UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 21, 2018**

WINDTREE THERAPEUTICS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction of incorporation)

000-26422 (Commission File Number)	**94-3171943** (IRS Employer Identification No.)
2600 Kelly Road, Suite 100 **Warrington, Pennsylvania** (Address of principal executive offices)	**18976** (Zip Code)

(215) 488-9300
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.01 Completion of Acquisition or Disposition of Assets

This Form 8-K/A is filed as an amendment to the Current Report on Form 8-K filed by Windtree Therapeutics, Inc. (the "Company") on December 21, 2018 (the "Initial 8-K"). In the Initial 8-K, the Company announced the Company's entry into an Agreement and Plan of Merger (the "Merger Agreement") with WT Acquisition Corp., an exempted company with limited liability incorporated under the laws of the Cayman Islands and a direct wholly-owned subsidiary of the Company ("Merger Sub") and CVie Investments Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands ("CVie"), pursuant to which Merger Sub merged with and into CVie (the "Merger"), with CVie surviving the Merger as a wholly owned subsidiary of the Company. The Company plans to operate CVie, and its wholly-owned subsidiary CVie Therapeutics Limited ("CVie Therapeutics"), a Taiwan corporation organized under the laws of the Republic of China, as a business division focused on early development of drug product candidates in cardiovascular diseases.

The Company hereby amends the Initial 8-K to provide certain financial statements required by Item 9.01 of Form 8-K with respect to CVie and pro forma condensed combined financial information with respect to the Company's acquisition of CVie.

Item 9.01 Financial Statements and Exhibits

(a) Audited financial statements of CVie Therapeutics as of and for the years ended December 31, 2017 and 2016 are filed as Exhibit 99.1 and incorporated by reference herein.

(b)

Unaudited financial statements and related notes thereto of CVie Therapeutics as of and for the nine months ended September 30, 2018 and 2017 are filed as Exhibit 99.2 and incorporated by reference herein.

(b) Unaudited pro forma combined financial statements and related notes thereto of the Company as of and for the nine months ended September 30, 2018 and as of the year ended December 31, 2017, giving effect to the Merger, are filed as Exhibit 99.3 and incorporated by reference herein.

(d) Exhibits.

The Exhibit Index attached to this Form 8-K/A is herein incorporated by reference.

EXHIBIT INDEX

Exhibit No.	Description
10.1	Merger Agreement dated December 21, 2018, by and among the Company, WT Acquisition Corp., an exempted company with limited liability incorporated under the laws of the Cayman Islands and a direct wholly owned subsidiary of the Company, and CVie Investments Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 21, 2018, File No. 001-26422).
23.1*	Consent of Deloitte & Touche LLP, independent auditors for CVie Therapeutics.
99.1*	Audited financial statements of CVie Therapeutics as of and for the years ended December 31, 2017 and 2016.
99.2*	Unaudited financial statements and related notes thereto of CVie Therapeutics as of and for the nine months ended September 30, 2018 and 2017.
99.3*	Unaudited pro forma combined financial statements and related notes thereto of the Company as of and for the nine months ended September 30, 2018 and for the year ended December 31, 2017.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WINDTREE THERAPEUTICS, INC.

Date: March 8, 2019

By: /s/ Craig Fraser
Name: Craig Fraser
Title: President and Chief Executive Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement No. 333-217161 on Form S-1; and Registration Statement Nos. 333-180497, 333-184277, 333-189966, 333-197139, 333-209141, 333-224338, 333-148028, 333-110412, 333-137643, 333-156443, 333-164470, 333-165809, 333-169662, 333-173259, 333-180497, 333-187486, 333-191502, 333-197139, 333-201478, 333-208879 and 333-210464 on Form S-8 of our report dated March 8, 2019, related to the audited financial statements of CVie Therapeutics Limited as of and for the years ended December 31, 2017 and 2016, and the unaudited interim financial statements as of and for the nine months ended September 30, 2018 and 2017 which reports express an unqualified opinion and include an explanatory paragraph regarding going concern uncertainty included in this Current Report on Form 8-K/A.

DELOITTE & TOUCHE
Taipei, Taiwan R.O.C.

March 8, 2019

CVie Therapeutics Limited

Financial Statements for the
Years Ended December 31, 2017 and 2016 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
CVie Therapeutics Limited

We have audited the accompanying financial statements of CVie Therapeutics Limited (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations and comprehensive loss, mezzanine equity and shareholders' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements ("financial statements").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 4 to the financial statements, the Company has suffered recurring losses from operations and has a net deficit amount in its shareholders' equity, and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

/s/ Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2019

CVIE THERAPEUTICS LIMITED

BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	$ 5,570	$ 37,800
Prepaid expenses (Note 6)	3,169	1,686
Other current assets (Note 7)	1,347	8,776
Total current assets	10,086	48,262
PROPERTY AND EQUIPMENT, NET (Note 8)	4,115	1,652
REFUNDABLE SECURITY DEPOSIT (Note 12)	688	611
TOTAL	$ 14,889	$ 50,525
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Short-term debt (Note 9)	$ 85,500	$ 85,000
Accrued expenses (Note 10)	31,610	7,500
Due to related parties (Note 17)	36,728	23,211
Other current liabilities (Note 11)	1,251	1,542
Total current liabilities	155,089	117,253
COMMITMENTS (Note 12)		
MEZZANINE EQUITY (Note 13)		
Redeemable preferred shares, $10 par value; 3,667 thousand shares authorized; 2,750 thousand shares issued and outstanding	225,669	-
SHAREHOLDERS' DEFICIT (Notes 14 and 16)		
Common shares, $10 par value; 200,000 thousand shares authorized; 20,403 thousand shares issued and outstanding	204,031	204,031
Additional paid-in capital	8,083	8,083
Accumulated deficit	(577,983)	(278,842)
Total shareholders' deficit	(365,869)	(66,728)
TOTAL	$ 14,889	$ 50,525

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

CVIE THERAPEUTICS LIMITED

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
OPERATING EXPENSES		
Research and development	$ 279,562	$ 94,511
General and administrative	17,601	17,694
Selling and marketing	1,789	435
Total operating expenses	298,952	112,640
OTHER INCOME (EXPENSE)		
Interest income	23	40
Interest expense	(1,604)	(551)
Share of loss of subsidiaries under equity method	-	(9,869)
Other gains and losses	1,392	(985)
Total other expense, net	(189)	(11,365)
NET LOSS	(299,141)	(124,005)
OTHER COMPREHENSIVE LOSS		
Foreign currency translation loss	-	(1,206)
Income tax benefit	-	205
Other comprehensive loss, net of income tax	-	(1,001)
TOTAL COMPREHENSIVE LOSS	$ (299,141)	$ (125,006)

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

CVIE THERAPEUTICS LIMITED

STATEMENTS OF MEZZANINE EQUITY AND SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Mezzanine Equity Redeemable Preferred Shares (Note 13)		Shareholders' Equity (Deficit)					
			Common Shares (Note 14)		Additional Paid-in Capital (Notes 14 and 16)	Accumulated Deficit (Note 14)	Accumulated Other Comprehensive Income (Loss) (Note 14)	Total
	Shares (Thousands)	Amount	Shares (Thousands)	Amount				
BALANCE AT JANUARY 1, 2016	-	$ -	31,404	$ 314,031	$ 124	$ (154,837)	$ 1,001	$ 160,319
Net loss	-	-	-	-	-	(124,005)	-	(124,005)
Other comprehensive loss, net of tax	-	-	-	-	-	-	(1,001)	(1,001)
The differences between the consideration received from disposing subsidiary and the carrying amounts of the subsidiary's net assets	-	-	-	-	7,959	-	-	7,959
Capital reduction by returning properties other than cash	-	-	(11,000)	(110,000)	-	-	-	(110,000)
BALANCE AT DECEMBER 31, 2016	-	-	20,404	204,031	8,083	(278,842)	-	(66,728)
Net loss	-	-	-	-	-	(299,141)	-	(299,141)
Issuance of Series A redeemable preferred shares at $10 par value	2,750	225,669	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2017	2,750	$ 225,669	20,404	$ 204,031	$ 8,083	$ (577,983)	$ -	$ (365,869)

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

CVIE THERAPEUTICS LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (299,141)	$ (124,005)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expenses	1,133	694
Share of loss of subsidiaries under equity method	-	9,869
Changes in operating assets and liabilities		
Prepaid expense	(1,483)	(1,087)
Other current assets	7,429	(8,486)
Accrued expenses	24,110	(10,612)
Due to related parties	13,517	(93)
Other liabilities	(291)	468
Cash used in operations	(254,726)	(133,252)
Net cash used in operating activities	(254,726)	(133,252)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(3,596)	(394)
Refundable security deposit	(77)	(63)
Net cash used in investing activities	(3,673)	(457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable preferred shares	225,669	-
Proceeds from short-term debt, net	500	85,000
Net cash provided by financing activities	226,169	85,000
NET DECREASE IN CASH	(32,230)	(48,709)
CASH AT THE BEGINNING OF THE YEAR	37,800	86,509
CASH AT THE END OF THE YEAR	$ 5,570	$ 37,800
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION		
Interest paid	$ 1,606	$ 444
Income taxes refunded (paid)	33	(1)

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

1. THE COMPANY AND DESCRIPTION OF BUSINESS

CVie Therapeutics Limited (the “Company,” “we,” “our,” or “us”), incorporated in Taiwan on September 17, 2013, is a clinical-stage biopharmaceutical company focused on developing first-in-class innovative drugs with novel mechanisms of action to improve outcomes for patients with cardiovascular and renal diseases, including heart failure and genotyping-specific hypertension. We also have a laboratory, that runs pre-clinical and research and development activities, in Italy.

We were formerly known as “CVie International Limited” and, effective May 19, 2015, we changed our name to “CVie Therapeutics Limited” to better reflect our stage of operations and development.

We were a wholly-owned subsidiary of CVie Therapeutics Company Limited (“CVie Cayman”). On August 5, 2015, we went through organizational restructuring which made CVie Cayman our wholly-owned subsidiary.

