Tanke Incorporated
(A Development Stage Company)

Consolidated Financial Statements

For 12 months Ended Dec 31, 2013 and Dec 31, 2014

(unaudited)

Tanke Incorporated
(A Development Stage Company)
Consolidated Balance Sheets
(unaudited)

	Dec 31, 14	Dec 31, 13
ASSETS		
Current Assets		
Cash	627,677	673,146
Accounts Receivable	1,493,558	1,485,128
Prepaid Expenses	3,851	0
Short Term Investments & Stocks	78,253	78,253
Total Current Assets	2,203,338	2,236,527
Fixed Assets		
License		
Purchase Value	2,300,000	0
Accumulated Depreciation	-1,078,125	0
Total License	1,221,875	0
Other Assets	1,660,000	1,660,000
Total Fixed Assets	2,881,875	1,660,000
TOTAL ASSETS	**5,085,213**	**3,896,527**
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	2,291,264	2,232,571
Interest Payable	13,042	14,042
Total Current Liabilities	2,304,306	2,246,613
Long Term Liabilities		
Long-Term Debt	106,996	63,000
Total Long Term Liabilities	106,996	63,000
Total Liabilities	**2,411,302**	**2,309,613**
Equity		
Additional Paid-In Capital	4,306,172	1,598,400
Capital Stock	39,673	28,739
Preferred Stock A	0	0
Preferred Stock C	0	1,600
Non-Controlling Interest in Subsidiary		77,693
Retained Earnings	-1,671,934	-119,518
Total Equity	**2,673,911**	**1,586,914**
TOTAL LIABILITIES & EQUITY	**5,085,213**	**3,896,527**

The accompanying notes are an integral part of these financial statements.

Tanke Incorporated
(A Development Stage Company)
Consolidated Statements of Operations
(unaudited)

	Jan - Dec 14	Jan - Dec 13
Sales	5,024,856	4,015,198
Cost of Goods Sold	4,876,472	1,642,319
Gross Profit	148,385	2,372,879
Expense		
Selling, General and Administration	13,852	1,787,413
Amortisation	1,078,125	20,001
Miscellaneous	512,624	118,411
Professional Fees	98,677	8,568
Total Expense	1,700,801	3,721,806
Net Income	**-1,552,416**	**-1,348,927**

The accompanying notes are an integral part of these financial statements.

Tanke Incorporated
(A Development Stage Company)
Consolidated Statements of Changes in Stockholders' Equity
(unaudited)

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Income (Deficit)	Controlling Interest	Non-controlling Interest	Total
	Share	Amount	Share	Amount	Share	Amount					
Balance, December 31, 2013		$ -	1,600	$ 1,600	287,393,802	$ 28,739	$ 1,598,400	$ -119,518		$ 77,693	$ 1,586,914
Issuance of common stock					109,337,000	$ 10,934		-			$ 10,934
Issuance of Series A Preferred Stock	5,600	$ 0									$ 0
Issuance of Series C Preferred Stock			2,300	$ 0			$ 2,300,000				$ 2,300,000
Non-Controlling Interest										$ -77,693	$ -77,693
Adjustments				$ -1,600			$ 1,600				$ 0
Additional Paid-in Capital							$ 406,172				$ 406,172
Net Income (Loss)	-	-			-	-		$ -1,552,416			$ -1,552,416
Balance, December 31, 2014		$ 0	3,900	$ 0	396,730,802	$ 39,673	$ 4,306,172	$ -1,552,416	$ -	$ -	$ 2,027,036

The accompanying notes are an integral part of these financial statements.

Tanke Incorporated
(A Development Stage Company)
Consolidated Statements of Cash Flows
(unaudited)

	Jan - Dec 14	Jan - Dec 13
OPERATING ACTIVITIES		
Net Income	-1,552,416	-3,569
License: Accumulated Depreciation	-1,078,125	0
Accounts Receivable	8,430	1,469,519
Prepaid Expenses	3,851	0
Accounts Payable	58,693	2,110,754
Accrued Expenses	0	2,762
Other Assets	0	1,600,000
Net cash provided by Operating Activities	-427,879	-959,572
INVESTING ACTIVITIES		
License: Purchase Value	2,300,000	0
Purchases of Property and Equipment	0	77,693
Net cash provided by Investing Activities	-2,300,000	-77,693
FINANCING ACTIVITIES		
Interest Payable	-1,000	0
Short Term Investments & Stocks	-0	0
Long-Term Debt	43,996	0
Additional Paid-In Capital	2,707,772	1,598,400
Capital Stock	10,934	25,600
Preferred Stock Series A	0	
Preferred Stock Series C	-1,600	1,600
Non-Controlling Interest in Subsidiary	-77,693	77,693.00
Net cash provided by Financing Activities	2,682,409	1,703,293
Net cash increase for period	-45,470	666,028
Cash at beginning of period	673,146	7,118
Cash at end of period	**627,677**	**673,146**

