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COVENTURE INTERNATIONAL INC  
Form 10QSB  
December 12, 2003

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended October 31, 2003

Commission File Number: 0-31539

COVENTURE INTERNATIONAL INC.  
(Exact name of small business issuer as specified in its charter)

Delaware ----- (Jurisdiction of Incorporation)	98-0231607 ----- (I.R.S. Employer Identification No.)
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404 First Street West, Unit 3  
Cochrane, Alberta, Canada T4C 1A5  
-----  
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (403) 851-2600

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.) Yes [x] No [ ]

As of December 13, 2003 the Company had 7,022,200 shares of common stock issued and outstanding.

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Coventure International Inc.  
(a development stage enterprise)  
Consolidated Financial Statements  
October 31, 2003  
(Unaudited)

Coventure International Inc.  
(a development stage enterprise)  
Consolidated Balance Sheets  
  
(expressed in U.S. dollars)

ASSETS

	October 31, 2003	July 31, 2003
	----- (Unaudited)	
CURRENT		
Cash	\$ 1,833	\$ 4,992
Accounts receivable	19,314	-
Prepaid expenses and deposits	1,649	824
	----- 22,796	----- 5,816
PROPERTY, PLANT AND EQUIPMENT, at cost (Note 2)		
Furniture and equipment	2,529	583
Leasehold improvements	6,186	-
	----- 8,715	----- 583
Less: accumulated depreciation	573	218
	----- 8,142	----- 365
	----- \$ 30,938	----- \$ 6,181
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 22,013	\$ 14,238
Advances from stockholder (Note 4)	10,000	10,000
Deferred revenue	30,722	-
	----- 62,735	----- 24,238
STOCKHOLDERS' EQUITY (DEFICIT)		
Share capital (Note 3)		
Common stock - \$0.0001 par value		
30,000,000 authorized; 7,022,200 issued and		
outstanding (July 31, 2003 - 6,974,200)	702	697
Preferred stock - \$0.0001 par value		

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5,000,000 authorized		
Additional paid-in capital	139,280	127,285
Deficit accumulated in the development stage	(171,779)	(146,039)
	-----	-----
	(31,797)	(18,057)
	-----	-----
	\$ 30,938	\$ 6,181
	=====	=====

### COMMITMENTS (Note 6)

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

Coventure International Inc.  
(a development stage enterprise)  
Consolidated Statements of Operations  
For the Three-Month Periods Ended  
October 31, 2003 and October 31, 2002  
(Unaudited)

(expressed in U.S. dollars)

	Three Months Ended October 31, 2003	Three Months Ended October 31, 2002	Period from March 31, 1999 (date of incorporation) To October 31, 2003	Period from March 31, 1999 (date of incorporation) to October 31, 2002
	-----	-----	-----	-----
Revenue	\$ 9,587	\$ -	\$ 27,053	\$ 2,678
	-----	-----	-----	-----
Expenses				
Professional fees	7,000	809	87,646	30,861
Management fees	12,915	-	36,625	21,505
Administration	6,725	435	32,605	18,793
Consulting fees	-	4,500	18,850	18,850
Advertising and promotion	4,047	-	9,689	5,064
Sub-contract	1,344	-	8,671	-
Commissions	2,941	-	2,941	-
Write-off of impaired asset	-	-	1,000	1,000

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Bad debts	-	-	244	-
Gain on sale of equipment	-	(49)	(49)	(49)
Depreciation	355	37	610	146
	35,327	5,732	198,832	96,170
Loss from operations	\$ (25,740)	\$ (5,732)	\$ (171,779)	\$ (93,492)
Loss per Share Basic and diluted	\$ (0.00)	\$ (0.00)		

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

Coventure International Inc.  
(a development stage enterprise)  
Consolidated Statements of Cash Flows  
For the Three-Month Periods Ended  
October 31, 2003 and October 31, 2002  
(Unaudited)

(expressed in U.S. dollars)

