

INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
Consolidated Balance Sheet
(Unaudited)

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,558	\$ 22,735
Inventory	<u>0</u>	<u>0</u>
Total current assets	<u>1,558</u>	<u>22,735</u>
FIXED ASSETS		
Property and equipment	0	0
Accumulated depreciation	<u>0</u>	<u>0</u>
Total Fixed Assets	<u>0</u>	<u>0</u>
OTHER ASSETS		
Investment in Ciao Telecom, Inc.	6,320,000	6,320,000
Impairment reserve for Ciao Telecom, Inc.	(6,320,000)	(6,320,000)
Investment in unconsolidated companies	<u>0</u>	<u>1,820,493</u>
Total other assets	<u>0</u>	<u>1,820,493</u>
Total Assets	<u><u>\$ 1,558</u></u>	<u><u>\$ 1,843,228</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,702,530	\$ 1,822,978
Short-term debt including accrued interest	<u>776,086</u>	<u>889,924</u>
Total current liabilities	<u>2,478,616</u>	<u>2,712,902</u>
LONG TERM LIABILITIES		
Convertible Notes Payable including accrued interest	<u>6,154,666</u>	<u>0</u>
Total long term liabilities	<u>6,154,666</u>	<u>0</u>
Total Liabilities	<u><u>8,633,282</u></u>	<u><u>2,712,902</u></u>
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, \$0.001 par value, authorized 100,000,000 shares, 0 and 6,000,000 issued and outstanding	0	6,000
Common stock, \$0.001 par value, authorized 400,000,000 shares; 161,802,579 and 161,802,579 issued and outstanding	161,803	161,803
Additional paid-in capital	3,740,365	9,734,365
Accumulated deficit	<u>(12,533,892)</u>	<u>(10,771,842)</u>
Total stockholders' equity (deficit)	<u>(8,631,724)</u>	<u>(869,674)</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 1,558</u></u>	<u><u>\$ 1,843,228</u></u>

The accompanying notes are an integral part of the financial statements

NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
Consolidated Statements of Operations
(Unaudited)

	<u>Three Months ended June 30,</u>		<u>Six Months ended June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
REVENUES, net	\$ 0	\$ 0	\$ 0	\$ 0
COST OF REVENUES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
GROSS MARGIN	0	0	0	0
OPERATING EXPENSES:				
General and administrative expenses	0	54,950	15,522	123,256
Professional fees	0	283,276	1,076	342,106
Depreciation and amortization	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total operating expenses	<u>0</u>	<u>338,226</u>	<u>16,598</u>	<u>465,362</u>
Other income and (expense):				
Interest expense	(129,895)	(16)	(174,456)	(16)
Forgiveness of debt	0	0	0	0
Gain on disposal of operations	124,251	0	124,251	0
Loss on disposal of operations	0	0	(1,695,247)	0
Impairment reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>(5,644)</u>	<u>(16)</u>	<u>(1,745,452)</u>	<u>(16)</u>
Net income (loss)	<u><u>\$(5,644)</u></u>	<u><u>\$ (338,242)</u></u>	<u><u>\$(1,762,050)</u></u>	<u><u>\$ (465,378)</u></u>
Income (loss) per weighted average common share	<u><u>\$ 0.000</u></u>	<u><u>\$ (0.002)</u></u>	<u><u>\$(0.011)</u></u>	<u><u>\$(0.003)</u></u>
Number of weighted average common shares outstanding	<u><u>161,802,579</u></u>	<u><u>145,313,957</u></u>	<u><u>161,802,579</u></u>	<u><u>145,213,957</u></u>

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NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
Consolidated Statement of Stockholders' Equity (Deficit)
(Unaudited)

	Number of Common Shares	Common Stock	Preferred Stock	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
BEGINNING BALANCE,						
January 1, 2014	6,937,834	\$ 6,938	\$ 0	\$ 149,804	\$(179,584)	\$ (22,842)
Shares issued to acquire Ciao	119,999,998	120,000	0	0	0	120,000
Shares contributed	(15,000,000)	(15,000)	0	15,000	0	0
Common shares issued for cash	23,128,833	23,129	0	36,871	0	60,000
Common shares issued for services	4,508,153	4,508	0	1,178,105	0	1,182,613
Common shares issued to settle A/P	100,000	100	0	31,900	0	32,000
Pfd shares issued to acquire Ciao	0	0	6,000	5,994,000	0	6,000,000
Shares issued for acquisitions	5,070,000	5,070	0	1,008,930	0	1,014,000
Net loss	0	-	0	0	(3,029,877)	(3,029,877)
BALANCE, December 31, 2014	144,744,818	144,745	6,000	8,414,610	(3,209,461)	5,355,894
Common shares issued for cash	9,443,999	9,444	0	281,776	0	291,220
Common shares issued for services	6,293,572	6,294	0	885,123	0	891,417
Shares issued for acquisition	44,210	44	0	10,301	0	10,345
Common shares issued to settle A/P	100,000	100	0	12,400	0	12,500
Common shares issued to settle N/P	1,175,980	1,176	0	130,155	0	131,331
Net loss	0	-	0	-	(7,562,381)	(7,562,381)
BALANCE, December 31, 2015	161,802,579	161,803	6,000	9,734,365	(10,771,842)	(869,674)
Convert pfd stock to convert N/P	0	0	(6,000)	(5,994,000)	0	(6,000,000)
Net loss	0	0	0	0	(1,762,050)	(1,762,050)
ENDING BALANCE, June 30, 2016	<u>161,802,579</u>	<u>\$161,803</u>	<u>\$ 0</u>	<u>\$ 3,740,365</u>	<u>\$(12,533,892)</u>	<u>\$ (8,631,724)</u>