On March 2, 2016, we spun off CVie Cayman to better focus on our research and development business. Thus, we reduced our capital by returning our entire interest in CVie Cayman to the shareholders. Please refer to Note 17 for more information.

On December 21, 2018, our shareholders and CVie Investment Limited (“CVie Investment”), an exempted company with limited liability incorporated under the laws of the Cayman Islands, entered into the Stock Purchase Agreement, pursuant to which CVie Investment acquired from our shareholders all of our outstanding common shares and Series A preferred shares. As a result, we are a wholly-owned subsidiary of CVie Investment. Immediately after the closing of the stock purchase, CVie Investment, Windtree Therapeutics, Inc. (“Windtree”) and a direct wholly owned subsidiary of Windtree (the “Merger Sub”) entered into an Agreement and Plan of Merger, pursuant to which Merger Sub merged with and into CVie Investment, with CVie Investment surviving as a wholly-owned subsidiary of Windtree.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency

Our foreign subsidiaries use their foreign currency as their functional currency. Functional currency assets and liabilities are translated into New Taiwan dollars using exchange rates in effect at the balance sheet date, and revenues and expenses are translated at average exchange rates during the period. Resulting translation gains and losses are reported in other comprehensive income (loss) ("OCI"), until the substantial disposition of a subsidiary, at which time accumulated translation gains or losses are reclassified into net loss. Foreign currency translation adjustments are recorded as a component of accumulated other comprehensive income (loss) ("AOCI") within shareholders' equity.

Foreign currency transaction gains and losses are recorded in other expense, net, on the statements of operation and comprehensive loss. For the years ended December 31, 2017 and 2016, net foreign currency transaction gains and losses were net gain $1,392 thousand and net loss $985 thousand, respectively.

Cash

Our cash consists of demand deposits with banks or financial institutions.

Fair Value of Financial Instruments

Our financial instruments primarily consist of cash, refundable security deposit, short-term debt, accrued expenses and due to related parties. They are stated at their carrying value, which we believe approximates fair value due to the short period to the expected receipt or payment date of such amounts.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets (generally 3 to 5 years). Leasehold improvements are depreciated over the shorter of the estimated useful lives or the remaining term of the lease. Repairs and maintenance costs are charged to expense as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Long-lived assets are reported at the lower of carrying amount or fair value less cost to sell. For the years ended December 31, 2017 and 2016, there was no impairment of the value of the Company's long-lived assets.

Retirement Benefit Plans

Our employees in Taiwan adopt a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, we make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Our employees in our Italy laboratory are members of a state-managed retirement benefit plan operated by the government of Italy. We are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. Our obligation with respect to the retirement benefit plan is to make the specified contributions.

Payments to the plan are recognized as expenses when employees have rendered services entitling them to the contributions.

Mezzanine Equity

When determining the classification and measurement of our Series A Preferred share, we comply with Accounting Standards Codification ("ASC") Topic 480, Distinguishing Liabilities from Equity. Preferred share subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable preferred share (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, preferred share is classified as permanent equity.

Revenue Recognition

We have not yet generated any revenues from the sale of goods or from the rendering of services. Prior to the adoption of ASC 606, we will recognize any revenues when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed or determinable, and there is reasonable assurance that the related amounts are collectible in accordance with ASC 605, Revenue Recognition.

Employees' Compensation and Remuneration of Directors and Supervisors

Employees' compensation and remuneration of directors and supervisors are accrued at the rates no less than 10% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. We incurred net loss for the years ended December 31, 2017 and 2016; therefore, no employees' compensation, and remuneration of directors and supervisors were accrued.

If there is a change in the amounts before the annual financial statements were authorized, the differences are recorded as a change in expenses. If there is a change in the amounts after the annual financial statements were authorized, the differences are recorded as a change in accounting estimate.

Research and Development

Research and development ("R&D") costs are expensed as incurred and include costs paid to third-party contractors to perform research, conduct clinical trials and develop and manufacture drug materials.

Costs incurred related to the purchase of in-process research and development ("IPR&D") for early-stage products or products that are not commercially viable and ready for use, or have no alternative future use, are charged to expense in the period incurred. Costs incurred related to the licensing of products that have not yet received regulatory approval to be marketed, or that are not commercially viable and ready for use, or have no alternative future use, are charged to expense in the period incurred.

In July 2017, we purchased patents of our two new drugs, Rostafuroxin and Istaroxime, for our IPR&D from third parties at a total amount of $120,520 thousand. The patents have no alternative future use, and thus we expensed the purchase costs.

Income Taxes

We account for income taxes in accordance with Accounting Standards Codification ("ASC") Topic 740, Accounting for Income Taxes, which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Because we have never realized a profit, management has fully provided with allowance the net deferred tax asset since realization is not assured.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements Not Yet Adopted

ASC 606 (ASU 2014-09, 2016-10 and 2016-12)

In May 2014, the FASB issued a new standard related to revenue recognition. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued an amendment to defer the effective date. The new standard is effective for fiscal years beginning after December 15, 2018 for nonpublic company, and early adoption is permitted for annual reporting periods beginning after December 15, 2016. In March and April 2016, the FASB issued two accounting updates to clarify the implementation guidance on principal versus agent considerations, performance obligations and the licensing. In addition, the FASB issued another accounting update in May 2016 to address narrow-scope improvements to the guidance on collectability, noncash consideration, and completed contracts at transition and provides a practical expedient for contract modifications at transition. The new guidance is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. Since we do not have revenue, the adoption of this new standard will not have a material impact on our financial position, results of operations, cash flow and financial statement disclosures.

ASC 740 (Accounting Standards Update ("ASU") 2015-17)

In November 2015, the FASB issued an accounting update to simplify the presentation of deferred income taxes. The amendment requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this guidance. This amendment is effective prospectively or retrospectively for annual periods beginning after December 15, 2017 for nonpublic company, and early application is permitted. The adoption of this amendment is not expected to have a material impact on our results of operations, financial position or cash flow.

ASC 825 (ASU 2016-01)

In January 2016, the FASB issued an accounting update regarding the subsequent measurement of equity investment. The amendment requires all equity investment to be measured at fair value with changes in the fair value recognized through net income other than those accounted for under equity method of accounting or those that result in consolidation of the investee. The amendment also simplifies the impairment assessment of equity investments without readily determinable fair value by requiring assessment for impairment qualitatively and eliminating the complexity of the other-than-temporary impairment guidance. For financial reporting, the amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the amendment eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost. This amendment is effective for fiscal years beginning after December 15, 2018 for nonpublic company, and early application is prohibited. The adoption of this amendment is not expected to have a material impact on our financial position, results of operations, cash flow and financial statement disclosures.

ASC 842 (ASU 2016-02 and 2018-01)

In February 2016, the FASB issued a new standard regarding leases (Topic 842). The new standard requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases other than that the entity elects the short-term lease recognition and measurement exemption. Qualitative and quantitative disclosures will be enhanced to better understand the amount, timing and uncertainty of cash flows arising from leases. In January 2018, the FASB issued an amendment permits an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840, the current standard regarding leases. The guidance is effective for fiscal years beginning after December 15, 2019 for nonpublic company, and early adoption is permitted. We are currently evaluating the effect this standard will have on our financial position, results of operations, cash flow and financial statement disclosures.

ASC 326 (ASU 2016-13)

In June 2016, the FASB issued an accounting update to amend the guidance on the impairment of financial instruments that are not measured at fair value through profit and loss. The amendment introduces a current expected credit loss ("CECL") model based on expected losses rather than incurred losses to estimate credit losses on financial instruments measured at amortized cost and requires a broader range of reasonable and supportable information to estimate expected credit loss. In addition, under the amendment, an entity recognizes an allowance for expected credit losses on financial instruments measured at amortized cost and available-for-sale debt securities rather than the current methodology of delaying recognition of credit losses until it is probable a loss has been incurred. The amendment is effective for fiscal years beginning after December 15, 2020 for nonpublic company, and earlier adoption is permitted as of the fiscal years beginning after December 15, 2018. The adoption of this amendment is not expected to have a material impact on our financial position, results of operations, cash flow and financial statement disclosures.

4. LIQUIDITY RISKS AND MANAGEMENT'S PLANS

As of December 31, 2017, we had cash of $5,570 thousand and current liabilities of $155,089 thousand. Since inception, we have not generated revenue from the sale of products and have incurred recurring losses and negative cash flows from operations, including a net loss of $287,066 thousand and $116,046 thousand for the years ended December 31, 2017 and 2016, respectively, and cash used in operations of $254,726 thousand and $133,252 thousand for the years ended December 31, 2017 and 2016, respectively.

We have incurred operating losses and has an accumulated deficit as a result of ongoing efforts to develop product candidates, including conducting preclinical and clinical trials and providing general and administrative support for these operations. We expect to continue to incur losses and will require additional capital from our parent company, Windtree, to support our operations, develop our product candidates, and satisfy existing obligations, and we do not currently have sufficient cash and cash equivalents for at least the next year following the date that the financial statements are issued. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued.

To alleviate the conditions that raise substantial doubt about our ability to continue as a going concern, Windtree plans to secure additional capital through a combination of public or private equity offerings, and strategic transactions, including potential alliances and collaborations, as well as potential strategic corporate transactions. If such transactions are not available, or if available, Windtree remains unable to secure sufficient capital to develop our product candidates, we would likely not have sufficient cash resources and liquidity to fund our business operations, which could significantly limit our ability to continue our operations and develop our product candidates. If Windtree is unable to raise the required capital, we may be forced to curtail some or all of our activities and, ultimately, cease operations. Accordingly, management has concluded that substantial doubt exists with respect to our ability to continue as a going concern through one year after the issuance of the accompanying financial statements.
The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business, and do not include any adjustments relating to recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

- Level 1 - quoted prices in active markets for identical assets and liabilities.
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our financial instruments primarily consist of cash, refundable security deposit, short-term debt, accrued expenses, and due to related parties. As of December 31, 2017 and 2016, the carrying values approximated their fair values due to the short period to the expected receipt or payment date of such amounts.

