

**Coventive Technologies, Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Sept, 2014(unaudited) and December 31, 2013 (audited)**

# COVENTIVE TECHNOLOGIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

Sep. 30, 2014 AND December 31, 2013

(In U.S. Dollars, thousands)

ASSETS	2014.9.30 (un-audited) Amount	2013.12.31 (audited) Amount	LIABILITIES AND STOCKHOLDERS' EQUITY	2014.9.30 (un-audited) Amount	2013.12.31 (audited) Amount
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash	\$ 78	\$ 143	Short-term loans	\$ -	\$ 0
Notes and accounts receivable, net of allowance for doubtful accounts as of Jun.30, 2014 and December 31, 2013	114	136	Notes and accounts payable	84	17
Other receivables	576	543	Accrued expenses	99	157
Merchandise inventories	22	61	Current portion of long-term debt	-	
Deferred income tax assets	-	-	Other current liabilities	<u>123</u>	<u>59</u>
Restricted assets	-	0	Total current liabilities	<u>306</u>	<u>233</u>
Prepayments and other current assets	<u>2</u>	<u>438</u>	<b>LONG-TERM LIABILITIES</b>		
Total current assets	<u>792</u>	<u>1,321</u>	Long-term debt	<u>-</u>	<u>0</u>
<b>LONG-TERM EQUITY INVESTMENTS</b>			<b>OTHER LIABILITIES</b>		
Financial assets carried at cost	<u>57</u>	<u>57</u>	Accrued pension cost	93	101
			Guarantee deposits /others	<u>10</u>	<u>0</u>
<b>PROPERTIES, NET</b>	<u>5</u>	<u>6</u>	Total other liabilities	<u>103</u>	<u>101</u>
<b>INTANGIBLE ASSETS</b>			Total liabilities	<u>409</u>	<u>334</u>
Computer software, net	-	0	<b>STOCKHOLDERS' EQUITY</b>		
Goodwill	-	-	Equity attributable to stockholders of the parent		
Technology and patent use rights, net	<u>-</u>	<u>-</u>	Common stock, \$0.01 par value; authorized 100,000,000 shares; issued 32,793,323 shares	328	328
Total intangible assets	<u>0</u>	<u>0</u>	Capital surplus	3,958	3,958
<b>OTHER ASSETS</b>			Accumulated deficit	(3,433)	(3,243)
Properties for lease, net			Cumulative translation adjustments	(5)	(3)
Refundable deposits/other assets	415	16	Treasury stock - 280,000 shares of common stock	<u>-</u>	<u>0</u>
Deferred income tax assets	<u>-</u>	<u>-</u>	Total equity attributable to stockholders of the parent	848	1,040
Total other assets	<u>415</u>	<u>16</u>	Minority interest	<u>12</u>	<u>27</u>
			Total stockholders' equity	<u>860</u>	<u>1,067</u>
<b>TOTAL</b>	<u>\$ 1,269</u>	<u>\$ 1,401</u>	<b>TOTAL</b>	<u>\$ 1,269</u>	<u>\$ 1,401</u>

# COVENTIVE TECHNOLOGIES, LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME (In U.S. Dollars, thousands)

	Year to Date 9/30/2014(un-audited) Amount	Year to Date 12/31/2013(audited) Amount	Year to Date 12/31/2012(audited) Amount
OPERATING REVENUES, NET	\$ 508	\$ 1,089	\$ 910
OPERATING COSTS	<u>171</u>	<u>458</u>	<u>(460)</u>
GROSS PROFIT	<u>337</u>	<u>631</u>	<u>450</u>
OPERATING EXPENSES	<u>562</u>	<u>816</u>	<u>865</u>
GAIN / (LOSS) FROM OPERATIONS	<u>(224)</u>	<u>(185)</u>	<u>(415)</u>
NON-OPERATING INCOME AND GAINS			
Interest income	19-	14	
Government subsidy income	-	-	
Foreign exchange gain, net	0	3	-
Gain on disposal of investments, net	-	-	-
Miscellaneous income	<u></u>	<u>12</u>	<u>14</u>
Total non-operating income and gains	<u>19</u>	<u>29</u>	<u>14</u>
NON-OPERATING EXPENSES AND LOSSES			
Interest expense			(3)
Foreign exchange loss, net		-	(2)
Impairment loss		-	(120)
Loss on disposal of investments, net			(271)
Miscellaneous expenses	<u></u>	<u>-</u>	<u>-</u>
Total non-operating expenses and losses		<u></u>	<u>(396)</u>
LOSS BEFORE INCOME TAX			(797)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>0</u>
CONSOLIDATED NET GAIN / (LOSS)	<u>\$ (205)</u>	<u>\$ (156)</u>	<u>\$ (797)</u>
ATTRIBUTABLE TO:			
Stockholders of the parent	\$ (190)	\$ (150)	\$ (596)
Minority interest	<u>(15)</u>	<u>(6)</u>	<u>(201)</u>
	<u>\$ (205)</u>	<u>\$ (156)</u>	<u>\$ (797)</u>

The accompanying notes are an integral part of the consolidated financial statements.

**COVENTIVE TECHNOLOGIES, LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(In U.S. Dollars, Thousands)

	<b>Common Stock (Note 13)</b>	<b>Capital Surplus</b>	<b>Accumulate d Deficit</b>	<b>Cumulative Translation Adjustments</b>	<b>Treasury Stock</b>	<b>Total Equity Attributable to Stockholder s of the Parent</b>	<b>Minority Interest</b>	<b>Total Stockholder s' Equity</b>
BALANCE, JANUARY 1, 2013	\$ 328	\$ 3,958	\$ (3,094)	\$ (2)	0	\$ 1,191	\$ 34	\$ 1,225
Consolidated net loss for 2013			(150)			(150)	(6)	(156)
Change in translation adjustments				-	0	-		-
Decrease in minority interests				(2)		(2)-	(1)	(3)
BALANCE, DECEMBER 31, 2013	328	3,958	(3,243)	(4)	0	1,039	27	1,066
Consolidated net loss 1/1-9/30 2014			(190)		-	(190)	(15)	(205)
Adjustment of treasury stock due to disposal of long-term equity investments								
Net decrease in minority interest				(1)		(1)	-	(1)
Change in translation adjustments		-						
BALANCE, Sep. 30, 2014	<u>\$ 328</u>	<u>\$ 3,958</u>	<u>\$ (3,433)</u>	<u>\$ (5)</u>	<u>\$ 0</u>	<u>\$ 848</u>	<u>\$ 12</u>	<u>\$ 860</u>

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