	Three Months Ended October 31, 2003	Three Months Ended October 31, 2002	Period from March 31, 1999 (date of incorporation) To October 31, 2003	Period from March 31, 1999 (date of incorporation) to October 31, 2002
Cash flows used in operating activities				
Net loss for the period	\$ (25,740)	\$ (5,732)	\$ (171,779)	\$ (93,492)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation	355	37	610	146
Write-off of impaired asset	-	-	1,000	1,000
Gain on sale of equipment	-	(49)	(49)	(49)
Changes in operating assets and liabilities				
Accounts receivable	(19,314)	(594)	(19,314)	(1,853)
Prepaid expenses and deposits	(825)	-	(1,649)	-
Accounts payable	7,775	5,913	22,013	21,948
Deferred revenue	30,722	-	30,722	-
Net cash used in operating				

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activities	(7,027)	(425)	(138,446)	(72,300)
-----				
Investing activities				
Purchase of property, plant and equipment	(8,132)	-	(9,007)	(875)
Purchase of license	-	-	(1,000)	(1,000)
Proceeds on sale of equipment	-	304	304	304
-----				
Net cash provided by (used in) investing activities	(8,132)	304	(9,703)	(1,571)
-----				
Financing activities				
Advances from stockholder	-	-	10,000	10,000
Issuance of share capital	12,000	-	139,982	63,982
-----				
Net cash provided by financing activities	12,000	-	149,982	73,982
-----				
Increase (decrease) in cash during the period	(3,159)	(121)	1,833	111
Cash at beginning of period	4,992	232	-	-
-----				
Cash at end of period	\$ 1,833	\$ 111	\$ 1,833	\$ 111
=====				

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

Coventure International Inc.  
(a development stage enterprise)  
Notes to Consolidated Financial Statements  
October 31, 2003  
(Unaudited)

(expressed in U.S. dollars)

1. FORMATION AND BUSINESS OF THE COMPANY

Coventure International Inc. (the "Company") was incorporated in Delaware, U.S.A. on March 31, 1999 as Bullet Environmental Systems, Inc. and changed its name on May 25, 2000 to Liquidpure Corp. On February 14, 2002, the Company changed its name to Coventure International Inc.

The Company is a development stage enterprise engaged in the business of providing management consulting products and services through an eventual network of regionally licensed operators in North America. The Company's services include accounting, tax, planning and consulting.

These financial statements include the accounts of the Company and its

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wholly-owned subsidiary Coventure Canada Inc. (the "Subsidiary"). The Subsidiary was incorporated in the Province of Alberta, Canada on February 5, 2002.

### Going concern

The accompanying financial statements have been presented assuming the Company will continue as a going concern. At October 31, 2003, the Company had accumulated \$171,779 in losses and had no material revenue producing operations. At the date of this report, the Company's ability to continue as a going concern is dependent upon its ability to raise additional capital, achieve profitable operations or merge with a revenue-producing venture partner.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### General Information

The accompanying unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles in the United States and Form 10-QSB requirements. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles financial statements. In the opinion of management, the accompanying interim financial statements contain all the adjustments (consisting of only normal recurring accruals) necessary to present fairly the Company's financial position as of October 31, 2003 and its results of operations and its cash flows for the three-month period ended October 31, 2003. The results of operations for the interim period are not necessarily indicative of the results to be expected for the fiscal year. For further information, refer to the Company's financial statements and related footnotes for the year ended July 31, 2003.

Coventure International Inc.  
(a development stage enterprise)  
Notes to Consolidated Financial Statements  
October 31, 2003  
(Unaudited)

(expressed in U.S. dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### Revenue Recognition

The Company recognizes revenue in accordance with applicable accounting regulations. Accordingly, revenues from services are recognized when all significant contractual obligations have been satisfied and collection is reasonably assured.

### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

### Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between financial statement and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

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Deferred tax assets are reduced by a valuation allowance in respect of amounts considered by management to be less likely than not of realization in future periods.

### Foreign currency translation

Unless otherwise stated, all amounts are in United States dollars. The functional currency of the Company and its Subsidiary is the Canadian dollar. Hence, all asset and liability amounts denominated in Canadian dollars have been translated using the exchange rate as at October 31, 2003 and all expenses have been translated using the average exchange rate for each month. The rates used were as follows:

(equivalent Cdn \$ per U.S. \$)  
October 31 rate .7583

### Depreciation

Depreciation of property, plant and equipment is provided for on the straight-line basis over the estimated useful life of the assets at the following rates:

Furniture and equipment 25%  
Leasehold improvements 33%

One-half the normal rate is taken in the year of acquisition.