6. PREPAID EXPENSES

	December 31	
	2017	2016
Prepaid insurance	$ 166	$ 143
Prepaid R&D expense	2,424	847
Others	579	696
	$ 3,169	$ 1,686

7. OTHER CURRENT ASSETS

	December 31	
	2017	2016
Value added tax	$ 1,335	$ 759
Advances on supplies purchases	-	7,975
Income taxes receivable	1	34
Others	11	8
	$ 1,347	$ 8,776

8. PROPERTY AND EQUIPMENT

	December 31	
	2017	2016
Computer and telecommunications equipment	$ 794	$ 759
Laboratory equipment	3,707	146
Office equipment	596	596
Leasehold improvements	256	256
Computer software	1,004	1,004
	6,357	2,761
Less accumulated depreciation	(2,242)	(1,109)
Property and equipment, net	$ 4,115	$ 1,652

Depreciation expense on property and equipment for the years ended December 31, 2017 and 2016 was $1,133 thousand and $694 thousand, respectively.

9. SHORT-TERM DEBT

In September 2016, we entered into a $90,000 thousand 12 months revolving credit facility that was later renewed in September 2017 and increased to $180,000 thousand. The credit facility is guaranteed by Lee's Pharmaceutical Holding Limited ("Lee's Holding"), which is required to pledge bank deposits in the amount of 110% of the actual borrowing amount.

As of December 31, 2017 and 2016, the outstanding principal was $85,500 thousand and $85,000 thousand, respectively, and the interest was accrued at the rate of 1.657%-1.6579% and 2.00%, respectively, payable monthly in cash.

10. ACCRUED EXPENSES

	December 31	
	2017	2016
Patent maintenance fee payable	$ 15,661	$ -
Clinical trial payable	11,364	4,717
Insurance and pension payable	1,790	820
Contracted research expense	996	24
Professional fee payable	646	638
Consultancy fee	416	336
Interest expense	104	107
Others	633	858
	$ 31,610	$ 7,500

11. OTHER CURRENT LIABILITIES

	December 31	
	2017	2016
Payable for withholding taxes	$ 1,136	$ 1,374
Others	115	168
	$ 1,251	$ 1,542

12. COMMITMENTS

a. Operating leases

Operating leases relate to leases of office space and office equipment with lease terms between 1 and 5 years. We do not have a bargain purchase option at the expiration of the lease period.

Lease expense on our operating leases was $3,082 thousand in 2017 and $2,723 thousand in 2016.

The future minimum lease payments for non-cancellable operating lease commitments are as follows:

	December 31, 2017
2018	$ 3,450
2019	3,328
2020	2,699
2021	2,761
2022	2,768
Thereafter	748
	$ 15,754

As of December 31, 2017 and 2016, the refundable lease deposits paid were $688 thousand and $611 thousand, respectively.

b. Research and development agreements

As of December 31, 2017 and 2016, the promised amounts for contracts for our two new drugs' clinical trial activities were $21,250 thousand and $99,971 thousand, respectively.

13. MEZZANINE EQUITY

The Company's board of directors resolved on April 12, 2017 to issue 2,750 thousand Series A Preferred shares (the "Series A") in cash, with a par value of $10, for a consideration of $82.05 per share. The record date of issuing Series A was June 2, 2017, and the registration with the government was completed on June 30, 2017. The rights, obligations and other important conditions for issuing the Series A are as follows:

a. The Series A are non-cumulative. When we distribute earnings or capital surplus as dividend, the Series A shareholders have the same right to receive dividends as the holders of common share and have the same distribution order and ratio.

b. In an event of any liquidation, dissolution or winding up of the Company, the proceeds shall be used first to pay the Series A shareholders their original investment amount plus accrued dividends, if any. Then, any remaining proceeds are distributed to the holders of Series A and common share on a pro rata basis.

c. In an event that we are merged by or become a subsidiary of other company in a business combination or that we sell, lease, transfer, exclusively license, or by any other means dispose all or substantially all of our assets, we should redeem the entire outstanding Series A at the price described above, unless 60% of Series A shareholders elect not to do so.

d. The Series A shareholders have rights to vote and be elected in a shareholders' meeting, and the determination of number of votes is the same as the common shares.

e. If we intend to issue new common shares for capital increase in cash, and the price per share is lower than the subscription price of Series A share, we shall obtain an approval from the Series A shareholders in a meeting.

f. We shall not undertake any of the following decisions or actions without the consent of at least 50% of the Series A shareholders:

   1) Liquidate, dissolve or wind-up; merge by or become a subsidiary of other company in a business combination; or sell, lease, transfer, exclusively license, or by any other means dispose all or substantially all of our assets.

   2) Amend, alter, or repeal any provision of the Articles of Incorporation in a manner adverse to the Series A shareholders.

   3) Issue any preferred share having rights, preferences or privileges senior to or on parity with the Series A shares, or issue another Series A preferred shares.

   4) Purchase or redeem or pay any dividend on any capital share that have higher priority than the Series A.

   5) Issue any debt security, except for the needs for equipment leases or bank loan.

   6) Acquire or increase investment in any subsidiary, except for our wholly-owned subsidiary, or dispose of any subsidiary or all or substantially all of any subsidiary's assets.

   7) Increase or decrease the number of directors stated in the Articles of Incorporation.

   8) Issue common shares at a price lower than the Series A's issuance price, or issue convertible preferred shares or convertible corporate bonds with a conversion price lower than the Series A's issuance price.

g. The Series A shareholders have the right to convert their one Series A share to one common share, in whole or in part, at any time. Within the scope of relevant regulations, the anti-dilution provisions applicable to common shares, including the preemptive right when issuing new shares, shall be also applicable to the Series A.

h. Three years after the issuance date, the Series A shareholders may request us to redeem the entire class of Series A at the price of original investment amount plus accrued dividends, if any. The redemption should be paid in three years and equal portion.

Our Series A have certain redemption rights that we consider to be outside of our control. Accordingly, the Series A are presented as temporary equity on the balance sheets.

14. SHAREHOLDERS' DEFICIT

a. Common share

On February 6, 2016, the Company's board of directors resolved to carry out a capital reduction plan that reduced the Company's capital by $110,000 thousand, eliminated 11,000 thousand shares, and returned the capital to the shareholders by properties other than cash, i.e., the Company's entire equity interest (13,500 thousand shares) in CVie Cayman. The reduction rate was 35.03%, and the transaction price was $8.15 per share; please refer to Note 17 for more information. The capital reduction was resolved in the special shareholders' meeting held on March 2, 2016. The record date of the capital reduction was March 2, 2016, and the registration with the government was completed on March 25, 2016.

b. Additional paid-in capital ("APIC")

Our APIC consist of $124 thousand arising from shares issued in excess of par and $7,959 arising from the difference between consideration received from disposing the subsidiary and the carrying amount of the subsidiary's net assets. Please refer to Note 17 for more information on the disposal of subsidiary. The above APIC may be used to offset a deficit, and when we have no deficit, such APIC may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of our APIC and once a year.

c. Accumulated deficit and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company made consequential amendments to its Articles of Incorporation (the "Articles") including the policy on dividend distribution and the addition of the policy on distribution of employees' compensation; the amendments were resolved in the special shareholders' meeting held on March 2, 2016.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Company's dividend policy is in line with the current and future development plans, taking into account the investment environment, capital requirements, and domestic and foreign competition conditions as well as the interests of shareholders. When making appropriation of earnings, dividends to shareholders should not be less than 50% of distributable earnings; when, the accumulated earnings is less than 50% of the Company's paid-in capital, distribution may not be made. Distribution of earnings can be made in cash or in share, of which cash dividend shall not be less than 30% of total dividends declared.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-Taiwan resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

There were no appropriations of earnings for 2017 and 2016 because the Company had accumulated deficit.

The loss offsetting proposals for 2017 and 2016 were resolved in the shareholders' meetings held on June 29, 2018 and June 27, 2017, respectively.

d. Accumulated Other Comprehensive Income

The following table summarizes the changes in AOCI:

	For the Year Ended December 31	
	2017	**2016**
Beginning balance	$ -	$ 1,001
Foreign currency translation	-	(1,206)
Related income tax	-	205
Ending balance	$ -	$ -

15. INCOME TAX

a. The major components of tax expense recognized in profit or loss

The reconciliation of income tax benefit calculated at the statutory tax rate with the income tax expense in profit or loss is summarized as follows:

	For the Year Ended December 31	
	2017	**2016**
Income tax benefit calculated at the statutory rate	$ (50,854)	$ (21,081)
Nondeductible expenses in determining taxable income	76	125
Loss on disposal of investments	-	(6,579)
Unrecognized loss carryforwards	29,239	25,805
Unrecognized foreign investment loss under equity method	-	1,678
Unrecognized deductible temporary differences	21,539	52
Income tax expense recognized in profit or loss	$ -	$ -

For the years ended December 31, 2017 and 2016, our statutory income tax rate was 17%.

In February 2018, it was announced by the president of Taiwan that the Income Tax Act in Taiwan was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. This change of income tax rate has no material impact on us.

b. Deferred income tax

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows:

	December 31 2017	December 31 2016
Deferred tax assets		
Net operating loss carryforwards	$ 74,052	$ 44,813
Amortization of patent	20,497	956
Others	2,067	69
Total deferred tax assets	96,616	45,838
Valuation allowance	(96,616)	(45,838)
Deferred tax assets, net	$ -	$ -

We are in a net deferred tax asset position at December 31, 2017 and 2016 before the consideration of a valuation allowance. Because we have never realized a profit, management has fully provided with allowance the net deferred tax asset since realization is not assured.

c. Unused net operating loss carryforwards

	December 31 2017	December 31 2016
Loss carryforwards		
Expiry in 2024	$ 1,019	$ 1,019
Expiry in 2025	110,795	110,795
Expiry in 2026	151,794	151,794
Expiry in 2027	171,993	-
	$ 435,601	$ 263,608

d. Income tax assessments

Our tax returns through 2017 have been assessed by the tax authorities.

