

AUDITINFORM LLC

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TIN 190592984 OKPO 37658852
Certificate of State Registration No. 0154976 is issued by
the decision of the Minsk City Executive Committee dated 28.02.2008
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AUDIT REPORT on accounting (financial) statements SkyWay Technologies Co. for the period from 01.01.2018 to 31.12.2018

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

Audit Opinion

Audited company: SkyWay Technologies Co.

Registered address: 1a Leninskaya Str., Novoselki agro-town, Pukhovichi district, Minsk region, Republic of Belarus.

State registration: Certificate of State Registration of a legal entity No. 0096008 in the Unified State Register under No.192425076 dated 12.02.2015.

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

- accounting balance sheet as of December 31, 2018;
- profit and loss statement;
- statement of changes in equity;
- cash flow statement;
- notes to the accounting (financial) statements.

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, 2018, 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.

Basis for Audit Opinion

We have conducted this audit in accordance with the requirements of the Law of the Republic of Belarus dated July 1, 2013 "On Audit Activities" and national rules of audit. Our obligations under the legislation of the Republic of Belarus are described in details in the Section

“Obligations of an audit organization for conducting an audit of accounting (financial) statements” of this report.

We have observed the principle of independence in relation to the auditee in accordance with the requirements of the legislation of the Republic of Belarus and the norms of professional ethics.

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.

Key audit issues

As a result of the audit, we have determined that there are no key audit issues to be reported in this audit report.

Entity management’s responsibilities for the preparation of accounting (financial) statements

The management of SkyWay Technologies Co. is responsible for the preparation and faithful submission of accounting (financial) statements in accordance with the legislation of the Republic of Belarus on accounting and reporting; organization of the internal control system, which shall ensure the preparation of consistent accounting (financial) statements that have no essential misstatements resulting from fraud and (or) errors; assessment of the ability to maintain its activities continuously and appropriateness of application of the going concern principle, when preparing accounting statements, as well as for proper disclosure of information related to the going concern in the accounting statements, as appropriate.

Audit organization’s responsibilities for the audit of accounting (financial) statements

The purpose of our audit is to obtain reasonable assurance that the accounting (financial) statements of the auditee do not contain essential misstatements due to errors and (or) fraud and to draw up an audit report containing an opinion.

Reasonable assurance is a high level of confidence, but it is not a guarantee that the audit conducted in compliance with the national auditing rules allows identifying all available essential misstatements.

Misstatements can arise as a result of errors and (or) fraud and are considered essential if it may be reasonably assumed that, either individually or jointly, they can affect the economic decisions of the users of accounting (financial) statements.

As part of the audit conducted in compliance with the national rules for auditing, we apply professional judgment and maintain professional skepticism throughout the audit.

In addition, we do the following:

- identify and assess the risks of essential misstatement of accounting statements due to errors and (or) fraud; develop and implement audit procedures in accordance with the estimated risks; obtain the audit evidence being sufficient and appropriate to serve as a basis for expressing the audit opinion. The risk of failure to detect essential misstatements of accounting statements as a result of fraud is higher than the risk of detection of misstatements as a result of error, since fraud usually implies the existence of specially developed measures aimed at its concealment;
- obtain an understanding of the internal control system of the auditee, which is relevant to the audit in order to plan audit procedures that are appropriate to the circumstances of the audit, but not to express an opinion on the system effectiveness;

- evaluate the proper nature of the accounting policies applied, as well as the relevancy of accounting estimates and the corresponding disclosure of information in the accounting statements;
- evaluate the correctness of applying of the going concern principle by the management of the auditee, and on the basis of the audit evidence obtained, conclude whether there is a significant uncertainty in connection with events or conditions that may raise significant doubts in the ability of the auditee to continue as a going concern. If we come to the conclusion that there is such a significant uncertainty, we should draw attention to the relevant disclosure of this information in the accounting statements in the audit report. In case such disclosure of information is not available, or is inappropriate, we must modify our opinion. Our conclusions are based on the audit evidence received prior to the date of signing the audit report, however, the future event or conditions may lead to the auditee losing its ability to continue as a going concern;
- assess the overall presentation of accounting (financial) statements, its structure and content, including disclosure of information, as well as whether the accounting statements provide a reliable understanding of the underlying operations and events.

We carry out informational interaction with persons charged with management responsibilities, informing them, among other things, about the planned scope and timing of the audit, as well as the significant issues raised during the audit, including significant deficiencies in the internal control system.

We also provide the persons charged with management responsibilities with the statement that all the requirements for the observance of the principle of independence have been fulfilled, and information on all relationships and other issues, that can reasonably be considered as threats of violation of the principle of independence and, if necessary, all precautions has been brought to their attention. Among the issues brought to the attention of persons charged with management responsibilities, we select key audit issues and disclose these issues in the audit report, unless disclosure of information on these issues is prohibited by law, or when we reasonably come to the conclusion that the negative consequences of reporting such information will exceed the benefit of its disclosure.

Other matters

The accounting (financial) statements of the auditee for the period from 1 January to 31 December, 2017 inclusive was checked by AuditInform LLC.

Director of AuditInform LLC	/signature/	I.V. Sazonova
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The auditor, who headed or conducted the audit:

Auditor	/signature/	G.I. Kalinkina
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Stamp: Republic of Belarus; Minsk; Limited Liability Company “Auditinform”.

