

AUDITFINANSERVIS LLC

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TIN 191318798 OKPO 379412985000

AUDIT REPORT **on accounting (financial) statements** **SkyWay Technologies Co.** **for the period from 01.01.2016 to 31.12.2016**

Ref. No. 8
April 17, 2017

Minsk

To: **General Director of SkyWay Technologies Co.**
Kosareva N.G.

Audited company: SkyWay Technologies Co.

Registered address: 104B Dzerzhinskogo Ave, office 703B, Minsk, Republic of Belarus.

State registration: Certificate of State registration of a legal entity in the Unified State Register No.192425076 dated 12.02.2015.

Taxpayer Identification Number: 192425076

Auditor: Limited Liability Company "Auditfinanservis"

Registered address: 11/7 Komsomolskaya Str., office 18B, 220030, Minsk, Republic of Belarus

State registration: registered in the Unified State Register of the Republic of Belarus under No. 191318798. Certificate of state registration dated 07.09.2010.

We have audited the attached accounting (financial) statements of SkyWay Technologies Co., consisting of:

- accounting balance sheet;
- profit and loss statement;
- statement of changes in equity;
- cash flow statement;
- notes to the accounting (financial) statements.

The management of SkyWay Technologies Co. is responsible for the preparation and submission of accounting (financial) statements in accordance with the legislation of the Republic of Belarus on accounting and reporting. This responsibility extends to developing, implementing and maintaining the proper functioning of the internal control system, which shall ensure the preparation of consistent accounting (financial) statements, having no essential misstatements resulting from errors or fraud; selection and application of appropriate accounting policies and reasonable estimates.

We are responsible for our opinion on the reliability of the accounting (financial) statements and compliance of financial (business) transactions performed by SkyWay Technologies Co. with the legislation, based on the results of this audit.

We have conducted this audit in accordance with the requirements of the national rules of audit. These rules oblige us to comply with professional ethics, plan and execute the audit in such a way as to provide reasonable assurance regarding the presence or absence of essential misstatements in the accounting (financial) statements.

In the course of the audit, we have conducted audit procedures to obtain audit evidence confirming the values and disclosure of information in the accounting (financial) statements. The selection of audit procedures was based on professional judgment considering the assessment of risks of essential misstatement of the accounting (financial) reporting as a result of errors or fraud. When assessing the risk of essential misstatement of the accounting (financial) statements, we reviewed the internal control system of SkyWay Technologies Co. for the purpose of planning further audit procedures depending on assessed risks, but not to express an opinion on the effectiveness of the system functioning.

The audit also included the assessment of the legality of accounting policies adopted, the relevance of accounting values and submission of the accounting (financial) statements.

We believe that in the course of the audit we have obtained sufficient and appropriate audit data, which can be a basis for our audit opinion.

In our opinion, the accounting (financial) statements of SkyWay Technologies Co. executed in accordance with the legislation of the Republic of Belarus on accounting and reporting reliably show the financial situation of SkyWay Technologies Co. as of December 31, 2016, as well as financial performance results and changes in financial situation of SkyWay Technologies Co. for the year finished on the above date, in accordance with the legislation of the Republic of Belarus.

Director of Auditfinanservis LLC */signature/* A.K.Sazonov

The auditor, who headed or conducted the audit:
Auditor */signature/* A.B.Sturlis

Stamp: Republic of Belarus; Minsk; Limited Liability Company Auditfinanservis.

Date: 17.04.2017

BALANCE SHEET

As of January 1, 2017

Company	SkyWay Technologies Co.
Taxpayer Identification Number	192425076
Activity	74201
Incorporation form	Closed Joint-Stock Company
Management body	General Shareholder Meeting
Unit	Thousand Belarusian rubles
Address	222838, Minsk region, Pukhovichi district, agrotown Novosyolki, 1A Leninskaya Str.

Approval date	31.12.2016
Outgoing date	
Incoming date	

Assets	Line code	As of 31.12.2016	As of 31.12.2015
1	2	3	4
I. LONG-TERM ASSETS			
Tangible assets	110	720	98
Intangible assets	120	119	117
Income yielding investments in tangible assets	130	-	-
including:			
investment properties	131		
items of financial rent (leasing)	132	-	-
other income yielding investments in tangible assets	133	-	-
Investments in long-term assets	140	9 272	3 696
Long-term financial investments	150	-	-
Deferred tax assets	160	-	-
Non-current loan receivables	170	-	-
Other long-term assets	180	-	-
TOTAL for Section I	190	10 111	3 911
II. SHORT-TERM ASSETS			
Actual reserves	210	5 156	197
including:			
materials	211	2 358	103
animals in growing and fattening	212	1	
incomplete production	213	2 795	92
finished products and goods	214	2	2
goods shipped	215	-	-
other actual reserves	216	-	-
Long-term assets intended for sale	220	-	-
Prepaid expenses	230	61	30
Value added tax on purchased goods, works, services	240	1 313	137
Short-term loan receivables	250	579	122
Short-term financial investments	260	-	-
Cash and equivalents	270	477	27
Other short-term assets	280	-	-
TOTAL for Section II	290	7 586	513
BALANCE	300	17 697	4 424