The accompanying notes are an integral part of these financial statements.

Tanke Incorporated
(A Development Stage Company)
Notes to Financial Statements
For 12 months Ended December 31, 2013 and December 31, 2014
(unaudited)

1. Organization and Activities

Tanke Incorporated (the “Company” or “Tanke”), formerly LP Holdings Inc., and renamed Tanke Incorporated on August 28, 2007 was incorporated under the laws of the State of Nevada on March 30, 1984. Tanke Inc. is a diversified holding company, with the mission to incubate, develop, manage and finance high growth emerging companies. Tanke is focused on providing services to companies (mostly SMEs) by nurturing them within its “Incubation program” with the objective of making these companies capable of reaching their growth potential.

Tanke’s objective is to incubate these companies, provide them with the access to essential services that will transform them internally (Financials, Operations…) in order to prepare it for growth.

Tanke’s Incubation program aims to grow and fulfill each emerging companies’ needs. This program is customized to different structures, so that each participant company can reap the maximum benefit from it.

The Incubation and management services provided include but are not limited to: corporate and business development, corporate planning, financial engineering and advice. The incubation program provides valuable assistance to companies by introducing high quality services as well as helping founders to deal with investors and expansion.

Tanke’s Investment Program develops, manages and finances emerging companies in high growth industries using an asset acquisition model. Tanke focuses on diverse industries.

In October 2007, the Company entered into a share exchanged agreement to acquire Tanke International Ltd, a Hong Kong corporation (Tanke HK), a company with operations in food additive technology for animal health and nutrition.

In August 2010,the Company entered into an agreement with Anagra Nutraceuticals Inc., a Nevada corporation, to provide consulting services and it received under this agreement a one-time fee of $15,000, as a non-refundable retainer, and in 2011 an additional $100,000 in cash and 559,898 shares of Common stock related to the facilitation of a merger and financing transaction under this agreement. The stock is held for the benefit of the Company by Hollyland Management Ltd,a company controlled by Xiaoying Zhang, the majority shareholder of the Company.

In October 2010, the Company entered into an asset purchase agreement to acquire certain intellectual property assets in water recycling including unregistered trademarks, a customer base and existing commercial agreements from Sophis Corporation, a Nevada Corporation. The Company paid $50,000 in the form of a promissory note carrying 8% interest and maturing on October 18, 2012.

In May 2011, the Company entered into a management and finance advisory agreement which agreement includes management and project services and a credit line facility of $200,000.

In August 2011, the Company entered into an asset purchase agreement to acquire certain additional intellectual property in water recycling including certain proprietary design and patent in progress. The Company paid $10,000 in the form of a promissory note with interest at the rate of 10% maturing on January 1, 2013. This technology is complementary to the Sophis Acquisition and together they provide a strong technology base for ‘green hotel water recycling’ targeted at multi-unit buildings and hotels in markets where water is a significant issue.

In February 2013, the Company entered into a Master License and Investment agreement with E-waste Systems Inc. (EWSI) that grants the Company three nonexclusive licenses (“EWSI License”) to use EWSI’s brand name, logo, intellectual property and certain business process knowledge. The Company paid $800,000 in the form of preferred convertible stock. This license and investment in electronic waste (eWaste) is complementary to the Company other technology assets in the environmental industry. Total revenue and general and administrative expenses are further itemized in Note 6 and 7.

In June 2013, the company invested and acquired brands from E-waste Systems Inc. (EWSI) for an amount of $650,000 that granted the Company 3 further brand licenses (“EWSI License”). The Company paid 650 Preferred Shares Par $0.0001 value at $1,000 to E-Waste System, Inc. for the investment and acquisition.

