

**Coventive Technologies, Ltd. and
Subsidiaries**

**Consolidated Financial Statements as of
Mar 31, 2016(unaudited) and December 31, 2014**

COVENTIVE TECHNOLOGIES, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

Mar. 31, 2016 AND December 31, 2014

(In U.S. Dollars, thousands)

	2016.03.31 (un-audited) Amount	2014.12.31 (audited) Amount		2016.03.31 (un-audited) Amount	2014.12.31 (audited) Amount
ASSETS			LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT ASSETS			CURRENT LIABILITIES		
Cash	\$ 131	\$ 62	Short-term loans	\$ -	\$ 0
Notes and accounts receivable, net of allowance for doubtful accounts as of Mar.31, 2016 and December 31, 2014	29	86	Notes and accounts payable	75	52
Other receivables	140	0	Accrued expenses	60	196
Merchandise inventories	44	44	Advanced payment from customer	5	0
Deferred income tax assets	-	-	Other current liabilities	<u>280</u>	<u>86</u>
Restricted assets	-	0	Total current liabilities	<u>420</u>	<u>334</u>
Prepayments and other current assets	<u>134</u>	<u>558</u>	LONG-TERM LIABILITIES		
Total current assets	<u>478</u>	<u>750</u>	Long-term debt	<u>-</u>	<u>0</u>
LONG-TERM EQUITY INVESTMENTS			OTHER LIABILITIES		
Financial assets carried at cost	<u>57</u>	<u>57</u>	Accrued pension cost	0	86
			Guarantee deposits /others	<u>7</u>	<u>0</u>
PROPERTIES, NET	<u>3</u>	<u>5</u>	Total other liabilities	<u>7</u>	<u>86</u>
INTANGIBLE ASSETS			Total liabilities	<u>427</u>	<u>420</u>
Computer software, net	-	0	STOCKHOLDERS' EQUITY		
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
OTHER ASSETS			Accumulated deficit	(3,992)	(3,726)
Properties for lease, net			Cumulative translation adjustments	(1)	(1)
Refundable deposits & other assets	175	175	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	293	560
Total other assets	<u>175</u>	<u>175</u>	Minority interest	<u>(7)</u>	<u>8</u>
			Total stockholders' equity	<u>286</u>	<u>568</u>
TOTAL	<u>\$ 713</u>	<u>\$ 988</u>	TOTAL	<u>\$ 713</u>	<u>\$ 988</u>

COVENTIVE TECHNOLOGIES, LTD. AND SUBSIDIARIES

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

	Year to Date <u>03/31/2016(un-audited)</u> Amount	Year to Date <u>12/31/2014(audited)</u> Amount	Year to Date <u>12/31/2013(audited)</u> Amount
OPERATING REVENUES, NET	\$ 69	\$ 639	\$ 1,089
OPERATING COSTS	<u>25</u>	<u>203</u>	<u>(458)</u>
GROSS PROFIT	<u>44</u>	<u>436</u>	<u>631</u>
OPERATING EXPENSES	<u>243</u>	<u>721</u>	<u>816</u>
GAIN / (LOSS) FROM OPERATIONS	<u>(199)</u>	<u>(285)</u>	<u>(185)</u>
NON-OPERATING INCOME AND GAINS			
Interest income	0-	25	14
Government subsidy income	-	-	-
Foreign exchange gain, net	0	0	3
Gain on disposal of investments, net	-	-	-
Miscellaneous income	<u>162</u>	<u>1</u>	<u>12</u>
Total non-operating income and gains	<u>162</u>	<u>26</u>	<u>29</u>
NON-OPERATING EXPENSES AND LOSSES			
Interest expense			0
Foreign exchange loss, net		(3)	0
Impairment loss		-	0
Loss on disposal of investments, net			(0)
Miscellaneous expenses	<u>(38)</u>	<u>(239)</u>	<u>-</u>
Total non-operating expenses and losses	<u>(0)</u>	<u>(242)</u>	<u>0</u>
LOSS BEFORE INCOME TAX	(38)	(501)	(156)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>	<u>0</u>
CONSOLIDATED NET GAIN / (LOSS)	<u>\$ (38)</u>	<u>\$ (501)</u>	<u>\$ (156)</u>
ATTRIBUTABLE TO:			
Stockholders of the parent	\$ (38)	\$ (483)	\$ (150)
Minority interest	<u>(0)</u>	<u>(18)</u>	<u>(6)</u>
	<u>\$ (38)</u>	<u>\$ (501)</u>	<u>\$ (156)</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)

	Common Stock (Note 13)	Capital Surplus	Accumulated Deficit	Cumulative Translation Adjustments	Treasury Stock	Total Equity Attributable to Stockholder s of the Parent	Minority Interest	Total Stockholder s' Equity
BALANCE, JANUARY 1, 2014	\$ 328	\$ 3,958	\$ (3,243)	\$ (4)	0	\$ 1,039	\$ 27	\$ 1,066
Consolidated net loss for 2014			(483)			(483)	(18)	(501)
Change in translation adjustments				3	0	3	(1)	2
Decrease in minority interests								
BALANCE, DECEMBER 31, 2014	328	3,958	(3,726)	(1)	0	560	8	568
Consolidated net loss 1/1-12/31 2015			(228)		-	(228)	(16)	(244)
Adjustment of treasury stock due to disposal of long-term equity investments								
Net decrease in minority interest							-	
Change in translation adjustments		-		(3)		(3)		(3)
BALANCE, Dec. 31, 2015	<u>\$ 328</u>	<u>\$ 3,958</u>	<u>\$ (3,954)</u>	<u>\$ (4)</u>	<u>\$ 0</u>	<u>\$ 328</u>	<u>\$ (7)</u>	<u>\$ 321</u>
Consolidated net loss 1/1-03/31 2016			(38)			(38)		(38)
Adjustment of treasury stock due to disposal of long-term equity investmt								
Net decrease in minority interest							0	
Change in translation adjustments				3		3		3
BALANCE, Mar. 31, 2016	<u>\$ 328</u>	<u>\$ 3,958</u>	<u>\$ (3,992)</u>	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 293</u>	<u>\$ (7)</u>	<u>\$ 286</u>

