



## **APOLLO ENTERPRISE SOLUTIONS LIMITED**

(Incorporated in Bermuda with registration number 46931)

BSX share code: AES:BH

FWB share code: OAL:GR or OAL:GF

XETRA share code: OAL:GY

ISIN: BMG0410V2071

**(“the Company”)**

30 June 2016

### **Apollo Enterprise Solutions Limited (“AES”) Releases Consolidated Results for the Quarters ending 30 September 2015, 31 December 2015 and restated Full Year 2014 Audited Financial Statements and Full Year 2015 Audited Financial Statements**

AES was incorporated on 26 September 2012 in Bermuda with the primary objective of offering investors a growth technology investment opportunity. The Company’s primary listing is on the Bermuda Stock Exchange (AES:BH). It has a secondary listing on the Frankfurt Stock Exchange (OAL:GR) and also listed on the XETRA trading platform (OAL:GY).

#### **Reporting Currency**

The Company’s results are reported in US Dollars.

#### **Business Review**

AES has largely performed in line with budgeted expectations during the 3<sup>rd</sup> Quarter of 2015. Revenue for the 3<sup>rd</sup> Quarter of 2015 was \$538,192 compared to revenue in the 3<sup>rd</sup> Quarter of 2014 of \$228,885. The net gain for the 3<sup>rd</sup> Quarter of 2015 was \$1,848,450, which was \$967,878 better when compared to the (\$880,572) loss from the 3<sup>rd</sup> Quarter of 2014. Earnings Gain/(Loss) per Common Share for the 3<sup>rd</sup> Quarter of 2015 were \$0.04.

AES Revenue and financial results were less than budgeted expectations during the 4<sup>th</sup> Quarter of 2015 as the Company did not bring on budgeted clients. Revenue for the 4<sup>th</sup> Quarter of 2015 was \$490,736, compared to revenue in the 4<sup>th</sup> Quarter of 2014 of \$336,678. The net loss for the 4<sup>th</sup> Quarter of 2015 was (\$484,443), an improvement of \$440,803 compared to the (\$925,246) loss from the 4<sup>th</sup> Quarter of 2014. Earnings Gain/(Loss) per share for the 4<sup>th</sup> Quarter of 2015 were (\$0.01) which was an improvement over 4<sup>th</sup> Quarter of 2014.

AES revenue and financial results fell short of budgeted expectations for the full year 2015 due to the above mentioned lack of new contracts during the 4<sup>th</sup> Quarter of 2015. Revenue for the Full Year of 2015 was \$1,997,203, compared to revenue for the Full Year 2014 of \$1,081,716. The net loss for the Full Year of 2015 was (\$6,008), an improvement of \$10,620,394 compared to the (\$10,626,402) loss for the Full Year of 2014. Earnings Gain/(Loss) per share for the Full Year 2015 were \$0.00 which was an improvement over Full Year of 2014. The 2014 loss includes one-time non-cash, non-operating expenses of \$6,540,756 and \$1,895,459 due to conversion from preferred shares to common shares and for beneficial conversion features and warrants issued as part of issuance of debts from related parties, respectively.

The Company renewed all notes and line of credit with related parties on 31 December 2015 and extended them to 31 December 2018 and issued additional Warrants related to such debt.

In connection with the Company's exploration of a potential listing on a US Stock Exchange, the Company is required to meet SEC Audit and Reporting requirements in addition to US GAAP requirements. This entails having our financial statements audited by a PCAOB (Public Company Accounting Oversight Board) qualified Audit firm. The Company engaged Mayer Hoffman McCann P.C. to conduct audits of 2014 and 2015. In connection with these audits, the Company has made changes to its financial statements for 2014 and 2015. Significant changes include; recording expense and capital entries for Warrants issued by the Company over its history, modifications to previously recorded expenses for Share Options issued by the Company, modifications to Intellectual Property, modifications to recorded revenue and deferred revenue, and modifications to Accrued Preferred Share Dividends. Details of entries are included in the respective footnotes for the Restated Audit for 2014 and the Audit for 2015.

The Company has no minority interests, and there were no other unusual items in the 4<sup>th</sup> Quarter of 2015.

