

# Tanke BioSciences Announces Second Quarter Revenue Up 49 Percent To \$7.43 Million

## Company Records Operating Income of \$1.5 Million

NEW YORK and GUANGZHOU, CHINA, Aug. 15, 2012 /PRNewswire/ -- **Tanke BioSciences Corporation** (OTCQB: TNBI) today reported that, for the second quarter ended June 30, 2012, the company had revenue of \$7,431,486, a 49 percent improvement on revenue of \$4,989,843 in the second quarter of 2011. Operating income in the second quarter was \$1,497,349, a 652 percent increase on operating income of \$229,569 in the same quarter a year ago.

The company's second quarter 2012 net income was \$272,414, or \$.02 per share, compared to a net loss of \$1,653,819, or (\$.12) per share in last year's second quarter, both periods based on 13.32 million shares outstanding. Non-cash expenses on amortization of discount on notes and offering costs totaling \$889,538 were charged against net income in the second quarter of 2012. Similar non-cash expenses totaled \$1,779,075 for the same period in 2011.

For the first six months ended June 30, 2012, Tanke reported revenue of \$11,971,928, a 10 percent gain on revenue of \$10,931,313 in the first six months of 2011. Operating income for the first half of 2012 was \$1,985,857, compared to an operating loss of \$485,383 in the comparable year-ago period. The 2011 period was impacted by a non-cash expense in the form of a stock issuance, valued at \$2,490,098, remitted as payment for consulting fees related to going public.

The company reported a net loss of \$398,563, or (\$.03) per share based on 13.32 million shares outstanding in the six-month period ended June 30, 2012, compared with a net loss of \$3,678,470, or (\$.29) per share based on 12.76 million shares outstanding, in the first half of 2011. Non-cash expenses on amortization of discount on notes and offering costs totaling \$1,779,075 were charged against net income in the first six months of 2012. Similar non-cash expenses totaled \$2,756,589 for the same period in 2011.

Tanke's improved second quarter performance was primarily due to increased demand for the company's most popular product -- organic trace mineral additives -- whose sales increased by \$2,573,246, or 65 percent, over the same quarter in 2011. This increase was largely based on two factors, said CEO and chairman, Mr. Guixiong Qiu. The first is a significant reduction in the prevalence of pig diseases that ravaged China last year and caused a sharp reduction in both the nation's population of healthy pigs and the demand for animal feed additives.

The second factor, said Mr. Qiu, is the competitive advantage gained by Tanke as a result of The State Council of China's May 1 enactment of more stringent rules and regulations governing the production, distribution and application of animal feed additives. These new edicts, which impose dramatically higher fines and penalties on those companies not meeting the new standards, have impeded these companies' ability to operate efficiently in the Chinese marketplace, enabling Tanke to gain additional market share.

Other factors contributing to Tanke's improved second quarter performance was an increase in gross margin, to 36.9 percent from 35.5 percent, due to better pricing and improved efficiency, a reduction in selling expenses of \$70,627, or 11.4 percent, and a decrease in general and administrative expenses of \$100,286, or 12.8 percent, compared to the second quarter in 2011.

Tanke ended the second quarter of 2012 with an improved balance sheet, added Mr. Qiu, showing a current ratio of better than two-to-one, over \$10 million in cash, and shareholder equity of \$15.67 million, or about \$1.18 per share.

Looking forward, he said, Tanke is expected to benefit from an accelerating return to a healthy animal farming economy, continuing enforcement of stricter regulations governing the use of animal feed additives, and incremental revenue derived from a series of new water-soluble

organic feed additive products soon to be marketed across China.

## **About Tanke BioSciences Corporation**

Founded in 1997, Tanke BioSciences Corp. (<http://tanke-bio.com/>) is a leading China-based agritech company developing, manufacturing and marketing animal feed additives and livestock nutritional products that address China's soaring demand for safe, reasonably priced food. All Tanke products are free of genetically modified organisms (GMOs), antibiotics, and are environment-friendly, making them optimal for animal consumption. The company's operations are based in Guangzhou, China, and its chief financial officer is located in New York City. For investor information, please go to <http://ir.stockpr.com/tankebio/overview>.

## **Forward-Looking Statements**

This press release and the statements of representatives of our officers, directors, employees and representatives related thereto contain or may contain forward-looking statements which are based upon the current beliefs and expectations of our management. Such statements contained in this release are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "guidance," "projects," "may," "could," "would," "should," "believes," "expects," "anticipates," "estimates," "intends," "plans," "ultimately" and words of similar import, are intended to identify any forward-looking statements. The information contained in the forward looking statements is inherently uncertain, and our actual results may differ materially due to a number of factors, many of which are beyond our ability to predict or control, including, among others: (i) changes in the level of consumer spending or preferences or demand for our products; (ii) pressures from competition; (iii) our ability to hire and retain key personnel and our relationship with our employees; (iv) the performance of our distributors and other key vendors; (v) effectively carrying out and managing our growth strategies; (vi) failure to maintain the value and image of our brand and protect our intellectual property rights; (vii) seasonality; (viii) costs of materials and labor; (ix) sales, manufacturing, supply or distribution difficulties or disruptions; (x) compliance with or changes in Chinese, U.S. or international laws and regulations; (xi) costs as a result of operating as a public company; (xii) material weaknesses in internal controls; (xiii) interest rate and foreign currency risks; (xiv) our ability to maintain our land use and drug manufacturing rights in China; (xv) general economic and industry conditions in China and internationally, and other risks as more fully detailed in our filings with the Securities and Exchange Commission ("SEC"). Our filings with the SEC are available at [www.sec.gov](http://www.sec.gov). You are urged to consider these factors carefully in evaluating our forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements which are qualified in their entirety by this cautionary statement. The forward-looking statements speak only as of the date on which they are made, and the company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances unless as required by applicable laws or regulations.