16. DISPOSAL OF SUBSIDIARY

Our board of directors and special shareholders’ meeting resolved on February 6 and March 2, 2016, respectively, to carry out a capital reduction plan that reduced our capital by $110,000 thousand, eliminated 11,000 thousand outstanding shares, and returned the capital to the shareholders by our entire interest in CVie Cayman that amount to 13,500 thousand shares. The reduction percentage was 35.03%, and the record date of capital reduction was March 2, 2016. The transaction price of $8.15 per share was determined based on CVie Cayman’s unaudited net asset value per share on January 31, 2016, and we engaged an independent accountant in assisting the reasonableness of the price.

The disposal of CVie Cayman was accounted as among entities under common control, and no gain or loss was recognized. Therefore, we recorded a credit of $7,959 thousand to the APIC.

17. RELATED PARTIES TRANSACTIONS

a. Research and development

We extensively rely on contract research organizations ("CROs"), including Zhaoke Pharmaceutical (Hefei) Co., Ltd. ("Zhaoke HF"), a wholly owned subsidiary of Lee's Holding, to perform most of our preclinical and clinical trial activities, including document preparation, site identification, screening and preparation, pre-study visits, training, program management and bioanalytical analysis. The expenses incurred and amount due to Zhaoke HF depend on the milestone set out in the contracts. The following table summarizes the account and transaction balances we have with Zhaoke HF:

Line Items	Name of Related Party	December 31 2017	December 31 2016
Prepayments	Zhaoke HF	$ -	$ 99
Due to related parties	Zhaoke HF	$ 29,460	$ 3,666

Line Items	Name of Related Party	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Research and development expenses - contract research expense	Zhaoke HF	$ 32,655	$ -

b. Financing

During 2016, we borrowed $47,395 thousand (US$1,500 thousand) from Lee's Pharmaceutical International Limited ("Lee's Intl"), a subsidiary of Lee's Holding. The borrowing was recorded in short-term debt - related parties with an annual interest rate of 4%, which was comparable to the market interest rate. The loan was paid off in 2016 and the interest expense incurred was $444 thousand for the year ended December 31, 2016.

c. Others

Some of our overseas expenses, such as CRO expenses, traveling expenses, service fees, trial material and supplies were paid by related parties on our behalf. The following table summarizes the payables due to them:

Line Items	Name of Related Party	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Due to related parties	Lee's Holding	$ 1,607	$ -
	CVie Cayman	5,661	19,545
		$ 7,268	$ 19,545

Exhibit 99.2

CVie Therapeutics Limited

Condensed Financial Statements for the
Nine Months Ended September 30, 2018

CVIE THERAPEUTICS LIMITED

CONDENSED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS		
CURRENT ASSETS		
Cash	$ 1,974	$ 5,570
Accounts receivable, net (Note 6)	3,107	-
Inventories	2,918	-
Prepaid expenses (Note 7)	1,476	3,169
Other current assets (Note 8)	1,612	1,347
Total current assets	11,087	10,086
PROPERTY AND EQUIPMENT, NET (Note 9)	2,554	4,115
REFUNDABLE SECURITY DEPOSIT (Note 13)	936	688
TOTAL	$ 14,577	$ 14,889
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Short-term debt (Note 10)	$ 138,000	$ 85,500
Short-term debt - related parties (Note 17)	24,420	-
Accounts payable - related parties (Note 17)	5,838	-
Accrued expenses (Note 11)	36,309	31,610
Due to related parties (Note 17)	55,585	36,728
Other current liabilities (Note 12)	187	1,251
Total current liabilities	260,339	155,089
COMMITMENTS (Note 13)		
MEZZANINE EQUITY (Note 14)		
Redeemable preferred shares, $10 par value; 3,667 thousand shares authorized; 2,750 thousand shares issued and outstanding	225,669	225,669
SHAREHOLDERS' DEFICIT (Note 15)		
Common shares, $10 par value; 200,000 thousand shares authorized; 20,403 thousand shares issued and outstanding	204,031	204,031
Additional paid-in capital	8,083	8,083
Accumulated deficit	(683,545)	(577,983)
Total shareholders' deficit	(471,431)	(365,869)
TOTAL	$ 14,577	$ 14,889

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

CVIE THERAPEUTICS LIMITED

CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In Thousands of New Taiwan Dollars)
(Unaudited)

	For the Nine Months Ended September 30	
	2018	**2017**
NET SALES	$ 3,862	$ -
COST OF SALES	2,869	-
GROSS PROFIT	993	-
OPERATING EXPENSES		
Research and development	90,633	224,999
General and administrative	12,549	13,375
Selling and marketing	3,216	879
Total operating expenses	106,398	239,253
OTHER INCOME (EXPENSE)		
Interest income	10	15
Interest expense	(1,690)	(1,287)
Other gains and losses	1,523	977
Total other income (expense), net	(157)	(295)
NET LOSS AND COMPREHENSIVE LOSS	$ (105,562)	$ (239,548)

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

CVIE THERAPEUTICS LIMITED

CONDENSED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Unaudited)

	For the Nine Months Ended September 30 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (105,562)	$ (239,548)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expenses	842	777
Loss on disposal of property and equipment	254	-
Changes in operating assets and liabilities		
Accounts receivable	(3,107)	-
Inventories	(2,918)	-
Prepaid expense	1,693	(1,132)
Other current assets	(265)	7,506
Accounts payable - related parties	5,838	-
Accrued expenses	4,699	11,694
Due to related parties	18,857	(8,724)
Other liabilities	(1,064)	(1,073)
Net cash used in operating activities	(80,733)	(230,500)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(793)	(3,560)
Proceeds from sale of property and equipment	1,258	-
Refundable security deposit	(248)	(77)
Net cash provided by (used in) investing activities	217	(3,637)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of redeemable preferred shares	-	225,669
Proceeds from short-term debt	52,500	-
Repayment of short-term debt	-	(15,500)
Proceeds from short-term debt - related parties	24,420	-
Net cash provided by financing activities	76,920	210,169
NET DECREASE IN CASH	(3,596)	(23,968)
CASH AT THE BEGINNING OF THE PERIOD	5,570	37,800
CASH AT THE END OF THE PERIOD	$ 1,974	$ 13,832
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS INFORMATION		
Interest paid	$ 1,321	$ 1,394
Income taxes refunded	1	33

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

1. THE COMPANY AND DESCRIPTION OF BUSINESS

CVie Therapeutics Limited (the “Company,” “we,” “our,” or “us”), incorporated in Taiwan on September 17, 2013, is a clinical-stage biopharmaceutical company focused on developing first-in-class innovative drugs with novel mechanisms of action to improve outcomes for patients with cardiovascular and renal diseases, including heart failure and genotyping-specific hypertension. We also have a laboratory, that runs pre-clinical and research and development activities, in Italy.

We were formerly known as “CVie International Limited” and, effective May 19, 2015, we changed our name to “CVie Therapeutics Limited” to better reflect our stage of operations and development.

We were a wholly-owned subsidiary of CVie Therapeutics Company Limited (“CVie Cayman”). On August 5, 2015, we went through organizational restructuring which made CVie Cayman our wholly-owned subsidiary.

On March 2, 2016, we spun off CVie Cayman to better focus on our research and development business. Thus, we reduced our capital by returning our entire interest in CVie Cayman to the shareholders.

On December 21, 2018, our shareholders and CVie Investment Limited (“CVie Investment”), an exempted company with limited liability incorporated under the laws of the Cayman Islands, entered into the Stock Purchase Agreement, pursuant to which CVie Investment acquired from our shareholders all of our outstanding common shares and Series A preferred shares. As a result, we are a wholly-owned subsidiary of CVie Investment. Immediately after the closing of the stock purchase, CVie Investment, Windtree Therapeutics, Inc. (“Windtree”) and a direct wholly owned subsidiary of Windtree (the “Merger Sub”) entered into an Agreement and Plan of Merger, pursuant to which Merger Sub merged with and into CVie Investment, with CVie Investment surviving as a wholly-owned subsidiary of Windtree.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The financial statements include all adjustments, consisting of normal recurring adjustments that the management believes are necessary for a fair presentation of the periods presented. These interim financial results are not necessarily indicative of results expected for the full fiscal year or for any subsequent interim period.

Use of Estimates

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency

Foreign currency transaction gains and losses are recorded in other income (expense), net, on the statements of operations. For the nine months ended September 30, 2018 and 2017, net foreign currency transaction gain was $1,777 thousand and $977 thousand, respectively.

Cash

Our cash consists of demand deposits with banks or financial institutions.

Fair Value of Financial Instruments

Financial instruments primarily consist of cash, accounts receivable, refundable security deposit, short-term debt, accounts payable, accrued expenses, and due to related parties. They are stated at their carrying value, which we believe approximates fair value due to the short period to the expected receipt or payment date of such amounts.

Accounts Receivable

Accounts receivable are trade receivables due from consignment sales. Accounts receivable are recorded net of allowance for doubtful accounts and commissions payable to the consignee. An allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability based on an evaluation of historical and anticipated trends, the financial condition of our consignee and an evaluation of the impact of economic conditions.

Inventories

Inventories consist of finished goods held for sale stated at the lower of cost or market, which means current replacement cost provided that if should not (1) exceed net realizable value or (2) be lower than net realizable value less a normal profit margin. Inventory cost is determined on a first-in, first-out basis. We periodically review the composition of inventories in order to identify obsolete, slow-moving or otherwise unsaleable items. If unsaleable items are observed and there are no alternate uses for the inventory, we record a write-down to net realizable value in the period that the impairment is first recognized.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets (generally 3 to 5 years). Leasehold improvements are depreciated over the shorter of the estimated useful lives or the remaining term of the lease. Repairs and maintenance costs are charged to expense as incurred.

Upon disposal of property and equipment, the accounts are relieved of the costs and related accumulated depreciation and amortization, and resulting gains or losses are recorded in other income (expense), net, on the statements of operations.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Long-lived assets are reported at the lower of carrying amount or fair value less cost to sell. For the year ended September 30, 2018, there was no impairment of the value of the Company's long-lived assets.

Retirement Benefit Plans

Our employees in Taiwan adopt a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, we make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Our employees in our Italy laboratory are members of a state-managed retirement benefit plan operated by the government of Italy. We are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. Our obligation with respect to the retirement benefit plan is to make the specified contributions.

Payments to the plan are recognized as expenses when employees have rendered services entitling them to the contributions.