The accompanying notes are an integral part of the financial statements

NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months ended June 30,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(\$1,762,050)	(\$465,368)
Adjustments to reconcile net loss to net cash used by operating activities:		
Common stock issued for services	11,417	261,416
Gain on disposal of operations	(124,251)	0
Loss on disposal of operations	1,695,247	0
Impairment reserve	0	0
Depreciation and amortization	0	0
Changes in operating assets and liabilities		
(Increase) decrease in inventory	0	0
Increase (decrease) in accrued interest	174,457	17
Increase (decrease) in investment in unconsolidated companies	0	(61,514)
Increase (decrease) in accounts payable - related parties	0	0
Increase (decrease) in accounts payable	(15,998)	48,987
Net cash provided (used) by operating activities	(21,178)	(216,462)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	0	0
Purchase of intangible assets	0	0
Net cash provided (used) by investing activities	0	0
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances by related party, net	0	0
Advances to related party, net	0	0
Proceeds from (payments on) short-term loan	0	153,331
Payments on line of credit	0	0
Payments on due to shareholder	0	0
Common stock sold for cash	0	62,565
Net cash provided by financing activities	0	215,896
Net increase (decrease) in cash	(21,178)	(566)
CASH, beginning of period	22,735	3,132
CASH, end of period	\$ 1,557	\$ 2,566
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-Cash Financing Activities:		
Common shares issued for acquisitions	\$ 0	\$ 1,134,000
Common shares issued to settle A/P	\$ 0	\$ 32,000
Common shares issued to settle N/P	\$ 0	\$ 0
Preferred shares issued to settle debt of Ciao Telecom	\$ 0	\$ 6,000,000

The accompanying notes are an integral part of the financial statements

NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - NATURE OF OPERATIONS AND REVERSE ACQUISITION TRANSACTION

(a) The Company NuMelo Technologies. Inc., (f/k/a Specialty Contractors, Inc), is a Nevada corporation which conducts business from its headquarters in Dallas, Texas. The Company is revising its business plan and expects to begin its new operations in September 2016.

On April 21, 2014, the company effected a share exchange with Ciao Telecom, Inc., a Nevada corporation whereby, the Company issued 104,999,998 shares of its common stock in exchange for 97.8% of the issued and outstanding shares of Ciao.

The accompanying financial statements include the activities of NuMelo Technologies. Inc. and Ciao Telecom, Inc.

NOTE 2 - BASIS OF PRESENTATION

a) Statement of Compliance

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") as issued by the Financial Accounting Standards Board ("FASB").

The comparative figures shown throughout these consolidated financial statements are the historical results of Ciao Group, Inc. and Ciao Telecom, Inc. All inter-company transactions have been eliminated.

b) Basis of Measurement

The Company's financial statements have been prepared on the historical cost basis.

c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summarize the more significant accounting and reporting policies and practices of the Company:

(a) Stock compensation for services rendered The Company may issue shares of common stock in exchange for services rendered. The costs of the services are valued according to generally accepted accounting principles and have been charged to operations.

(b) Net income (loss) per share Basic loss per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period.

(c) Property and equipment All property and equipment are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from their respective accounts, and the resulting gain or loss is included in the results of operations. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred.

NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Income Taxes Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income, and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the consolidated financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB ASC 740. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities.

(e) Cash and equivalents For purposes of the statement of cash flows, the Company considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

(f) Financial Instruments Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 825, Disclosures about Fair Value of Financial Instruments, requires disclosures of the fair value of financial instruments. The carrying value of the Company's current financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and shareholder loan, approximates their fair values because of the short-term maturities of these instruments.

(g) Measurement The Company initially measures its financial instrument at fair value, except for certain non-arm's length transactions.