Date: 26.06.2019

Limited Liability Company “Auditinform”

50/5 Voronyanskogo St., office 17, room 301, 220007, Minsk, Republic of Belarus

Registered in the Unified State Register of Legal Entities and Individual Entrepreneurs under No. 190592984 by the decree of the Minsk City Executive Committee dated 28.02.2008.

BALANCE SHEET

As of January 1, 2019

Company	SkyWay Technologies Co.
Taxpayer Identification Number	192425076
Activity	Architecture and engineering services
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	
Outgoing date	
Incoming date	

Assets	Line code	As of 31.12.2018	As of 31.12.2017
1	2	3	4
I. LONG-TERM ASSETS			
Tangible assets	110	25 577	4 976
Intangible assets	120	2 967	488
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	13 713	22 019
Long-term financial investments	150	3 367	288
Deferred tax assets	160	329	114
Non-current loan receivables	170	-	-
Other long-term assets	180	1338	649
TOTAL for Section I	190	47 291	28 534
II. SHORT-TERM ASSETS			
Actual reserves	210	25 819	13 310
including:			
materials	211	6 282	3 760
animals in growing and fattening	212	1	1
incomplete production	213	19 174	9 018
finished products and goods	214	362	531
goods shipped	215	-	-
other actual reserves	216	-	-
Long-term assets intended for sale	220	-	-
Prepaid expenses	230	175	87
Value added tax on purchased goods, works, services	240	3 654	2 557
Short-term loan receivables	250	3 836	2 544
Short-term financial investments	260	6 228	230
Cash and equivalents	270	14 495	5 036
Other short-term assets	280	-	-
TOTAL for Section II	290	54 207	23 764
BALANCE	300	101 498	52 298

Net equity and liabilities	Line code	As of 31.12.2018	As of 31.12.2017
1	2	3	4
III. NET EQUITY			
Authorized capital	410	95 000	40 000
Unpaid part of authorized capital	420		
Net shares (stakes in authorized capital)	430	-	-
Reserve capital	440	-	-
Additional capital	450	-	-
Retained profits (uncovered loss)	460	(3 054)	(1 324)
Net profit (loss) for accounting period	470		
Targeted financing	480	-	-
TOTAL for Section III	490	91 946	38 676
IV. LONG-TERM LIABILITIES			
Long-term loans and borrowings	510	2 692	2 564
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	2 692	2 564
V. SHORT-TERM LIABILITIES			
Short-term loans and borrowings	610	-	-
Short-term part of long-term liabilities	620	-	-
Short-term credit debts	630	6 860	11 058
including:			
to suppliers, contractors, executors	631	185	331
on advances received	632	4 250	5 068
on taxes and fees	633	182	105
on social security	634	438	214
on payment for labor	635	1 290	706
on leasing payments	636	-	-
to property owner (company founders, participants)	637	61	4 310
other creditors	638	454	324
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	6 860	11 058
BALANCE	700	101 498	52 298

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

PROFIT AND LOSS STATEMENT

for January – December 2018

Company	SkyWay Technologies Co.
Taxpayer Identification Number	192425076
Activity	Architecture and engineering services
Incorporation form	Closed Joint-Stock Company
Management body	General Shareholder Meeting
Unit	Thousand Belarusian rubles
Address	222838, Minsk region, Pukhovichi district, Novosyolki Rural Council, 35, Zorny Shlyakh district, Maryna Gorka

Item	Line code	January – December 2018	January – December 2017
1	2	3	4
Revenues from sales of products, goods, works, services	010	13 905	6 950
Net cost of sold products, goods, works, services	020	(10 177)	(4 254)
Gross profit	030	3 728	2 696
Management expenses	040	(3 532)	(2 719)
Sales expenses	050	-	-
Profit (loss) on sales of products, goods, works, services	060	196	(23)
Other revenues from current activities	070	33 846	26 572
Other expenses on current activities	080	(35 315)	(27 030)
Profit (loss) on current activities	090	(1 273)	(481)
Revenues from investment activity	100	876	38
including:			
income from disposal of tangible assets, intangible assets and other long-term assets	101	36	15
revenues from participation in registered capital of other organizations	102	486	-
interest receivable	103	354	23
other revenues from investment activity	104	-	-
Expenses on investment activity	110	(33)	(1)
including:			
expenses on disposal of tangible assets, intangible assets and other long-term assets	111	(33)	(1)
other expenses on investment activity	112	-	-
Revenues from financial activity	120	2 711	685
including:			
exchange differences from conversion of assets and liabilities	121	2 623	681
other revenues from financial activity	122	88	4
Expenses on financial activity	130	(4 224)	(1 006)
including:			
interest expenses	131	(105)	(96)
exchange differences from conversion of assets and liabilities	132	(3 403)	(893)
other expenses on financial activity	133	(716)	(17)
Profit (loss) on investment and financial activities	140	(670)	(284)

Item	Line code	January – December 2018	January – December 2017
1	2	3	4
Profit (loss) before taxation	150	(1 943)	(765)
Profit tax	160	-	-
Change of deferred tax assets	170	215	114
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	(1 728)	(651)
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	(1 728)	(651)
Basis profit (loss) per share	250	-	-
Diluted profit (loss) per share	260	-	-

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