2. Summary of Significant Accounting Policies

Method of Accounting

The Company maintains its general ledger and journals with the accrual method of accounting for financial reporting purposes. The financial statements and notes are representations of management. Accounting policies adopted by the Company conform to generally accepted accounting principles in the United States of America and have been consistently applied in the presentation of financial statements, which are compiled on the accrual basis of accounting.

The accompanying financial statements have been prepared in accordance with the Statement of Financial Accounting Standards No. 7 *Accounting and Reporting by Development-Stage Enterprises*. A development-stage enterprise is one in which planned principal operations have not commenced or if its operations have commenced, there has been no significant revenues there from.

The Company’s year-end for financial reporting and income reporting is December 31st.

Use of estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that could differ from those estimates.

Cash equivalents

The Company considers cash on hand, cash in banks, certificates of deposit, time deposits, U.S. government and other highly liquid investments with original maturities of three months or less to be cash equivalents.

Property, plant, and equipment

Property, plant, and equipment is stated at historical cost. We compute depreciation by the straight-line method based on the following estimated useful lives:

Land improvements	5-20 years
Buildings and leasehold improvements	5-50 years
Machinery and equipment	3-5 years

Significant improvements that add to productive capacity or extend the lives of properties are capitalized. Costs for repairs and maintenance are charged to expense as incurred. When property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any related gains or losses are included in income.

Revenue recognition

The Company recognizes revenue when it is realized or realizable and has been earned. Revenue is recognized when persuasive evidence of an arrangement exists; shipment or delivery has occurred (depending on the terms of the sale); the seller’s price to the buyer is fixed or determinable; and collectability is reasonably assured.

Generally, there is no post-shipment obligation on product sold other than warranty obligations in the normal, ordinary course of business. In the event significant post-shipment obligations were to exist, revenue recognition would be deferred until substantially all obligations were satisfied.

Selling Expenses

Selling expenses are comprised of salary for the sales force, client entertainment, commissions, depreciation, advertising, and travel and lodging expenses.

General & Administrative Expenses

General and administrative expenses include outside consulting services, executive compensation, quality control, and general overhead such as the finance department, administrative staff, and depreciation and amortization expense.

Income taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax basis using enacted tax rates in effect for the year in which the differences are expected to reverse.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in our tax provision in the period of change.

Earnings per share

The Company calculates net income per share in accordance with SFAS No. 128, *Earnings per Share*. Basic net income per share is computed by dividing the net income by the weighted-average number of common shares outstanding during the periods. Diluted net income per share is computed similar to basic net income per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common stock equivalents had been issued and if the additional common shares were dilutive.

Related parties

Related parties, which can be a corporation, individual, investor or another entity are considered to be related if the party has the ability, directly or indirectly, to control the other party or exercise significant influence over the Company in making financial and operating decisions. Companies are also considered to be related if they are subject to common control or common significant influence. The Company has these relationships.

Merger & acquisition

In December 2007, the FASB issued two new statements: (a.) SFAS No. 141(revised 2007), *Business Combinations*, and (b.) No. 160, *Non-controlling Interests in Consolidated Financial Statements*. These statements are effective for fiscal years beginning after December 15, 2008 and the application of these standards will improve, simplify and converge internationally the accounting for business combinations and the reporting of non-controlling interests in consolidated financial statements.

The Company adopted SFAS 141 (R) and SFAS 160 on the prospective basis. New merger and acquisition activities will be accounted for under these standards.

SFAS No. 141 (R) requires an acquiring entity in a business combination to: (i) recognize all (and only) the assets acquired and the liabilities assumed in the transaction, (ii) establish an acquisition-date fair value as the measurement objective for all assets acquired and the liabilities assumed, (iii) disclose to investors and other users all of the information they will need to evaluate and understand the nature of, and the financial effect of, the business combination, (iv) recognize and measure the goodwill acquired in the business combination or a gain from a bargain purchase, and (v) expense all related acquisition costs as period expenses if they are not related to the fair value of the acquired company.

SFAS No. 160 will improve the relevance, comparability and transparency of financial information provided to investors by requiring all entities to: (i) report non-controlling (minority) interests in subsidiaries in the same manner, as equity but separate from the parent's equity, in consolidated financial statements, (ii) net income attributable to the parent and to the non-controlling interest must be clearly identified and presented on the face of the consolidated statement of income, and (iii) any changes in the parent's ownership interest while the parent retains the controlling financial interest in its subsidiary be accounted for consistently.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe the future adoption of any such pronouncements may be expected to cause a material impact on its consolidated financial condition or the results of its consolidated operations.

