue and expand operations, to market its products in new markets and to offer products at competitive pricing, to attract and retain management, and to integrate and maintain technical information and management information systems, political and economic factors in the PRC, compliance requirement of laws and regulations of the PRC, the effects of currency policies and fluctuations, general economic conditions and other factors detailed from time to time in the Company's filings with the United States Securities and Exchange Commission and other regulatory authorities. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



- Financial Statements Follow -

SKYPEOPLE FRUIT JUICE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2010 AND DECEMBER 31, 2009
(Currency expressed in United States Dollars ("US\$"), except for number of
shares) (unaudited)

	June 30, 2010		December 31, 2009
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents \$	26,611,597	\$	14,404,500
Accounts receivable, net of allowance of \$43,231 and \$42,950	24,286,492		27,398,821
Other receivables	2,660,383		222,932
Inventories	2,607,909		4,925,625
Advances to suppliers and other current assets	1,786,334		1,536,042
Total current assets	57,952,715		48,487,920
PROPERTY, PLANT AND EQUIPMENT, Net			
	25,735,812		23,855,648
LAND USAGE RIGHTS	6,494,424		6,577,834
OTHER ASSETS	9,673,075		4,740,242
TOTAL ASSETS	\$ 99,856,026	\$	83,661,644
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable \$	1,861,073	\$	2,684,113
Accrued expenses	3,527,196		4,368,852
Income taxes payable	1,419,742		2,592,493
Advances from customers	576,249		1,009,624
Short-term loan	11,811,546		5,420,531
Short-term notes payable	202,418		--



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Warrant liability	--	3,377,917
Total current liabilities	19,398,224	19,453,530
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
SkyPeople Fruit Juice, Inc. stockholders' equity:		
Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; 1,605,147 and 3,448,480 Series B Convertible Preferred Stock issued and outstanding as of June 30, 2010 and December 31, 2009, respectively		
	1,605	3,448
Common Stock, \$0.001 par value; 66,666,666 shares authorized; 20,410,117 and 17,952,894 shares issued and outstanding as of June 30, 2010 and December 31, 2009, respectively		
	20,410	17,953
Additional paid-in capital	35,312,540	26,699,154
Retained earnings	36,666,136	30,237,707
Accumulated other comprehensive income	5,017,239	4,487,706
SkyPeople Fruit Juice, Inc. stockholders' equity	77,017,930	61,445,968
Noncontrolling interests	3,439,872	2,762,146
TOTAL EQUITY	80,457,802	64,208,114
TOTAL LIABILITIES AND EQUITY	\$ 99,856,026	\$ 83,661,644



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

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Currency expressed in United States Dollars ("US\$"), except for number of
shares) - (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenue	\$13,396,783	\$6,197,001	\$31,118,079	\$12,868,062
Cost of Sales	7,039,098	4,273,595	17,597,346	8,019,754
Gross Profit	6,357,685	1,923,406	13,520,733	4,848,308
Operating Expenses				
General and administrative	848,107	555,393	1,614,339	967,297
Selling expenses	214,101	101,534	578,878	375,122
Research and development expenses	267,181	276,282	545,333	551,792
Total operating expenses	1,329,389	933,209	2,738,550	1,894,211
Income from Operations	5,028,296	990,197	10,782,183	2,954,097
Other Income (Expense)				
Interest expense	(216,957)	(259,262)	(439,916)	(485,658)
Interest income	24,657	31,717	46,753	39,033
Subsidy income	2,204,843	1,464,879	2,248,405	1,552,679
Other income	1,672	357,917	1,434	357,877
Change in fair value of warrant liabilities	(10,860)	--	(2,103,832)	--
Total other income (expense)	2,003,355	1,595,251	(247,156)	1,463,931