The Company subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in earnings for the period in which they occur.

Financial liabilities include accounts payable and accrued liabilities.

(h) Impairment Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in earnings for the period. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in earnings for the period.

(j) Impairment of Long-Lived Assets A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying value amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived assets exceeds its fair value.

(k) Related Party Transactions All transactions with related parties are in the normal course of operations and are measured at the exchange amount.

(l) Intangible Assets The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Intangible Assets, continued Intangible assets with finite useful lives are carried at cost less accumulated amortization. Amortization is calculated using the straight line method over the estimated useful lives.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. If impairment indicators are present, these assets are subject to an impairment review. Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified.

(m) Recent Accounting Pronouncements The Company has considered recent accounting pronouncements during the preparation of these financial statements.

NOTE 4 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's financial position and operating results raise substantial doubt about the Company's ability to continue as a going concern, as reflected by the net loss of \$12,533,892 accumulated through June 30, 2016 and the minimal working capital position, even though the liabilities as reflected are owed by a wholly owned subsidiary. The ability of the Company to continue as a going concern is dependent upon commencing operations, developing sales and obtaining additional capital and financing. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. The Company is currently seeking additional capital to allow it to begin its planned operations

NOTE 5 - RELATED PARTY TRANSACTIONS

From time to time the Company may enter into non-arms length transactions with related parties. These transactions will be valued at historical cost with no value increase given.

NOTE 6 – STOCKHOLDERS EQUITY (DEFICIT)

At June 30, 2016, December 31, 2015 and 2014, the Company has 400,000,000; 50,000,000 and 50,000,000 shares of par value \$0.001 common stock authorized and 161,802,579; 161,802,579 and 144,744,818 issued and outstanding. At June 30, 2016, December 31, 2015 and 2014, the Company also has 100,000,000; 20,000,000 and 20,000,000 shares of par value \$0.001 preferred stock authorized and no; 6,000,000 and 6,000,000 issued and outstanding.

In 2014 the Company issued 104,999,998 shares of common stock and 6,000,000 shares of preferred stock to effect the acquisition of Ciao Telecom, Inc. These shares were valued at \$6,120,000. The Company issued 23,128,833 shares of common stock in exchange for \$60,000 in cash. The Company issued 4,508,153 shares of common stock in exchange for services valued at \$1,182,613. The Company issued 100,000 shares of common stock in exchange for the settlement of accounts payable in the amount of \$32,000. The Company issued 5,070,000 shares of common stock to effect three acquisitions which were valued at \$1,014,000.

In 2015 the Company issued 9,443,999 shares of common stock in exchange for \$291,220 in cash. The Company issued 6,293,572 shares of common stock in exchange for services valued at \$891,417. The Company issued 100,000 shares of common stock in exchange for the settlement of accounts payable in the amount of \$12,500. The Company issued 44,210 shares of common stock to effect an acquisition which was valued at \$10,345. The Company issued 1,175,980 shares of common stock in exchange for the settlement of notes payable in the amount of \$131,331.

NuMelo Technologies. Inc.
(f/k/a Specialty Contractors, Inc)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 6 – STOCKHOLDERS EQUITY (DEFICIT), continued

In 2016 the Company exchanged the 6,000,000 shares of preferred stock for new convertible notes payable with a face amount of \$6,000,000.

NOTE 7 - FINANCIAL INSTRUMENTS

(a) Liquidity Risk Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company relies on cash flows generated from operations, as well as injections of capital through the issuance of the Company's capital stock to settle its liabilities when they become due.

(b) Interest Rate Risk The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

NOTE 8 - CONVERTIBLE NOTES PAYABLE

In 2016 the Company exchanged the 6,000,000 shares of preferred stock for new convertible notes payable with a face amount of \$6,000,000. These notes have a maturity date of March 5, 2017 and carry an interest rate of 8%. The notes are convertible into common stock of the Company at the lesser of: (a) fifty percent (50%) (the "Conversion Discount") of the lowest of the closing bid prices for the Common Stock for the twenty (20) trading days prior to and including the Conversion Date (as hereinafter defined), as reported on the NASDAQ Over the Counter Bulletin Board Market or the Pink Sheets market or the OTC Markets (as applicable, the "Bulletin Board") (or on such other securities exchange or market as the Common Stock may trade at such time); or (b) the lowest price at which the Issuer has converted any convertible security of the Issuer (to the Holder or to any third party) within the ninety (90) days prior to the date of delivery of the applicable Notice of Conversion (but in any event this Conversion Price shall not less than forty percent (40%) of the lowest of the closing bid prices for the Common Stock for the twenty (20) trading days prior to and including the Conversion Date); or (c) so long as lower than (a) or (b), such price.