### **Investor Contact:**

Jimmy Caplan  
Market Makers  
(512) 329-9505  
[jimmycaplan@me.com](mailto:jimmycaplan@me.com)

### **Media Contact:**

Rick Eisenberg  
Eisenberg Communications  
(917) 691-8934  
[eiscom@msn.com](mailto:eiscom@msn.com)

### **Company Contact:**

Gilbert Lee, CFO  
Tanke BioSciences Corp.  
(214) 906-0065

**TANKE BIOSCIENCES CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	<u>June 30,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 10,032,346	\$ 7,700,156
Restricted cash	583,214	706,802
Accounts receivable, net	1,815,485	1,917,699
Inventory	1,257,031	1,187,895
Note receivable-related parties, current portion	-	239,476
Loans to customers and suppliers	2,889,492	2,513,460
Other receivables	157,616	53,936
Prepayment	3,325,391	3,633,674
Other current assets	542,953	914,594
Deferred tax assets	46,532	46,042
Total current assets	<u>20,650,060</u>	<u>18,913,734</u>
Property, plant and equipment, net	4,871,577	4,771,299
Construction in progress	79,382	35,878
Intangible asset, net	1,320,313	838,089
Other non-current assets	368,258	328,006
Total assets	<u>\$ 27,289,590</u>	<u>\$ 24,887,006</u>
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 582,052	\$ 784,777
Other payable and accrued liabilities	1,048,362	758,907
Income tax payable	1,476,642	1,216,841
Convertible notes, net	5,870,686	-
Current portion of long-term borrowing	793,817	785,456
Total current liabilities	<u>9,771,559</u>	<u>3,545,981</u>
Convertible notes, net	-	4,488,881
Note payable - related party	13,722	13,722
Advance from government grant	249,979	355,754
Long term borrowing	1,587,633	628,365
Total liabilities	<u>11,622,893</u>	<u>9,032,703</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value, 50,000,000 shares authorized, 13,324,083 issued and outstanding as of June 30, 2012 (unaudited) and December 31, 2011, respectively	13,324	13,324
Additional paid-in capital	12,220,181	12,220,181
Retained earnings	2,297,420	2,695,983
Statutory reserve	373,406	373,406
Accumulated other comprehensive income	762,366	551,409
Total stockholders' equity	<u>15,666,697</u>	<u>15,854,303</u>
Total liabilities and stockholders' equity	<u>\$ 27,289,590</u>	<u>\$ 24,887,006</u>

*See accompanying notes to the condensed consolidated financial statements*

**TANKE BIOSCIENCES CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net sales	\$ 7,431,486	\$ 4,989,843	\$ 11,971,928	\$ 10,931,313
Costs of sales	(4,690,963)	(3,217,801)	(7,644,174)	(6,732,867)
Gross profit	2,740,523	1,772,042	4,327,754	4,198,446
Selling expenses	(548,179)	(618,806)	(1,094,232)	(1,204,056)
Administrative expenses	(680,232)	(780,518)	(1,221,236)	(3,324,905)
Other operating expenses	-	(91,689)	-	(91,689)
Depreciation and amortization	(14,763)	(51,460)	(26,429)	(63,179)
Income (loss) from operations	1,497,349	229,569	1,985,857	(485,383)
Other income/expense				
Interest income	148,252	2,220	169,453	3,610
Interest expense	(368,782)	(423,495)	(741,869)	(682,949)
Amortization of discount on notes	(690,903)	(1,381,806)	(1,381,806)	(2,141,040)
Foreign exchange losses, net	-	26,646	-	(52,400)
Income (loss) before income taxes	585,916	(1,546,866)	31,635	(3,358,162)
Income tax expense	(313,502)	(106,953)	(430,198)	(320,308)
Net income (loss)	<u>\$ 272,414</u>	<u>\$ (1,653,819)</u>	<u>(398,563)</u>	<u>\$ (3,678,470)</u>
Other comprehensive income, net of tax:				
Effects of foreign currency conversion	98,471	649,101	210,957	240,768
Translation attributable to non-controlling interest	-	-	-	-
Comprehensive income (loss)	<u>\$ 370,885</u>	<u>\$ (1,004,718)</u>	<u>(187,606)</u>	<u>\$ (3,437,702)</u>
Net income (loss) available to common shareholders per share:				
Basic	<u>\$ 0.02</u>	<u>\$ (0.12)</u>	<u>(0.03)</u>	<u>\$ (0.29)</u>
Diluted	<u>\$ 0.02</u>	<u>\$ (0.12)</u>	<u>(0.03)</u>	<u>\$ (0.29)</u>
Weighted average shares outstanding:				
Basic	13,324,083	13,324,083	13,324,083	12,756,993
Diluted	13,324,083	13,324,083	13,324,083	12,756,993

*See accompanying notes to the condensed consolidated financial statements*

SOURCE Tanke BioSciences Corporation