Net equity and liabilities	Line code	As of 31.12.2016	As of 31.12.2015
1	2	3	4
III. NET EQUITY			
Authorized capital	410	530	530
Unpaid part of authorized capital	420		
Net shares (stakes in authorized capital)	430	-	-
Reserve capital	440	-	-
Additional capital	450	-	-
Retained profits (uncovered loss)	460	(672)	(460)
Net profit (loss) for accounting period	470		
Targeted financing	480	-	-
TOTAL for Section III	490	(142)	70
IV. LONG-TERM LIABILITIES			
Long-term loans and borrowings	510	2 422	2316
Long-term liabilities on leasing payments	520	-	-
Deferred tax liabilities	530	-	-
Income of future periods	540	-	-
Reserves for future payments	550	-	-
Other long-term liabilities	560	-	-
TOTAL for Section IV	590	2 422	2 316
V. SHORT-TERM LIABILITIES			
Short-term loans and borrowings	610	184	184
Short-term part of long-term liabilities	620	-	-
Short-term credit debts	630	15 233	1 854
including:			
to suppliers, contractors, executors	631	244	72
on advances received	632	1 707	228
on taxes and fees	633	73	11
on social security	634	137	9
on payment for labor	635	444	91
on leasing payments	636	-	-
to property owner (company founders, participants)	637	12 613	1 439
other creditors	638	15	4
Liabilities intended for sale	640		-
Income of future periods	650	-	-
Reserves for future payments	660	-	-
Other short-term liabilities	670	-	-
TOTAL for Section V	690	15 417	2 038
BALANCE	700	17 697	4 424

Director */signature/* N.G. Kosareva

Chief Accountant */signature/* N.N. Pinchuk

Seal: Republic of Belarus; Minsk; SkyWay Technologies Co.

March 30, 2017

PROFIT AND LOSS STATEMENT

for January – December 2016

Company	SkyWay Technologies Co.
Taxpayer Identification Number	192425076
Activity	74201
Incorporation form	Closed Joint-Stock Company
Management body	General Shareholder Meeting
Unit	Thousand Belarusian rubles
Address	1A Leninskaya Str.

Item	Line code	January – December 2016	January – December 2015
1	2	3	4
Revenues from sales of products, goods, works, services	010	3 816	2 286
Net cost of sold products, goods, works, services	020	(2 374)	(1 426)
Gross profit	030	1 442	860
Management expenses	040	(1 429)	(642)
Sales expenses	050	-	-
Profit (loss) on sales of products, goods, works, services	060	13	218
Other revenues from current activities	070	13 267	5 824
Other expenses on current activities	080	(13 395)	(5 863)
Profit (loss) on current activities	090	(115)	179
Revenues from investment activity	100	22	-
including:			
income from disposal of tangible assets, intangible assets and other long-term assets	101	-	-
revenues from participation in registered capital of other organizations	102	-	-
interest receivable	103	21	-
other revenues from investment activity	104	1	-
Expenses on investment activity	110	-	(32)
including:			
expenses on disposal of tangible assets, intangible assets and other long-term assets	111	-	(32)
other expenses on investment activity	112	-	-
Revenues from financial activity	120	540	332
including:			
exchange differences from conversion of assets and liabilities	121	540	332
other revenues from financial activity	122	-	-
Expenses on financial activity	130	(659)	(906)
including:			
interest expenses	131	(96)	(71)
exchange differences from conversion of assets and liabilities	132	(563)	(835)
other expenses on financial activity	133	-	-
Profit (loss) on investment and financial activities	140	(97)	(606)
Profit (loss) before taxation	150	(212)	(427)
Profit tax	160	-	(1)

Item	Line code	January – December 2016	January – December 2015
1	2	3	4
Change of deferred tax assets	170	-	-
Change of deferred tax liabilities	180	-	-
Other taxes and fees deducted from income (revenue)	190	-	-
Other payments deducted from income (revenue)	200	-	-
Net profit (loss)	210	(212)	(428)
Result from revaluation of long-term assets, not included in net profit (loss)	220	-	-
Result from other transactions, not included in net profit (loss)	230	-	-
Total profit (loss)	240	(212)	(428)
Basis profit (loss) per share	250	-	-
Diluted profit (loss) per share	260	-	-

Director */signature/* N.G. Kosareva

Chief Accountant */signature/* N.N. Pinchuk

Seal: Republic of Belarus; Minsk; SkyWay Technologies Co.

March 30, 2017