3. Acquisition of Assets

In October 2010, the Company entered into an asset purchase agreement to acquire certain intellectual property assets in water recycling including unregistered trademarks, a customer base and existing commercial agreements from Sophis Corporation, a Nevada Corporation. The Company paid $50,000 in the form of a promissory note carrying 8% interest and maturing on October 18, 2012.

In August 2011, the Company entered into an asset purchase agreement to acquire certain additional intellectual property in water recycling including certain proprietary design and patent in progress. The Company paid $10,000 in the form of a promissory note with interest at the rate of 10% maturing on January 1, 2013. This technology is complementary to the Sophis Acquisition and together they provide a strong technology base for 'green hotel water recycling' targeted at multi-unit buildings and hotels in markets where water is a significant issue.

In February 2013, the Company acquired a master license and invested in EWSI in the total amount of $800,000 that grants the Company 3 nonexclusive license ("EWSI License") to use EWSI's brand name, logo, intellectual property and certain business process knowledge EWSI possesses.

On July 30, 2013, the Company issued the following shares: 650 Preferred Shares Par $0.0001 value at $1,000 to E-Waste System, Inc. for the June 2013 investment and acquisition of brands from EWSI for an amount of $650,000 that granted the Company 3 further brand licenses ("EWSI License").

4. Capitalization

Common Stock

The Company is authorized to issue up to 995,000,000 shares of common stock, par value $0.0001 per share. As of December 31, 2014, a total of 396,730,802 shares of common stock were issued and outstanding.

Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of preferred stock, par value $0.0001 per share. The Board of Directors may designate multiple series of preferred stock.

As of December 31, 2014, 5,600 Preferred Stock Series A with a par $0.0001 at $1,000 per share has been issued.

As of December 31, 2014, 3,900 Preferred Stock Series C with a par $0.0001 at $1,000 per share has been issued.

Dilution

The following table provides the total number of shares of fully diluted common stock as of December 31, 2013 and December 31, 2014.

	Number of Shares December 31, 2013	Number of Shares December 31, 2014
Common Stock Outstanding	287,393,802	396,730,802
Total Amount of Fully Diluted Common Stock	287,393,802	396,730,802

	Number of Shares
Preferred Stock Series A Outstanding	5,600
Total Amount of Fully Diluted Preferred Stock Series A	5,600

	Number of Shares
Preferred Stock Series C Outstanding	3,900
Total Amount of Fully Diluted Preferred Stock Series C	3,900

5. Share-based Compensation

Stock Equity Plan

The Company does not have at present a Stock Equity Plan.

Employee Stock Option Plan

The Company has not adopted an employee stock option plan.

Valuation

Under the requirements of SFAS No. 123 (revised 2004), *Share-Based Payment*, the fair value of the shares issued in connection with employee services should be valued on the grant date and recognized during the vesting periods. Under the Emerging Issues Task Force ("EITF") Issue No. 96-18*, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*, shares issued to non-employees should be valued and recognized on the grant date.

It is typical to use the Black-Scholes option-pricing model to value the grants of options or warrants based on assumptions on risk-free interest rate, expected dividend yield, expected stock price volatility, and the expected life of the options. Without public market for its securities, the Company has not determined the fair value of the grants due to uncertainty in the valuating factors. For the periods ended December 31, 2009, the Company recorded no expenses for the shared-based compensation.

6. Convertible Debentures

8% Convertible Debenture – on October 1, 2014 the Company issued a convertible debenture, in the amount of $30,000, to Xiaoyue Zhang in consideration for working capital for the Company. The Debenture provides for interest at 8% per year and is due on October 1, 2016. The Debenture is convertible at the option of the holder into the Company's common stock at $0.0001 per share. The beneficial conversion feature resulting from the discounted conversion price as compared to market price was valued on the date of issuance to be in excess of the proceeds received.

8% Convertible Debenture – on October 1, 2014 the Company issued a convertible debenture, in the amount of $20,000, to Roger Ng in consideration for working capital for the Company. The Debenture provides for interest at 8% per year and is due on October 1, 2016. The Debenture is convertible at the option of the holder into the Company's common stock at $0.0001 per share. The beneficial conversion feature resulting from the discounted conversion price as compared to market price was valued on the date of issuance to be in excess of the proceeds received.