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Income Before					
Income Taxes	7,031,651	2,585,448	10,535,027	4,418,028	
Income Tax					
Expenses	1,922,974	721,697	3,428,871	1,215,567	
Net Income	5,108,677	1,863,751	7,106,156	3,202,461	
Less: Net income					
attributable to					
noncontrolling					
interests	345,465	190,638	677,727	289,912	
NET INCOME					
ATTRIBUTABLE TO					
SKYPEOPLE FRUIT					
JUICE, INC.	\$ 4,763,212	\$ 1,673,113	\$ 6,428,429	\$ 2,912,549	
Earnings Per					
Share:					
Basic earnings					
per share	\$ 0.22	\$ 0.09	\$ 0.31	\$ 0.16	
Diluted earnings					
per share	\$ 0.22	\$ 0.09	\$ 0.31	\$ 0.15	
Weighted Average					
Shares					
Outstanding:					
Basic	20,185,555	14,847,894	19,268,424	14,847,894	
Diluted	21,481,227	18,411,461	21,063,637	18,862,719	
Comprehensive					
Income:					
Net income	\$ 5,108,677	\$ 1,863,751	\$ 7,106,156	\$ 3,202,461	
Foreign currency					
translation					
adjustment	528,500	(16,519)	499,135	(109,944)	
Comprehensive					
Income	\$ 5,637,177	\$ 1,847,232	\$ 7,605,291	\$ 3,092,517	



Comprehensive income attributable to the noncontrolling interest	(345,628)	(191,490)	(647,329)	(319,044)
Comprehensive Income Attributable to SkyPeople Fruit Juice, Inc.	\$ 5,291,549	\$ 1,655,742	\$ 6,957,962	\$ 2,773,473

The effect of change in fair value of warrant liability was not included for the computation of diluted earnings per share for the period ended as the inclusion would be anti-dilutive.

SKYPEOPLE FRUIT JUICE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(Currency expressed in United States Dollars ("US\$"))
(Unaudited)

	June 30, 2010	June 30, 2009
Cash Flow from Operating Activities		
Net income	\$ 7,106,156	\$ 3,202,461
Adjustments to reconcile net income to net cash flow provided by operating activities		
Bad debt expenses	--	1,130
Depreciation and amortization	1,089,379	974,197
Change in fair value of warrant liability	2,103,832	--
Changes in operating assets and liabilities		
Accounts receivable	3,269,969	4,432,256
Other receivables	(2,419,962)	(1,181,728)
Advances to suppliers and		



other current assets	(239,364)	(2,967,925)
Inventories	2,334,439	(407,935)
Accounts payable	(835,060)	657,335
Accrued expenses	(862,609)	225,064
Advances from customers	(437,079)	51,829
Short-term notes payable	201,081	--
Income taxes payable	(1,181,865)	(1,488,223)
Net cash provided by operating activities	10,128,917	3,498,461
Cash Flow from Investing Activities		
Prepayment for other assets	(6,866,501)	--
Additions to property, plant and equipment	(679,246)	(177,168)
Net cash used in investing activities	(7,545,747)	(177,168)
Cash Flow from Financing Activities		
Proceeds from stock issuance	3,132,252	--
Proceeds from bank loans	6,855,536	6,002,928
Repayment of bank loans	(541,997)	(7,730,600)
Net cash provided by/(used in) financing activities	9,445,791	(1,727,672)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,028,961	1,593,621
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	14,404,500	15,274,171
Effect of Changes in Exchange Rate	178,136	(365,926)
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 26,611,597	\$ 16,501,866
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 439,453	\$ 485,658
Cash paid for taxes	\$ 4,610,736	\$ 1,942,978
Supplementary disclosures of significant non-cash transactions:		
Change in fair value of warrant liability	\$ (2,103,832)	\$ --



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Exercise of warrants	\$ 5,481,749	\$	--
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Note: During the six months ended June 30, 2010, the Company transferred other assets to property, plant and equipment with a total amount of \$1,997,088 (For the six months ended June 30, 2009: Nil).

For more information, please contact:

COMPANY

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