Coventure International Inc.  
(a development stage enterprise)  
Notes to Consolidated Financial Statements  
October 31, 2003  
(Unaudited)

(expressed in U.S. dollars)

### 3. SHARE CAPITAL

Holders of the common stock are entitled to one vote per share and share equally in any dividends declared and distributions on liquidation.

During the quarter ended October 31, 2003, the Company issued 48,000 shares of common stock at a price of \$0.25 per share.

### 4. RELATED PARTY TRANSACTIONS

- a) During the period, the Company paid management fees of \$12,434 (2002 - \$0) to a director and officer of the Company. These transactions have been recorded using the exchange amount. Accounts payable include \$11,692 (July 31, 2003 - \$1,987) due to the same officer and director.
- b) The advances from a stockholder are interest-free and repayable on demand.

### 5. FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The Company's financial instruments consist of cash, accounts receivable, accounts payable and advances from stockholder. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these

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financial instruments approximate their carrying values.

### 6. COMMITMENTS

The Company entered into an operating lease for office premises. The lease calls for monthly payments of \$890 starting September 1, 2003 until August 31, 2006. In addition, the Company is responsible for its proportionate share of operating costs, currently at \$232 per month.

### Item 2. Management's Discussion and Analysis or Plan of Operations

In the fall of 2003 the Company began providing accounting, tax and business consulting services to small and medium sized businesses in-and-around the Calgary, Alberta region. It is the intent of management to leverage the experience from this regional office to template offices throughout Canada through a network of regionally licensed operators. The consulting services will be designed to improve a client's profitability through strategic analysis, planning, consulting and ongoing evaluation. The Company's core services will attempt to identify inefficiencies and trouble spots in a business before they cause significant problems.

As of December 1, 2003, the Company has established 15 accounts. These clients are small and medium sized businesses that have selected one of the Company's standard programs that incorporate tax and business advisory services for a one-year initial period. Client response has been strong and the Company has implemented numerous refinements to its programs from its experience with its clients.

The Company commenced significant operational activities as of September 1, 2003. A regional office was opened in Cochrane, Alberta, a community west of Calgary, on October 1, 2003. Administrative and inside support staff were hired at that time. Currently two full-times sales people are supported by two inside appointment setters. Client servicing is done by John Hromyk, President and Carla Cochran, CGA. Cash flow deficiencies are being covered through shareholder loans from John Hromyk.

The Company is targeting between \$500,000 and \$750,000 CDN in revenue by the end of the 2004 fiscal year. The Company will be able to expand its consulting services once it raises \$100,000 in capital. Of this amount, \$50,000 will be used to hire and train the analysts and consultants which will provide these services to future clients and \$50,000 will be used to market the Company's products, services, and licensing program. The Company does not know when it will obtain the \$100,000 in capital. The Company's initial focus will be on the development of the Canadian market.

During the three months ended October 31, 2003 the Company's operations used (\$7,027) in cash and the Company spent \$8,132 on office equipment and leasehold improvements. Operating capital was provided from the sale of the Company's common stock which was registered by means of SB-2 registration statement.

This report contains certain forward-looking statements. The Company wishes to advise readers that actual results may differ substantially from such forward-looking statements. Forward-looking statements involve risks and



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uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements, including, but not limited to ability of the Company to meet its cash and working capital needs, the ability of the Company to maintain its existence as a viable entity, and other risks detailed in the Company's periodic report filings with the Securities and Exchange Commission.

### Item 3. Controls And Procedures

Based on the evaluation of the Company's disclosure controls and procedures by John Hromyk, the Company's President and Principal Financial Officer, as of a date within 90 days of the filing date of this quarterly report, such officer has concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities and Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time period specified by the Securities and Exchange Commission's rules and forms.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

## PART II: OTHER INFORMATION

### Item 6. Exhibits and Reports on Form 8-K

#### (a) Exhibits

Number	Exhibit
31	Rule 13a-14(a) Certifications
32	Section 1350 Certifications

#### (b) Reports on Form 8-K - None

SIGNATURES

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In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on December 12, 2003.

COVENTURE INTERNATIONAL INC.

By: /s/ John Hromyk

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John Hromyk, President, Principal  
Financial Officer and Principal  
Accounting Officer