7. Revenue

For the period from January 1, 2013 to March 31, 2013 $113,207 of revenue was recognized and recorded. For the period from April 1, 2013 to June 30, 2013 $111,295 of revenue was recognized and recorded. For the period from July 1, 2013 to Sept 30, 2013 $197,640 of revenue was recognized and recorded. For the period from October 1, 2013 to December 31, 2013 the Company had revenues of $2,203,673 recognized and recorded.

For the period from January 1, 2014 to March 31, 2014 $1,477,500 of revenue was recognized and recorded. For the period from April 1, 2014 to June 30, 2014 $1,920,750 of revenue was recognized and recorded. For the period from July 1, 2014 to Sept 30, 2014 $644,536 of revenue was recognized and recorded. For the period from October 1, 2014 to December 31, 2014 the Company had revenues of $984,000 recognized and recorded.

8. Expenses

For the period from January 1, 2013 to March 31, 2013, the Company recorded total expenses of $231,297. For the period from April 1, 2013 to June 30, 2013, the Company recorded total expenses of $257,962 for operations, selling and general administration expenses mainly as expenses for operation and for business development and marketing efforts in the China region. For the period from July 1, 2013 to Sept 30, 2013, the Company recorded total expenses of $239,217. For the period from October 1, 2013 to December 31, 2013, the Company had operating expenses of $1,914,391.

For the period from January 1, 2014 to March 31, 2014, the Company recorded total expenses of $2,314,803. For the period from April 1, 2014 to June 30, 2014, the Company recorded total expenses of $2,325,025 for operations, selling and general administration expenses mainly as expenses for operation and for business development and marketing efforts in the China region. For the period from July 1, 2014 to Sept 30, 2014, the Company recorded total expenses of $691,479. For the period from October 1, 2014 to December 31, 2014, the Company had operating expenses of $998,129.

The total operations, selling and general administrative expenses consist of the following items:

	December 31, 2013		December 31, 2014	
Labor (mkt, admin, ops)	$	392,832	$	
Business Dev. & Sales Expenses	$	1,206,790	$	1,196
Maintenance& Repairs	$	11,667	$	
Office Rent & Expenses	$	107,103	$	11,722
Travel, Lodging &Transport Expenses	$	54,077	$	257
Office Expenses	$	14,944	$	678
Compliance, Legal Accounting	$	8,568	$	98,677
Other	$	118,411	$	1,588,272
Grand Total	$	1,993,423	$	1,700,801

9. Related Parties

In 2010,the Company entered into an agreement with Anagra Nutraceuticals Inc., a Nevada corporation, ("Anagra") to provide consulting services. One of the members of Anagra's Board of Directors, was also a director of the Company. In 2011 the Company received under this agreement a one-time fee of $10,000, as a non-refundable retainer and an additional $100,000 in cash and 559,898 shares of Common stock related to the facilitation of a merger and financing transaction under this agreement. The 559,898 shares of Common stock is being held for the benefit of the Company by Hollyland Management Ltd, a company controlled by the Xiaoying Zhang, the majority shareholder of Company.

10. Income Taxes

No provision for income taxes has been recorded in the financial statements as the Company has incurred net operating losses from the date of operations started in 2007 through December 31, 2011.

Due to the net losses, the Company has no tax liability. The net deferred tax assets generated by the losses carry-forward have been fully reserved. The cumulative net operating losses carry-forward are approximately $119,518 at December 31, 2013 and $1,671,934 at December 31, 2014, expiring in the year 2034.

The cumulative tax effects at the expected rate of 34% of significant items comprising our net deferred tax amounts are as follows:

	As of December 31, 2013		As of December 31, 2014	
Deferred tax asset attributable to:				
Net operating loss	$	590,697		$568,458
Valuation allowance		-590,697		-568,458
Net deferred tax asset	$	0	$	0

11. Commitments and Contingencies

The Company is in the development stage, and has not entered into any material contracts with other companies except for the acquisitions of technologies as described above.

12. Subsequent Events

There are no subsequent events after the balance sheet dates that materially affected the accounting estimates and transactions that will otherwise require adjustments to be recorded within these financial statements.