Mezzanine Equity

When determining the classification and measurement of our Series A Preferred share. We comply with Accounting Standards Codification ("ASC") Topic 480, Distinguishing Liabilities from Equity. Preferred share subject to mandatory redemption is classified as a liability instrument and is measured at fair value. Conditionally redeemable preferred share (including preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control) is classified as temporary equity. At all other times, preferred share is classified as permanent equity.

Revenue Recognition

We sell our products through consignment arrangement with our sole distributor (the "Consignee"), a third party. We recognize revenue when sales to ultimate customers occur, at which point control of the products transfers from the consignor to the end customers, in accordance with ASC 606, Revenue from contracts with customers.

Employees' Compensation and Remuneration of Directors and Supervisors

Employees' compensation and remuneration of directors and supervisors are accrued at the rates no less than 10% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. We incurred net loss for the nine months ended September 30, 2018 and 2017; therefore, no employees' compensation, and remuneration of directors and supervisors were accrued.

If there is a change in the amounts before the annual financial statements were authorized, the differences are recorded as a change in expenses. If there is a change in the amounts after the annual financial statements were authorized, the differences are recorded as a change in accounting estimate.

Research and Development

Research and development ("R&D") costs are expensed as incurred and include costs paid to third-party contractors to perform research, conduct clinical trials and develop and manufacture drug materials.

Costs incurred related to the purchase of in-process research and development ("IPR&D") for early-stage products or products that are not commercially viable and ready for use, or have no alternative future use, are charged to expense in the period incurred. Costs incurred related to the licensing of products that have not yet received regulatory approval to be marketed, or that are not commercially viable and ready for use, or have no alternative future use, are charged to expense in the period incurred.

In July 2017, we purchased patents of our two new drugs, Rostafuroxin and Istaroxime, for our IPR&D from third parties at a total amount of $120,520 thousand. The patents have no alternative future use, and thus we expensed the purchase costs.

Income Taxes

We account for income taxes in accordance with ASC Topic 740, Accounting for Income Taxes, which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Because we have never realized a profit, management has fully provided with allowance the net deferred tax asset since realization is not assured.

Concentration of Supplier and Credit Risk

We currently sell only one product that is purchased from a single supplier, Lee's Pharmaceutical (Hong Kong) Limited (“Lee's HK”), a subsidiary of Lee’s Holding. If delivery of such product from Lee's HK was interrupted for any reason, we may be unable to ship our commercial products.

We are potentially subject to a concentration of credit risk with respect to the accounts receivable that is due from our single consignee. If the financial condition and operations of the consignee deteriorate, our risk of collection could increase substantially.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

ASC 606 (ASU 2014-09, 2016-10 and 2016-12)

In May 2014, the FASB issued a new standard related to revenue recognition. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued an amendment to defer the effective date. The new standard is effective for fiscal years beginning after December 15, 2018 for nonpublic company, and early adoption is permitted for annual reporting periods beginning after December 15, 2016. In March and April 2016, the FASB issued two accounting updates to clarify the implementation guidance on principal versus agent considerations, performance obligations and the licensing. In addition, the FASB issued another accounting update in May 2016 to address narrow-scope improvements to the guidance on collectability, noncash consideration, and completed contracts at transition and provides a practical expedient for contract modifications at transition. The new guidance is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. Since we began to generate revenue from sale of product in 2018, we elected to early adopt this amendment. The adoption of this new standard did not have a material impact on our financial position, results of operations, cash flow and financial statement disclosures.

ASC 740 (Accounting Standards Update ("ASU") 2015-17)

In November 2015, the FASB issued an accounting update to simplify the presentation of deferred income taxes. The amendment requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this guidance. This amendment is effective prospectively or retrospectively for annual periods beginning after December 15, 2017 for nonpublic company, and early application is permitted. The adoption of this amendment did not have a material impact on our results of operations, financial position or cash flow.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASC 825 (ASU 2016-01)

In January 2016, the FASB issued an accounting update regarding the subsequent measurement of equity investment. The amendment requires all equity investment to be measured at fair value with changes in the fair value recognized through net income other than those accounted for under equity method of accounting or those that result in consolidation of the investee. The amendment also simplifies the impairment assessment of equity investments without readily determinable fair value by requiring assessment for impairment qualitatively and eliminating the complexity of the other-than-temporary impairment guidance. For financial reporting, the amendment requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the amendment eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost. This amendment is effective for fiscal years beginning after December 15, 2018 for nonpublic company, and early application is prohibited. The adoption of this amendment is not expected to have a material impact on our financial position, results of operations, cash flow and financial statement disclosures.

ASC 842 (ASU 2016-02 and 2018-01)

In February 2016, the FASB issued a new standard regarding leases (Topic 842). The new standard requires an entity to recognize assets and liabilities arising from a lease for both financing and operating leases other than that the entity elects the short-term lease recognition and measurement exemption. Qualitative and quantitative disclosures will be enhanced to better understand the amount, timing and uncertainty of cash flows arising from leases. In January 2018, the FASB issued an amendment permits an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840, the current standard regarding leases. The guidance is effective for fiscal years beginning after December 15, 2019 for nonpublic company, and early adoption is permitted. We plan to adopt these standards on the effective date by recording a cumulative effect adjustment to the opening balance of retained earnings on January 1, 2019.

As we continue to evaluate the impact of the adoption of these standards, we anticipate recognition of additional assets and corresponding liabilities related to leases on our balance sheets with no material impact to our statements of operation. We plan to elect the practical expedients upon transition that will retain the lease classification and initial direct costs for any leases that existed prior to the adoption of these standards. We will not reassess whether any contracts entered into prior to the adoption are leases. We are in the process of implementing a new lease accounting system and updating our controls and procedures for maintaining and accounting for our lease portfolio under the new guidance.

ASC 326 (ASU 2016-13)

In June 2016, the FASB issued an accounting update to amend the guidance on the impairment of financial instruments that are not measured at fair value through profit and loss. The amendment introduces a current expected credit loss ("CECL") model based on expected losses rather than incurred losses to estimate credit losses on financial instruments measured at amortized cost and requires a broader range of reasonable and supportable information to estimate expected credit loss. In addition, under the amendment, an entity recognizes an allowance for expected credit losses on financial instruments measured at amortized cost and available-for-sale debt securities rather than the current methodology of delaying recognition of credit losses until it is probable a loss has been incurred. The amendment is effective for fiscal years beginning after December 15, 2020 for nonpublic company, and earlier adoption is permitted as of the fiscal years beginning after December 15, 2018. The adoption of this amendment is not expected to have a material impact on our financial position, results of operations, cash flow and financial statement disclosures.

4. LIQUIDITY RISKS AND MANAGEMENT'S PLANS

As of September 30, 2018, we had cash of $1,974 thousand and current liabilities of $260,339 thousand. In June 2018, we started to generate revenue from sale of product, though the gross profit from the sales was not able to cover our operating expenses. Thus, we have incurred losses and negative cash flows from operations, including a net loss of $105,605 thousand and $220,340 thousand for the nine months ended September 30, 2018 and 2017, respectively, and cash used in operations of $80,734 thousand and $230,500 thousand for the nine months ended September 30, 2018 and 2017, respectively.

We have incurred operating losses and has an accumulated deficit as a result of ongoing efforts to develop product candidates, including conducting preclinical and clinical trials and providing general and administrative support for these operations. We expect to continue to incur losses and will require additional capital from our parent company, Windtree, to support our operations, develop our product candidates, and satisfy existing obligations, and we do not currently have sufficient cash and cash equivalents for at least the next year following the date that the financial statements are issued. These conditions raise substantial doubt about our ability to continue as a going concern within one year after the date that the financial statements are issued.

To alleviate the conditions that raise substantial doubt about our ability to continue as a going concern, Windtree plans to secure additional capital through a combination of public or private equity offerings, and strategic transactions, including potential alliances and collaborations, as well as potential strategic corporate transactions. If such transactions are not available, or if available, Windtree remains unable to secure sufficient capital to develop our product candidates, we would likely not have sufficient cash resources and liquidity to fund our business operations, which could significantly limit our ability to continue our operations and develop our product candidates. If Windtree is unable to raise the required capital, we may be forced to curtail some or all of our activities and, ultimately, cease operations. Accordingly, management has concluded that substantial doubt exists with respect to our ability to continue as a going concern through one year after the issuance of the accompanying financial statements.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business, and do not include any adjustments relating to recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

- Level 1 - quoted prices in active markets for identical assets and liabilities.
- Level 2 - inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our financial instruments primarily consist of cash, accounts receivable, refundable security deposit, short-term debt, accounts payable, accrued expenses, and due to related parties. As of September 30, 2018 and December 31, 2017, the carrying values approximated their fair values due to the short period to the expected receipt or payment date of such amounts.

6. ACCOUNTS RECEIVABLE

As of September 30, 2018, the accounts receivable were net of the commission payable to our consignee in the amount of $52 thousand.

7. PREPAID EXPENSES

	September 30, 2018	December 31, 2017
Prepaid insurance	$ 80	$ 166
Prepaid R&D expenses	737	2,424
Others	659	579
	$ 1,476	$ 3,169

8. OTHER CURRENT ASSETS

	September 30, 2018	December 31, 2017
Value added tax, net	$ 1,412	$ 1,335
Others	200	12
	$ 1,612	$ 1,347

9. PROPERTY AND EQUIPMENT

	September 30, 2018	December 31, 2017
Computer and telecommunications equipment	$ 780	$ 794
Laboratory equipment	2,416	3,707
Office equipment	366	596
Leasehold improvements	344	256
Computer software	1,028	1,004
	4,934	6,357
Less accumulated depreciation	(2,380)	(2,242)
Property and equipment, net	$ 2,554	$ 4,115

Depreciation expense on property and equipment for the nine months ended September 30, 2018 and 2017 was $842 thousand and $777 thousand, respectively.

10. SHORT-TERM DEBT

In September 2016, we entered into a $90,000 thousand 12 months revolving credit facility that was later renewed and increased to $180,000 thousand in September 2017. The credit facility is guaranteed by Lee's Pharmaceutical Holding Limited ("Lee's Holding"), which is required to pledge bank deposits in the amount of 110% of the actual borrowing amount.

