

LAIYANG JIANGBO PHARMACEUTICALS, LTD

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30, 2007, 2006 AND 2005

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Sales	\$ 72,259,812	\$ 45,242,987	\$ 10,852,106	191,841
Sales - related party	<u>3,933,881</u>	<u>3,913,452</u>	<u>1,899,266</u>	-
TOTAL REVENUE	76,193,693	49,156,439	12,751,372	191,841
COST OF SALES	<u>21,161,530</u>	<u>15,686,233</u>	<u>8,771,942</u>	180,724
GROSS PROFIT	55,032,163	33,470,206	3,979,430	11,117
RESEARCH AND DEVELOPMENT EXPENSE	11,143,830	13,642,200	1,240,252	60,500
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>25,579,361</u>	<u>7,894,672</u>	<u>1,689,004</u>	34,611
INCOME FROM OPERATIONS	<u>18,308,972</u>	<u>11,933,334</u>	<u>1,050,174</u>	(83,994)
Other expense, net	-	7,176	-	-
Non-operating income	(6,593,145)	-	-	-
Non-operating expense	6,189	1,230	3,752	-
Interest (expense) income, net	<u>211,616</u>	<u>378,410</u>	<u>249,567</u>	<u>83,902</u>
OTHER EXPENSE (INCOME), NET	<u>(6,375,340)</u>	<u>386,816</u>	<u>253,319</u>	<u>83,902</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	24,684,312	11,546,518	796,855	(167,896)
PROVISION FOR INCOME TAXES	<u>2,631,256</u>	<u>3,810,351</u>	<u>262,962</u>	-
NET INCOME	22,053,056	7,736,167	533,893	(167,896)
OTHER COMPREHENSIVE INCOME:				
Unrealized gain (loss) on marketable securities				
Foreign currency translation adjustment	<u>1,018,130</u>	<u>128,311</u>	<u>-</u>	
COMPREHENSIVE INCOME	<u>\$ 23,071,186</u>	<u>\$ 7,864,478</u>	<u>\$ 533,893</u>	

See report of independent registered public accounting firm.
The accompanying notes are an integral part of these statements.