### **Dividends**

The Company has declared no Common Share dividend for the period under review. The Company previously accrued Dividends on the Preferred Class A, Class A-1 and Class A-2 shares through the period of 30 June 2015 as required by their terms in each class. During the audit conducted by Mayer Hoffman McCann, P. C., it was determined that these dividends should be classed as contingent and thus removed from the Balance Sheet until earned. No Preferred Dividends are payable until the Company has achieved three consecutive quarters of profitability and receives Board of Directors approval to pay such dividends. See the 2015 Audit footnote regarding this item for additional information

### **Basis of Presentation**

The unaudited consolidated results for the three months ended 30 September 2015, 31 December 2015 and the restated Full Year 2014 Audited Financial Statement dated 31

December 2014 and the Full Year 2015 Audited Financial Statements dated 31 December 2015 have been prepared in accordance with US Generally Accepted Accounting Principles (USGAAP).

### **Accounting Policies**

The quarterly results have not been audited by the Company's external auditors. The Full Year results have been audited and accounting policies adopted are consistent with those published in the Audited Annual Financial Statements for the periods ended 31 December 2014 and 31 December 2015.

### **Changes to the Board**

There were no changes to the Board during the 4<sup>th</sup> Quarter of 2015.

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEET

	3 MONTHS ENDED 30-Sep-15	RESTATED 3 MONTHS ENDED 30-Sep-14	9 MONTHS ENDED 30-Sep-15	RESTATED 9 MONTHS ENDED 30-Sep-14
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	19,079	94,573	19,079	94,573
Accounts receivable	296,798	584,177	296,798	584,177
Accounts receivable - related party	6,667	4,661	6,667	4,661
Prepaid Expenses and other assets	29,376	15,200	29,376	15,200
Total Current Assets	351,920	698,611	351,920	698,611
<b>OTHER ASSETS</b>				
Property and equipment, net	(4)	2,257	(4)	2,257
Contract work in progress	80,858	70,644	80,858	70,644
Patents, less accumulated amortization	1,106,531	1,149,437	1,106,531	1,149,437
Deferred Debt Costs	146,950	1,060,253	146,950	1,060,253
Security Deposit	100,000	-	100,000	-
TOTAL ASSETS	1,786,255	2,981,201	1,786,255	2,981,202
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	2,106,928	2,860,416	2,106,928	2,860,416
Accounts payable - related party	474,230	477,366	474,230	477,366
Accrued interest	595,152	280,834	595,152	280,834
Accrued payroll	36,291	53,892	36,291	53,892
Convertible notes - related party	1,006,608	-	1,006,608	-
Deferred rent	(421)	54,571	(421)	54,571
Deferred revenue	1,221,298	1,084,000	1,221,298	1,084,000
Total Current Liabilities	5,440,086	4,811,080	5,440,086	4,811,080
<b>LONG-TERM LIABILITIES</b>				
Convertible notes - related party	-	-	-	-
Note payable - related party	727,074	308,195	727,074	308,195
Line of credit - related party	1,240,000	1,240,000	1,240,000	1,240,000
Warrant Liability	6,431,248	9,695,269	6,431,248	9,695,269
Total Long Term Liabilities	8,398,322	11,243,465	8,398,322	11,243,465
TOTAL LIABILITIES	13,838,408	16,054,545	13,838,408	16,054,545
<b>SHAREHOLDERS' DEFICIENCY:</b>				
Class A preferred shares, authorized 4,000,000 shares, issued and outstanding, 96 shares	2,400	2,400	2,400	2,400
Class A-2 preferred shares, authorized 1,200,000 shares, issued and outstanding 497 shares	10,030	10,030	10,030	10,030
Junior preferred shares, authorized 3,500,000 shares, issued and outstanding, 117,762 shares	2,929,044	2,929,044	2,929,044	2,929,044
Common shares, authorized 310,880,000 shares; issued and outstanding, 42,842,330 shares	7,274	7,274	7,274	7,274
Treasury Shares	(2,990)	(3,017)	(2,990)	(3,017)
Additional paid-in capital	22,738,183	21,413,178	22,738,183	21,413,178
Retained deficit	(37,736,094)	(37,432,253)	(37,736,094)	(37,432,253)
Total Shareholders' Deficiency	(12,052,153)	(13,073,344)	(12,052,153)	(13,073,344)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	1,786,255	2,981,201	1,786,255	2,981,201
COMMON SHARES OUTSTANDING (WANS)	42,851,633	42,548,507	42,858,951	31,836,455
NET ASSET VALUE PER SHARE	(0.28)	(0.31)	(0.28)	(0.41)