As of September 30, 2018 and December 31, 2017, the outstanding principal was $138,000 thousand and $85,500 thousand, respectively, and the interest was accrued at the rate of 1.6555%-1.6610% and 1.657%-1.6579%, respectively, payable monthly in cash.

11. ACCRUED EXPENSES

	September 30, 2018	December 31, 2017
Patent maintenance fee payable	$ 16,316	$ 15,661
Clinical trial payable	11,255	11,364
Contracted research expense	4,567	996
Compensation and employee benefits	2,638	1,790
Professional fee payable	688	646
Consultancy fee	444	416
Interest expense	188	104
Others	213	633
	$ 36,309	$ 31,610

12. OTHER CURRENT LIABILITIES

	September 30, 2018	December 31, 2017
Payable for withholding taxes	$ 138	$ 1,136
Others	49	115
	$ 187	$ 1,251

13. COMMITMENTS

a. Operating leases

Operating leases relate to leases of office space and office equipment with lease terms between 1 and 5 years. We do not have a bargain purchase option at the expiration of the lease period.

Lease expense on our operating leases was $2,633 thousand and $2,290 thousand for the nine months ended September 30, 2018 and 2017, respectively.

The future minimum lease payments for non-cancellable operating lease commitments are as follows:

	September 30, 2018
As of September 30, 2019	$ 2,803
As of September 30, 2020	2,955
As of September 30, 2021	2,688
As of September 30, 2022	2,761
As of September 30, 2023	2,768
Thereafter	748
	$ 14,723

As of September 30, 2018 and December 31, 2017, the refundable lease deposits paid were $935 thousand and $688 thousand, respectively.

b. Research and development agreements

As of September 30, 2018 and December 31, 2017, the promised amounts for contracts for our two new drugs' clinical trials activities were $66,749 thousand and $21,250 thousand, respectively.

14. MEZZANINE EQUITY

The Company's board of directors resolved on April 12, 2017 to issue 2,750 thousand Series A Preferred shares (the "Series A") in cash, with a par value of $10, for a consideration of $82.05 per share. The record date of issuing Series A was June 2, 2017, and the registration with the government was completed on June 30, 2017. The rights, obligations and other important conditions for issuing the Series A are as follows:

a. The Series A are non-cumulative. When we distribute earnings or capital surplus as dividend, the Series A shareholders have the same right to receive dividends as the holders of common share and have the same distribution order and ratio;

b. In an event of any liquidation, dissolution or winding up of the Company, the proceeds shall be used first to pay the Series A shareholders their original investment amount plus accrued dividends, if any. Then, any remaining proceeds are distributed to the holders of Series A and common share shareholders on a pro rata basis.

c. In an event that we are merged by or become a subsidiary of other company in a business combination or that we sell, lease, transfer, exclusively license, or by any other means dispose all or substantially all of our assets, we should redeem the entire outstanding Series A at the price described above, unless 60% of Series A shareholders elect not to do so.

d. The Series A shareholders have rights to vote and be elected in a shareholders' meeting, and the determination of number of votes is the same as the common shares.

e. If we intend to issue new common shares for capital increase in cash, and the price per share is lower than the subscription price of Series A share, we shall obtain an approval from the Series A shareholders in a meeting.

f. We shall not undertake any of the following decisions or actions without the consent of at least 50% of the Series A shareholders:

   1) Liquidate, dissolve or wind-up; merge by or become a subsidiary of other company in a business combination; or sell, lease, transfer, exclusively license, or by any other means dispose all or substantially all of our assets.

   2) Amend, alter, or repeal any provision of the Articles of Incorporation in a manner adverse to the Series A shareholders.

   3) Issue any preferred share having rights, preferences or privileges senior to or on parity with the Series A shares, or issue another Series A preferred shares.

   4) Purchase or redeem or pay any dividend on any capital share that have higher priority than the Series A.

   5) Issue any debt security, except for the needs for equipment leases or bank loan.

   6) Acquire or increase investment in any subsidiary, except for our wholly-owned subsidiary, or dispose of any subsidiary or all or substantially all of any subsidiary's assets.

   7) Increase or decrease the number of directors stated in the Articles of Incorporation.

   8) Issue common shares at a price lower than the Series A's issuance price, or issue convertible preferred shares or convertible corporate bonds with a conversion price lower than the Series A's issuance price.

g. The Series A shareholders have the right to convert their one Series A share for one common share, in whole or in part, at any time. Within the scope of relevant regulations, the anti-dilution provisions applicable to common shares, including the preemptive right when issuing new shares, shall be also applicable to the Series A.

h. Three years after the issuance date, the Series A shareholders may request us to redeem the entire class of Series A at the price of original investment amount plus accrued dividends, if any. The redemption should be paid in three years and equal portion.

Our Series A have certain redemption rights that we consider to be outside of our control. Accordingly, the Series A are presented as temporary equity on the balance sheets.

15. SHAREHOLDERS' DEFICIT

a. Common share

On February 6, 2016, the Company's board of directors resolved to carry out a capital reduction plan that reduced the Company's capital by $110,000 thousand, eliminated 11,000 thousand shares, and returned the capital to the shareholders by properties other than cash, i.e., the Company's entire equity interest (13,500 thousand shares) in CVie Cayman. The reduction rate was 35.03%, and the transaction price was $8.15 per share. The capital reduction was resolved in the special shareholders' meeting held on March 2, 2016. The record date of the capital reduction was March 2, 2016, and the registration with the government was completed on March 25, 2016.

b. Additional paid-in capital ("APIC")

Our APIC consist of $124 thousand arising from shares issued in excess of par and $7,959 arising from the difference between consideration received and the carrying amount of the subsidiary's net assets during actual disposal transactions as described in the above capital reduction and return of capital in 2016. The above APIC may be used to offset a deficit, and when we have no deficit, such APIC may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of our APIC and once a year.

c. Accumulated deficit and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Company's dividend policy is in line with the current and future development plans, taking into account the investment environment, capital requirements, and domestic and foreign competition conditions as well as the interests of shareholders. When making appropriation of earnings, dividends to shareholders should not be less than 50% of distributable earnings; when, the accumulated earnings is less than 50% of the Company's paid-in capital, distribution may not be made. Distribution of earnings can be made in cash or in share, of which cash dividend shall not be less than 30% of total dividends declared.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-Taiwan resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

There were no appropriations of earnings for 2017 and 2016 because the Company had accumulated deficit.

16. INCOME TAX

a. The major components of tax expense recognized in profit or loss

The reconciliation of income tax benefit calculated at the statutory rate statutory tax rate with income tax expense recognized in profit or loss is summarized as follows:

	For the Nine Months Ended September 30 2018	For the Nine Months Ended September 30 2017
Income tax benefit calculated at the statutory rate	$ (21,112)	$ (40,723)
Nondeductible expenses in determining taxable income	48	45
Unrecognized loss carryforwards	23,155	17,398
Unrecognized deductible temporary differences	(2,091)	23,280
Income tax expense recognized in profit or loss	$ -	$ -

The statutory income tax rate is 20% and 17% for 2018 and 2017, respectively.

The Income Tax Act in Taiwan was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings has been reduced from 10% to 5%. This change of income tax rate increased our deferred tax assets and related valuation allowance by $17,050 thousand.

b. Deferred income tax

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of our deferred tax assets and liabilities are as follows:

	September 30, 2018	December 31, 2017
Deferred tax assets (liabilities)		
Net operating loss carryforwards	$ 110,275	$ 74,052
Amortization of patent	22,441	20,497
Others	2,014	2,067
Total deferred tax assets (liabilities)	134,730	96,616
Valuation allowance	(134,730)	(96,616)
Net deferred tax assets (liabilities)	$ -	$ -

We are in a net deferred tax asset position at September 30, 2018, December 31, 2017 and September 30, 2017 before the consideration of a valuation allowance. Because we have never realized a profit, management has fully provided with allowance the net deferred tax asset since realization is not assured.

c. Income tax assessments

Our tax returns through 2017 have been assessed by the tax authorities.

17. RELATED PARTY TRANSACTIONS

a. Purchase of inventory

During 2018, we purchased $5,790 thousand inventory from our sole supplier, Lee's HK. As of September 30, 2018, the outstanding balance of accounts payable to Lee's HK was $5,838 thousand.

b. Research and development

We extensively rely on contract research organizations ("CROs"), including Zhaoke Pharmaceutical (Hefei) Co., Ltd. ("Zhaoke HF") and Zhaoke Pharmaceutical (Guangzhou) Co., Ltd. ("Zhaoke GZ"), subsidiaries of Lee's Holding, to perform most of our preclinical and clinical trial activities, including document preparation, site identification, screening and preparation, pre-study visits, training, program management and bioanalytical analysis. The expenses incurred and amount due to Zhaoke HF and Zhaoke GZ depend on the milestone set out in the contracts. The following table summarizes the account and transaction balances we have with the related parties:

Line Items	Name of Related Party	September 30, 2018	December 31, 2017
Due to related parties	Zhaoke HF	$ 28,739	$ 29,460
	Zhaoke GZ	18,809	-
		$ 47,548	$ 29,460

Line Items	Name of Related Party	For the Nine Months Ended September 30 2018	2017
Research and development expenses -	Zhaoke GZ	$ 19,869	$ -
contract research expense	Zhaoke HF	869	10,206
		$ 20,738	$ 10,206

c. Financing

As of September 30, 2018, we borrowed $24,420 thousand (US$800 thousand) from Lee's Pharmaceutical International Limited ("Lee's Intl"), a subsidiary of Lee's Holding. The borrowing was recorded in short-term debt - related parties with an annual interest rate of 4%, which was comparable to the market interest rate. The interest expense was $285 thousand for the nine months ended September 30, 2018, and the accrued interest was $285 thousand as of September 30, 2018, reported in due to related parties.

d. Others

Some of our overseas expenses, such as CRO expenses, traveling expenses, service fees, trial material and supplies were paid by related parties on our behalf. The following table summarizes the payables due to them:

Line Items	Name of Related Party	September 30, 2018	December 31, 2017
Due to related parties	Lee’s HK	$ 1,851	$ 1,607
	CVie Cayman	5,850	5,661
	Others	51	-
		$ 7,752	$ 7,268

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On December 21, 2018, Windtree Therapeutics, Inc. (the “Company” or “Windtree”) and WT Acquisition Corp. (“Merger Sub”), an exempted company with limited liability incorporated under the laws of the Cayman Islands and a direct wholly owned subsidiary of the Company, entered into an Agreement and Plan of Merger with CVie Investments Limited (“CVie”), an exempted company with limited liability incorporated under the laws of the Cayman Islands, pursuant to which Merger Sub merged with and into CVie, with CVie surviving the merger as a wholly owned subsidiary of the Company. The Company will operate CVie, and its wholly-owned subsidiary CVie Therapeutics Limited (“CVie Therapeutics”), a Taiwan corporation organized under the laws of the Republic of China and CVie's operating company, as a business division focused on development of drug product candidates in cardiovascular diseases.

