

LAIYANG JIANGBO PHARMACEUTICALS, LTD

STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2007, 2006 AND 2005

	Number of shares	Common stock	Additional Paid-in capital	Subscription receivable	Capital contribution receivable	Statutory reserves	Retained earnings	Accumulated other comprehensive income	Totals
BALANCE, June 30, 2004	10,000	\$ 10,000	\$ 13,211,000	\$ (11,000)	\$ (12,000,000)	\$ -	\$ (167,896)	\$ -	\$ 1,032,104
Recapitalization of Company									-
Adjustment to statutory reserve						136,409	-136,409		-
Net income							533,893		533,893
Foreign currency translation gain								-	-
BALANCE, June 30, 2005	10,000	\$ 10,000	\$ 13,211,000	\$ (11,000)	\$ (12,000,000)	\$ 136,409	\$ 229,588	\$ -	\$ 1,565,997
Adjustment to statutory reserve						512,258	(512,258)		-
Net income							7,736,167		7,736,167
Foreign currency translation gain								128,311	128,311
BALANCE, June 30, 2006	10,000	\$ 10,000	\$ 13,211,000	\$ (11,000)	\$ (12,000,000)	\$ 648,667	\$ 7,453,497	\$ 128,311	\$ 9,430,475
Capital contribution			5,128,000						5,128,000
Dividend distribution							(10,344,000)		(10,344,000)
Adjustment to statutory reserve						1,508,970	(1,508,970)		-
Net income							22,053,056		22,053,056
Foreign currency translation gain								1,018,130	1,018,130
BALANCE, June 30, 2007	10,000	\$ 10,000	\$ 18,339,000	\$ (11,000)	\$ (12,000,000)	\$ 2,157,637	\$ 17,653,583	\$ 1,146,441	\$ 27,285,661

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