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF OPERATIONS

	3 MONTHS ENDED 30-Sep-15	RESTATED 3 MONTHS ENDED 30-Sep-14	9 MONTHS ENDED 30-Sep-15	RESTATED 9 MONTHS ENDED 30-Sep-14
REVENUES	654,759	324,598	1,829,149	1,152,019
COST OF GOODS SOLD	116,567	95,713	322,683	406,980
GROSS PROFIT	538,192	228,885	1,506,467	745,039
OPERATING EXPENSES:				
Selling and general administrative	1,082,832	1,071,645	2,771,773	10,353,776
Operating gain/loss	(544,639)	(842,760)	(1,265,306)	(9,608,737)
OTHER (INCOME) EXPENSE				
Sublease income	8,471	19,839	56,153	61,274
Foreign exchange gain/loss	15,054	(4,718)	21,200	(5,731)
Interest income	2	10	10	43
Interest expense	(381,020)	(52,943)	(1,067,526)	(148,004)
Change in Warrant Liability	2,750,582	-	2,733,904	-
Total other expense	2,393,089	(37,812)	1,743,741	(92,417)
INCOME GAIN/(LOSS) before income taxes	1,848,450	(880,572)	478,434	(9,701,155)
Provision for income taxes	-	-	-	-
NET GAIN/(LOSS)	1,848,450	(880,572)	478,434	(9,701,155)
COMMON SHARES OUTSTANDING (WANS)	42,851,633	42,548,507	42,858,951	31,836,455
EARNINGS GAIN/(LOSS) PER SHARE COMMON	0.04	(0.02)	0.01	(0.30)

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED 30-Sep-15	RESTATED 3 MONTHS ENDED 30-Sep-14	9 MONTHS ENDED 30-Sep-15	RESTATED 9 MONTHS ENDED 30-Sep-14
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Gain/(Loss)	1,848,450	(880,572)	478,434	(9,701,155)
<b>Adjustments to Reconcile Net Gain/(Loss) to Net Cash Used in Operating Activities</b>				
Amortization of Patent Costs	2,052	51,021	104,094	153,063
Amortization of Debt Discount	145,370	-	431,369	(1,060,252)
Depreciation Expense	-	1,389	872	4,167
Options Issued for Services	-	-	-	-
Treasury Shares and Warrants Issued for Services	-	-	-	-
Warrants Issued as Inducement to Convert Preferred Shares to Common	-	-	-	-
Change in warrant liability	(2,750,582)	-	(2,750,582)	8,152,822
<b>Changes in Operating Assets and Liabilities</b>				
Accounts Receivable	319,509	(514,937)	403,071	(364,747)
Accounts Receivable Related Party	-	-	-	-
Prepaid Expenses	(11,335)	16,794	23,091	70,161
Security Deposit	(100,000)	-	(100,000)	-
Contract Work In Progress	5,273	(70,644)	15,821	(70,644)
Accounts Payable	(92,776)	325,975	(220,683)	1,059,037
Accounts Payable Related Party	-	-	-	-
Accrued Interest	84,501	52,932	250,749	143,490
Accrued Payroll	(5,731)	3,782	(2,625)	12,568
Other Accrued Expenses	345,186	20,687	798,559	996,530
Deferred Rent	(6,472)	(5,315)	(39,066)	(2,458)
Deferred Revenue	(80,737)	992,020	(242,210)	916,078
<b>Net Cash Used in Operating Activities</b>	<b>(297,290)</b>	<b>(6,867)</b>	<b>(849,105)</b>	<b>308,661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Payments for Patent Defense	-	-	-	-
<b>Net Cash Used in Investing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds Received From Issuance of Convertible Notes to Related Party	39,855	-	110,082	-
Proceeds Received From Loan With Related Party	109,610	-	272,487	(551,805)
Proceeds Received From Line of Credit With Related Party	-	-	-	-
Proceeds Received From Issuance of Treasury Shares and Warrants	-	-	-	-
Additional Paid in Capital	148,645	65,341	435,906	433,255
Retained Earnings	(186)	(186)	(559)	(143,530)
Purchase of Treasury Shares	(2)	10	6	50
Proceeds Received From Exercise of Warrants	-	-	-	-
<b>Net Cash Used in Financing Activities</b>	<b>297,921</b>	<b>65,165</b>	<b>817,922</b>	<b>(262,030)</b>
<b>Net Increase/Decrease in Cash</b>	<b>631</b>	<b>58,296</b>	<b>(31,183)</b>	<b>46,631</b>
<b>Cash, Beginning of Period</b>	<b>18,448</b>	<b>36,277</b>	<b>50,263</b>	<b>47,942</b>
<b>Cash, End of Period</b>	<b>19,079</b>	<b>94,573</b>	<b>19,079</b>	<b>94,573</b>