The Merger was undertaken by the Company as part of a strategic initiative to create stockholder value that resulted from a multi-year process focused on identifying strategic opportunities, including potential strategic alliances, collaborations (primarily outside the United States), joint development opportunities, acquisitions, technology licensing arrangements, as well as potential combinations (including by merger or acquisition) or other corporate transactions.

Under the terms of the Merger Agreement, the Company issued shares of its common stock, par value $0.001 per share (“Common Stock”), to CVie’s former shareholders, at an exchange ratio of 0.3512 share of Common Stock for each share of CVie outstanding prior to the Merger, resulting in the issuance of 16,265,060 shares of Common Stock being issued in exchange for the shares of CVie. The Merger closed on December 21, 2018. The preliminary purchase price for the CVie acquisition was approximately $67.5 million.

The unaudited pro forma condensed combined financial statements included herein use the acquisition method of accounting, with the Company treated as the acquirer. The pro forma adjustments are based on currently available information and upon assumptions that the Company believes are reasonable under the circumstances. A final determination of the purchase price and allocation thereof to the assets acquired and the liabilities assumed has not been made and, therefore, the allocation reflected in the unaudited pro forma condensed combined financial statements should be considered preliminary and is subject to the completion of a more comprehensive valuation of the assets acquired and liabilities assumed. The final determination of the purchase price and allocation thereof could differ from the pro forma information included herein. Amounts preliminarily allocated to intangible assets, property, plant and equipment, inventory, and goodwill may change significantly, and amortization methods and useful lives may differ from the assumptions that have been used in this unaudited pro forma condensed combined financial information, any of which could result in a material change in operating expenses.

The following unaudited pro forma condensed combined balance sheet as of September 30, 2018 and the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2018 and the year ended December 31, 2017 are based on the separate historical financial statements of the Company and CVie Therapeutics after giving effect to the acquisition and the assumptions and preliminary pro forma adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined balance sheet presents the Company’s historical financial position combined with CVie Therapeutics as if the acquisition and financing had occurred on September 30, 2018. The unaudited pro forma condensed combined statements of operations are presented as if the acquisition and financing had occurred on January 1, 2017 and combines the historical results of the Company and CVie Therapeutics for the nine months ended September 30, 2018 and for year ended December 31, 2017. The historical financial results have been adjusted to give effect to pro forma events that are directly attributable to the acquisition, factually supportable, and with respect to the statement of operations, expected to have a continuing impact on the combined results of the companies.

The unaudited pro forma condensed combined statements of operations are provided for illustrative purposes only. The unaudited pro forma condensed combined statements of operations are not necessarily, and should not be assumed to be, an indication of the results that would have been achieved had the acquisition been completed as of the date indicated or that may be achieved in the future and should not be taken as representative of future consolidated results of operations or financial condition of the Company. Furthermore, no effect has been given in the unaudited pro forma condensed combined statements of operations for synergistic benefits and potential cost savings, if any, that may be realized through the combination of the companies or the costs that may be incurred in integrating their operations.

The unaudited pro forma condensed combined financial statements should be read together with the accompanying notes, the historical consolidated financial statements of the Company and accompanying notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 and the Company’s Quarterly Report on Form 10-Q for the period ended September 30,2018, and the historical financial statements of CVie Therapeutics and accompanying notes for the nine months ended September 30, 2018 and years ended December 31, 2017 and 2016, included in Exhibit 99.1 and 99.2 to this Current Report on Form 8-K/A.

Unaudited Pro Forma Condensed Combined Balance Sheet
September 30, 2018
(dollars in thousands)

	Historical		Pro Forma		
	Windtree	**CVie (Note 3)**	**Pro Forma Adjustments (Note 2)**		**Combined**
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 640	$ 65	$ 28,898	(a)(b)	$ 29,603
Prepaid expenses and other current assets	399	299	-		698
Total current assets	1,039	364	28,898		30,301
Property and equipment, net	764	84	-		848
Restricted cash	140	31	-		171
Intangible assets	-	-	70,290	(c)	70,290
Goodwill	-	-	19,263	(d)	19,263
Total assets	**$ 1,943**	**$ 479**	**$ 118,451**		**$ 120,873**
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable	$ 4,519	$ 191	$ -		$ 4,710
Collaboration payable	3,770	-	(1,000)	(e)	2,770
Accrued expenses	4,069	3,020	-		7,089
Deferred revenue - current portion	503	-	-		503
Loan payable	4,280	5,327	(4,280)	(e)	5,327
Convertible note payable	969	-	-		969
Total current liabilities	18,110	8,538	(5,280)		21,368
Restructured debt liability	15,000	-	-		15,000
Deferred tax liabilities	-	-	13,994	(f)	13,994
Other liabilities	166	-	-		166
Total liabilities	**33,276**	**8,538**	**8,714**		**50,528**
Mezzanine equity					
Redeemable preferred stock	-	7,402	(7,402)	(g)	-
Stockholders' Equity:					
Preferred stock	-	-	-	(g)	-
Common stock	4	6,692	(6,665)	(g)	31
Additional paid-in-capital	620,322	265	108,873	(g)(h)	729,460
Accumulated deficit	(648,605)	(22,418)	14,931	(g)(h)	(656,092)
Treasury stock	(3,054)	-	-		(3,054)
Total stockholders' equity	(31,333)	(15,461)	117,139		70,345
Total liabilities and stockholders' equity	**$ 1,943**	**$ 479**	**$ 118,451**		**$ 120,873**

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the nine months ended September 30, 2018
(dollars in thousands, except per share data)

	Historical		Pro Forma	
	Windtree	CVie (Note 3)	Pro Forma Adjustments (Note 2)	Combined
Revenues:				
Sales revenue	$ -	$ 33	$ -	$ 33
Grant revenue	765	-	-	765
License revenue with affiliate	719	-	-	719
Total revenues	1,484	33	-	1,517
Expenses:				
Research and development	8,194	3,027	-	11,221
General and administrative	4,634	527	(323) (i)	4,838
Total operating expense	12,828	3,554	(323)	16,059
Operating loss	(11,344)	(3,521)	323	(14,542)
Other income/ (expense):				
Interest income	9	-	-	9
Interest expense	(642)	(56)	147 (j)	(551)
Other income	486	51	-	537
Other income/ (expense), net	(147)	(5)	147	(5)
Net loss	$ (11,491)	$ (3,526)	$ 470	$ (14,547)
Net loss attributable to common shareholders	$ (11,491)	$ (3,526)	$ 470	$ (14,547)
Net loss per common share				
Basic and diluted	$ (3.21)			$ (0.46)
Weighted average number of common shares outstanding				
Basic and diluted	3,585		28,051 (k)	31,636

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

Unaudited Pro Forma Combined Statement of Operations
For the year ended December 31, 2017
(dollars in thousands, except per share data)

	Historical		Pro Forma	
	Windtree	CVie (Note 3)	Pro Forma Adjustments (Note 2)	Combined
Revenues:				
Sales revenue	$ -	$ -	$ -	$ -
Grant revenue	1,383	-	-	1,383
License revenue with affiliate	102	-	-	102
Total revenues	1,485	-	-	1,485
Expenses:				
Research and development	17,376	9,170	-	26,546
General and administrative	6,657	636	-	7,293
Total operating expense	24,033	9,806	-	33,839
Operating loss	(22,548)	(9,806)	-	(32,354)
Other income/ (expense):				
Gain on debt restructuring	5,824	-	-	5,824
Interest income	12	1	-	13
Interest expense	(1,863)	(53)	12 (j)	(1,904)
Other income	129	46	-	175
Other income/ (expense), net	4,102	(6)	12	4,108
Net loss	$ (18,446)	$ (9,812)	$ 12	$ (28,246)
Deemed dividend on Series A preferred stock	(6,370)	-	-	(6,370)
Net loss attributable to common shareholders	$ (24,816)	$ (9,812)	$ 12	$ (34,616)
Net loss per common share				
Basic and diluted	$ (24.14)			$ (1.19)
Weighted average number of common shares outstanding				
Basic and diluted	1,028		28,051 (k)	29,079

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

(All amounts in thousands, except per share amounts, unless otherwise noted.)

1. Description of Transaction and Basis of Presentation

On December 21, 2018, the Company completed the purchase of CVie in a non-taxable transaction. The aggregate purchase price is approximately $67.5 million, which is comprised of the issuance of approximately 16.3 million shares of common stock, $0.001 par value, of Windtree (the "Consideration Shares"). The fair value of the common stock was determined based on the closing price on December 20, 2018, of $4.15, as outlined within the Merger Agreement.

For the purposes of these pro forma financial statements, the estimated aggregate purchase price has been preliminarily allocated based on an estimate of the fair value of assets acquired and liabilities assumed as of the acquisition date. The allocation of the estimated acquisition consideration for CVie is based on estimates, assumptions, valuations and other studies which have not yet been finalized in order to make a definitive allocation. The final amounts allocated to assets acquired and liabilities assumed could differ materially from the amounts presented in the unaudited pro forma condensed combined financial statements.

