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CSKI's Chinese Financial Statements Contradict Revenues and Earnings in SEC Filings

Today a website, www.waldomushman.com, published financial statements filed with the China State Administration for Industry and Commerce ("SAIC") by subsidiaries of China Sky One Medical, Inc. (NASDAQ: CSKI). The site provides the SAIC filings in English and the original Chinese. The site also published credit reports from third-party agencies on CSKI's subsidiaries, suppliers, and customers. The credit reports present financial information from SAIC filings.

For all of the entities involved, the revenues and earnings do not reconcile with the financial statements filed by CSKI with the U.S. Securities and Exchange Commission ("SEC")

According to CSKI's SEC filings, the company only obtains revenue through its China-based subsidiaries. The Chinese SAIC statements and the credit reports presented on the website show that none of CSKI's subsidiaries reports revenues and earnings comparable to those in CSKI's consolidated financial statements filed with the SEC.

CSKI reported consolidated revenue of \$49 million for 2007 in its Form 10-K. CSKI's main operating subsidiary, Harbin Tian Di Ren Medical Science and Technology Co. ("TDR"), should account for most of CSKI's revenue, according to the CSKI 10-K. However, TDR only reported 2007 revenue of only 9 million RMB, or about \$1.3 million, to the Chinese government.

While CSKI reported 2007 net income of \$15 million, TDR's SAIC filing only shows net income of approximately 7,000 RMB, or about \$1,000 (one thousand dollars).

TDR has not yet filed its 2008 statements with the SAIC. However, a credit report shows that TDR's revenue in 2008 was 6.9 million RMB, or about \$1 million. TDR shows a net loss for 2008 of -770 thousand RMB, or about -\$112 thousand. By contrast, CSKI reported consolidated 2008 revenues of \$91 million and net income of \$28 million.

None of CSKI's other subsidiaries can apparently account for the discrepancy in revenue. One subsidiary, Harbin First Bio-Engineering Co., Ltd., shows 2008 revenue of 1.7 million RMB, or about \$249 thousand.

Likewise, none of the primary customers and suppliers cited in CSKI's SEC filings shows revenues capable of supporting a business generating \$91 million per year in revenue. For instance, CSKI claims that one customer, Shanxi Xintai, accounted for 15% of sales in 2008, representing about \$13 million. A credit report for Shanxi Xintai shows only 24 million RMB in revenue for 2008, or about \$3.6 million.

The website referenced was constructed, and the documents on it were obtained, by an individual investor working independently of asensio.com. The investor states on his website, "I have come to believe that China Sky One Medical is actively committing fraud."