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEET

	3 MONTHS ENDED 31-Dec-15	RESTATED 3 MONTHS ENDED 31-Dec-14	12 MONTHS ENDED 31-Dec-15	RESTATED 12 MONTHS ENDED 31-Dec-14
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	412,025	50,263	412,025	50,263
Accounts receivable	205,798	691,875	205,798	691,875
Accounts receivable - related party	6,667	14,661	6,667	14,661
Prepaid Expenses and other assets	55,711	52,468	55,711	52,468
Total Current Assets	680,201	809,267	680,201	809,267
<b>OTHER ASSETS</b>				
Property and equipment, net	-	868	-	868
Contract work in progress	75,584	96,678	75,584	96,678
Patents, less accumulated amortization	1,104,479	1,210,625	1,104,479	1,210,625
Deferred Debt Costs	1,016,946	578,320	1,016,946	578,320
Security Deposit	100,000	-	100,000	-
TOTAL ASSETS	2,977,210	2,695,758	2,977,210	2,695,758
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	1,326,480	1,548,223	1,326,480	1,548,223
Accounts payable - related party	570,440	455,058	570,440	455,058
Accrued interest	679,954	344,403	679,954	344,403
Accrued payroll	20,677	38,916	20,677	38,916
Convertible notes - related party	1,048,960	-	1,048,960	-
Warrant Liability	7,527,108	9,181,831	7,527,108	9,181,831
Deferred rent	-	38,645	-	38,645
Deferred revenue	1,290,561	1,463,509	1,290,561	1,463,509
Total Current Liabilities	12,464,181	13,070,585	12,464,181	13,070,585
<b>LONG-TERM LIABILITIES</b>				
Convertible notes - related party	-	896,527	-	896,527
Note payable - related party	578,036	454,587	578,036	454,587
Line of credit - related party	2,339,000	1,240,000	2,339,000	1,240,000
Total Long Term Liabilities	2,917,036	2,591,114	2,917,036	2,591,114
TOTAL LIABILITIES	15,381,217	15,661,699	15,381,217	15,661,699
<b>SHAREHOLDERS' DEFICIENCY:</b>				
Class A preferred shares, authorized 4,000,000 shares, issued and outstanding, 96 shares	2,400	2,400	2,400	2,400
Class A-2 preferred shares, authorized 1,200,000 shares, issued and outstanding 497 shares	10,030	10,030	10,030	10,030
Junior preferred shares, authorized 3,500,000 shares, issued and outstanding, 117,762 shares	2,929,044	2,929,044	2,929,044	2,929,044
Common shares, authorized 310,880,000 shares issued and outstanding, 42,786,811 shares	7,274	7,274	7,274	7,274
Treasury Shares	(2,995)	(2,996)	(2,995)	(2,996)
Additional paid-in capital	22,870,217	22,302,276	22,870,217	22,302,276
Retained deficit	(38,219,977)	(38,213,969)	(38,219,977)	(38,213,969)
Total Shareholders' Deficiency	(12,404,006)	(12,965,941)	(12,404,006)	(12,965,941)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY	2,977,210	2,695,758	2,977,210	2,695,758
COMMON SHARES OUTSTANDING (WANS)	42,822,504	42,776,738	42,830,576	34,594,006
NET ASSET VALUE PER SHARE	(0.29)	(0.30)	(0.29)	(0.37)

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF OPERATIONS

	3 MONTHS ENDED 31-Dec-15	RESTATED 3 MONTHS ENDED 31-Dec-14	12 MONTHS ENDED 31-Dec-15	RESTATED 12 MONTHS ENDED 31-Dec-14
REVENUES	611,537	391,436	2,440,686	1,543,455
COST OF GOODS SOLD	120,801	54,759	443,483	461,739
GROSS PROFIT	490,736	336,678	1,997,203	1,081,716
OPERATING EXPENSES:				
Selling and general administrative	794,194	1,181,415	3,565,966	4,994,425
Operating gain/loss	(303,458)	(844,737)	(1,568,763)	(3,912,709)
OTHER (INCOME) EXPENSE				
Sublease income	-	23,582	56,153	84,856
Foreign exchange gain/loss	14,301	40,647	35,500	34,917
Interest income	9,002	4	9,012	47
Interest expense	(407,337)	(707,150)	(1,474,864)	(855,154)
Change in Warrant Liability	203,050	562,407	2,936,954	562,407
Total other expense	(180,985)	(80,509)	1,562,755	(172,927)
INCOME GAIN/(LOSS) before income taxes	(484,443)	(925,246)	(6,008)	(4,085,636)
Provision for income taxes	-	-	-	-
NET GAIN/(LOSS)	(484,443)	(925,246)	(6,008)	(4,085,636)
Deemed dividends for inducement to convert preferred shares to common	-	-	-	6,540,766
NET GAIN/(LOSS) APPLICABLE TO COMMON SHAREHOLDERS	(484,443)	(925,246)	(6,008)	(10,626,402)*
COMMON SHARES OUTSTANDING (WANS)	42,822,504	42,776,738	42,830,576	34,594,006
EARNINGS GAIN/(LOSS) PER SHARE COMMON	(0.01)	(0.02)	(0.00)	(0.12)