The following table summarizes the allocation of the preliminary estimated aggregate purchase price to the estimated fair value of the net assets acquired as of December 21, 2018 (in thousands):

Assets Acquired		
Cash and cash equivalents	$	193
Prepaid expenses and other current assets		387
Property and equipment, net		76
Intangible assets		70,290
Goodwill		20,290
Restricted cash		31
Total assets acquired	$	91,267
Liabilities Assumed		
Accounts payable	$	99
Accrued expenses		1,723
Loan payable		7,944
Deferred tax liabilities		13,994
Other liabilities		7
Total liabilities assumed	$	23,767
Purchase Price	$	67,500
Net assets acquired, excluding goodwill	$	47,210

2. Unaudited Pro Forma Condensed Combined Financial Statement Adjustments

The pro forma adjustments are preliminary, based on estimates, and are subject to change as more information becomes available and after final analyses of the fair values of both tangible and intangible assets acquired and liabilities assumed are completed. Accordingly, the final fair value adjustments may be materially different from those presented herein.

The historical consolidated financial statements have been adjusted in the pro forma condensed consolidated financial statements to give effect to pro forma events that are: (i) directly attributable to the transaction; (ii) factually supportable; and (iii) with respect to the pro forma condensed consolidated statements of operations, expected to have a continuing impact on the combined results following the business combination.

The business combination was accounted for under the acquisition method of accounting in accordance with ASC Topic 805, *Business Combinations*. As the acquirer for accounting purposes, the Company has estimated the fair value of CVie's assets acquired and liabilities assumed.

The pro forma condensed combined financial statements do not necessarily reflect what the consolidated company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the consolidated company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The pro forma condensed combined financial statements do not reflect the realization of any expected cost savings or other synergies from the acquisition of CVie as a result of restructuring activities and other planned cost savings initiatives following the completion of the business combination.

There were no material intercompany balances or transactions between the Company and CVie as of the dates and for the periods of these unaudited pro forma condensed combined financial statements. The Company has not identified any pre-acquisition contingencies where the related asset, liability or impairment is probable and the amount of the asset, liability or impairment can be reasonably estimated. Prior to the end of the purchase price allocation period, if information becomes available which would indicate it is probable that such events have occurred and the amounts can be reasonably estimated, such items will be included in the purchase price allocation.

The pro forma adjustments included in the unaudited pro forma condensed combined financial statements are as follows:

a. Included in this amount is approximately $32.0 million of cash proceeds from the private placement financing the Company entered into in connection with the transaction. On December 21, 2018, the Company agreed to issue and sell approximately 11.8 million shares of Common Stock to select institutional investors at a price per share of $3.31312, for an aggregate purchase price of approximately $39.0 million. As part of the private placement financing, investors also received: (i) Series F warrants to purchase approximately 2.0 million shares of Common Stock at an exercise price equal to $3.68 per share and (ii) Series G warrants to purchase approximately 3.9 million shares of Common Stock at an exercise price equal to $4.05 per share (the “Warrants”). The difference between the aggregate purchase price of $39.0 million and the net cash proceeds of $32.0 million represents the conversion of certain of the Company’s payables and debt into Common Stock. See Footnote e for discussion.

b. Included in this amount is approximately $3.15 million of transaction costs not reflected in the historical financial statements. Transaction costs that are directly attributable to the transaction and factually supportable but nonrecurring are reflected in the pro forma balance sheet as pro forma adjustments to retained earnings.

c. Represents acquisition accounting adjustment for the preliminary estimated fair value of acquired intangible assets. The fair value is a preliminary estimate and may be adjusted within one year of the proposed transaction in accordance with U.S. GAAP. The fair value of the intangible assets is determined primarily using the “income approach” which requires management forecasts of all of the expected future cash flow. The Company acquired two in-process research and development (“IPR&D”) intangible assets relating to two primary clinical stage drug candidates. The following table summarizes the estimated fair value of CVie’s identifiable intangible assets (dollars in thousands):

	Estimated Fair Value
In process research and development:	
Istaroxime ("Ista") - drug candidate	$ 19,910
Rostafuroxin ("Rosta") - drug candidate	50,380
Total	$ 70,290

Under ASC 805, all intangible assets acquired in a business combination that are used in research and development activities (IPR&D assets) are capitalized as indefinite-lived intangible assets and are tested for impairment in accordance with ASC 350. The acquired assets will remain indefinite-lived assets until completion or abandonment, where the Company will perform an impairment test immediately prior to the change in classification and determine the useful life upon completion or write off the asset to expense in the period of abandonment.

d. Represents the adjustment necessary to reflect the preliminary estimated goodwill associated with the acquisition.

e. Represents the conversion of certain of the Company’s payables and debt into Common Stock in connection the private placement financing, as discussed in Footnote a. As of December 21, 2018, the Company converted $1.0 million of payables and $6.0 million of debt into Common Stock. As of September 30, 2018, the date that the pro forma condensed consolidated balance sheet was prepared, the Company had an outstanding balance of approximately $4.3 million relating to the debt that was converted. Based on the outstanding balance as of September 30, 2018, the conversion resulted in the Company recording a loss on extinguishment of debt of approximately $3.9 million, based on the difference between the fair value of the Common Stock and warrants issued of approximately $9.1 million and the aggregate outstanding balance converted at approximately $5.3 million.

f. Represents the acquisition accounting adjustment for the preliminary deferred tax liabilities associated with the transaction.

g. Represents the following transactions: (i) recognition of the impact of the private placement (as discussed in Footnote a) on the Company's equity by recording the net proceeds to common stock at par and additional paid in capital, (ii) recognition of transaction costs as an adjustment to accumulated deficit (as discussed in Footnote b), (iii) recognition of the conversion of debt (as discussed in Footnote e) by recording the fair value of the common stock and warrants issued to common stock at par and additional paid capital and the loss on extinguishment of debt to accumulated deficit, (iv) recognition of the purchase consideration to additional paid in capital, and (v) the elimination of CVie Therapeutics's historical equity.

h. Included in this amount is approximately $0.5 million of private placement fees, paid in the form of Windtree Common Stock.

i. Represents the elimination of transactions costs that are included in the historical financial results of the Company for the nine months ended September 30, 2018 that would have been incurred in the year ended December 31, 2016 assuming a January 1, 2017 acquisition date.

j. Represents the elimination of interest expense related to Lee's debt and the Battelle Payables that were paid by the Company as part of the private placement, assuming the debt and accrued interest were paid on January 1, 2017.

k. Represents the pro forma earnings per share, calculated to include the impact of the issuance of 16.3 million shares of the Company's common stock as acquisition consideration and the issuance of 11.8 million shares of the Company's common stock as part of the private placement. The weighted average shares used to compute basic earnings per share assumes that the acquisition and private placement took place on January 1, 2017.

3. CVie Therapeutics Historical Financial Statement Reconciliations

Balance Sheet as of September 30, 2018

The following schedule summarizes CVie Therapeutics's financial statements, presented in New Taiwan Dollar (NTD), translated into U.S. dollars at the September 30, 2018 exchange rate of NTD 1.00 = USD $0.0328 (in thousands):

	NTD		USD	
	U.S. GAAP CVie		U.S. GAAP CVie	
ASSETS				
Current Assets:				
Cash and cash equivalents	$	1,974	$	65
Prepaid expenses and other current assets		9,113		299
Total current assets		11,087		364
Property and equipment, net		2,554		84
Restricted cash		936		31
Intangible assets		-		-
Goodwill		-		-
Total assets	**$**	**14,577**	**$**	**479**
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	5,838	$	191
Collaboration payable		-		-
Accrued expenses		92,081		3,020
Deferred revenue - current portion		-		-
Loan payable		162,420		5,327
Convertible note payable		-		-
Total current liabilities		260,339		8,538
Restructured debt liability		-		-
Deferred revenue		-		-
Other liabilities		-		-
Total liabilities		**260,339**		**8,538**
Mezzanine equity				
Redeemable preferred stock		225,669		7,402
Stockholders' Equity:				
Preferred stock		-		-
Common stock		204,031		6,692
Additional paid-in-capital		8,083		265
Accumulated deficit		(683,545)		(22,418)
Treasury stock		-		-
Total stockholders' equity		(471,431)		(15,461)
Total liabilities and stockholders' equity	**$**	**14,577**	**$**	**479**

Statement of Operations for the Nine Months Ended September 30, 2018

The following schedule summarizes CVie Therapeutics's financial statements, presented in New Taiwan Dollar (NTD), translated into U.S. dollars at the average exchange rate for the nine months ended September 30, 2018 exchange rate of NTD 1.00 = USD $0.0334 (in thousands):

	NTD U.S. GAAP CVie	USD U.S. GAAP CVie
Revenues:		
Sales revenue	$ 993	$ 33
Grant revenue	-	-
License revenue with affiliate	-	-
Total revenues	993	33
Expenses:		
Research and development	90,633	3,027
General and administrative	15,765	527
Total operating expense	106,398	3,554
Operating loss	(105,405)	(3,521)
Other income/ (expense):		
Interest income	10	-
Interest expense	(1,690)	(56)
Other income	1,523	51
Other income/ (expense), net	(157)	(5)
Net loss	$ (105,562)	$ (3,526)
Deemed dividend on Series A preferred stock	-	-
Net loss attributable to common shareholders	$ (105,562)	$ (3,526)

Statement of Operations for the Year Ended December 31, 2017

The following schedule summarizes CVie Therapeutics's financial statements, presented in New Taiwan Dollar (NTD), translated into U.S. dollars at the average exchange rate for the year ended December 31, 2017 exchange rate of NTD 1.00 = USD $0.0328 (in thousands):

	NTD	USD
	U.S. GAAP CVie	**U.S. GAAP CVie**
Revenues:		
Sales revenue	$ -	$ -
Grant revenue	-	-
License revenue with affiliate	-	-
Total revenues	-	-
Expenses:		
Research and development	279,562	9,170
General and administrative	19,390	636
Total operating expense	298,952	9,806
Operating loss	(298,952)	(9,806)
Other income/ (expense):		
Interest income	23	1
Interest expense	(1,604)	(53)
Other income	1,392	46
Other income/ (expense), net	(189)	(6)
Net loss	$ (299,141)	$ (9,812)
Deemed dividend on Series A preferred stock	-	-
Net loss attributable to common shareholders	$ (299,141)	$ (9,812)