\*The 2014 loss includes one-time expenses of \$6,540,766 plus \$1,895,459 due to conversion from preferred shares to common shares and for beneficial conversion features and warrants issued as part of issuance of debts from related parties, respectively.



APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED 31-Dec-15	RESTATED 3 MONTHS ENDED 31-Dec-14	12 MONTHS ENDED 31-Dec-15	RESTATED 12 MONTHS ENDED 31-Dec-14
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Gain/(Loss)	(484,443)	(925,246)	(6,008)	(4,085,636)
<b>Adjustments to Reconcile Net Gain/(Loss) to Net Cash Used in Operating Activities</b>				
Amorization of Patent Costs	2,052	(47,199)	106,146	105,864
Amorization of Debt Discount	(869,996)	481,933	1,136,165	638,992
Depreciation Expense	-	1,389	868	5,556
Options Issued for Services	-	-	559,343	537,744
Treasury Shares and Warrants Issued for Services	-	-	-	78,262
Change in warrant liability	1,095,860	(513,439)	(2,936,954)	(562,407)
<b>Changes in Operating Assets and Liabilities</b>				
Accounts Receivable	91,000	(117,698)	486,078	(467,784)
Accounts Receivable Related Party	-	-	7,994	(14,661)
Prepaid Expenses	(26,339)	(37,268)	(3,243)	32,892
Security Deposit	-	-	(100,000)	-
Contract Work In Progress	5,273	(26,034)	21,093	(96,677)
Accounts Payable	93,322	(72,972)	(221,743)	631,163
Accounts Payable Related Party	-	-	115,382	229,903
Accrued Interest	84,802	63,569	335,551	207,059
Accrued Payroll	(15,614)	(14,976)	(18,239)	(2,408)
Other Accrued Expenses	(777,560)	(1,262,068)	-	-
Deferred Rent	421	(15,926)	(38,645)	(18,384)
Deferred Revenue	69,263	379,509	(172,947)	1,295,587
<b>Net Cash Used in Operating Activities</b>	<b>(731,958)</b>	<b>(2,106,427)</b>	<b>(729,158)</b>	<b>(1,484,935)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Payments for Patent Defense	-	(13,990)	-	(13,990)
<b>Net Cash Used in Investing Activities</b>	<b>-</b>	<b>(13,990)</b>	<b>-</b>	<b>(13,990)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds Received From Issuance of Convertible Notes to Related Party	42,352	896,527	-	1,112,499
Proceeds Received From Loan With Related Party	(149,038)	146,932	-	-
Proceeds Received From Line of Credit With Related Party	1,099,000	-	1,099,000	-
Proceeds Received From Issuance of Treasury Shares and Warrants	-	-	12,593	557,477
Additional Paid in Capital	132,035	889,098	-	-
Retained Earnings	560	143,530	-	-
Purchase of Treasury Shares	(6)	22	(68,192)	(169,442)
Proceeds Received From Exercise of Warrants	-	-	47,520	711
<b>Net Cash Used in Financing Activities</b>	<b>1,124,903</b>	<b>2,076,108</b>	<b>1,090,921</b>	<b>1,501,246</b>
<b>Net Increase/Decrease in Cash</b>	<b>392,945</b>	<b>(44,310)</b>	<b>361,762</b>	<b>2,321</b>
<b>Cash, Beginning of Period</b>	<b>19,079</b>	<b>94,573</b>	<b>50,263</b>	<b>47,942</b>
<b>Cash, End of Period</b>	<b>412,025</b>	<b>50,263</b>	<b>412,025</b>	<b>50,263</b>