APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2013

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INDEX

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
Long Beach, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Apollo Enterprise Solutions, Ltd. and Subsidiary, which comprise the balance sheet as of December 31, 2013, and the related statements of operations, stockholders' deficiency, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Apollo Enterprise Solutions, Ltd. and Subsidiary as of December 31, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 14 to the financial statements, the Company has suffered recurring losses from operations and as of December 31, 2013 has a working capital deficiency and a stockholders' deficiency. These factors raise doubt about the Company's ability to continue as a going concern. Management's plans in regards to these matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

LORENZ & OPDAHL LLP

Lorenz & Opdahl LLP

Encino, California
February 28, 2014

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET

DECEMBER 31, 2013

ASSETS

CURRENT ASSETS	
Cash (Note 2)	$ 47,942
Accounts receivable (Notes 2 and 10)	224,091
Prepaid insurance	85,360
Total Current Assets	357,393
PROPERTY AND EQUIPMENT, net (Notes 2 and 3)	6,424
OTHER ASSETS	
Patents, less accumulated amortization of $2,096,521 (Notes 2 and 4)	1,563,949
TOTAL ASSETS	$ 1,927,766

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

CURRENT LIABILITIES	
Accounts payable	$ 1,017,217
Accrued expenses (Note 5)	166,323
Deferred rent	57,029
Dividends (Note 11)	2,407,250
Due to stockholder (Note 7)	140,000
Total Current Liabilities	3,787,819
LONG-TERM LIABILITIES (Note 6)	2,237,344
COMMITMENTS AND CONTINGENCIES (Notes 8 and 12)	
STOCKHOLDERS' DEFICIEINCY:	
Class A preferred stock, authorized, 4,000,000 shares, issued and outstanding, 324,733 shares (Note 11)	8,118,321
Class A-1 preferred stock, 420,000 authorized, issued and outstanding, 42,000 shares (Note 11)	1,050,000
Class A-2 preferred stock, authorized, 1,200,000 shares issued and outstanding 15,022 shares	375,500
Junior preferred stock, authorized, 3,500,000 shares, issued and outstanding, 117,762 shares (Note 11)	2,929,044
Common stock, authorized, 310,880,000 shares issued and outstanding, 9,572,193 shares (Note 9)	957
Additional paid-in capital	10,052,419
Retained deficit	(26,623,638)
Total Stockholders' Deficiency	(4,097,397)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 1,927,766

The independent auditor's report and notes are an integral part of these financial statements

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDARY
CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

NET REVENUES (Notes 1, 2, 6, and 10)	$ 1,727,318
COST OF GOODS SOLD	548,971
GROSS PROFIT	1,178,347
OPERATING EXPENSES:	
Selling and general administrative (Notes 3, 4, and 9)	5,315,454
Interest	126,351
Total Operating Expenses	5,441,805
LOSS BEFORE INCOME TAXES	(4,263,458)
PROVISION FOR INCOME TAXES (Notes 2 and 8)	(800)
NET LOSS	$ (4,264,258)

The independent auditor's report and notes are an integral part of these financial statements

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY

Year Ended December 31, 2013

	Class A Preferred Stock		Class A-1 Preferred Stock		Class A-2 Preferred Stock		Junior Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Deficit	Total Stockholders' Equity (Deficiency)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Amount		
Balance January 1, 2013	324,733	$ 8,118,321	42,000	$ 1,050,000	15,022	$ 375,500	117,762	$ 2,929,044	6,840,231	$ 684	$ 7,924,554	$ (21,786,751)	$ (1,388,648)
Treasury stock sold			-	-			-	-	2,890,257	289	2,121,148	-	2,121,437
Reacquired treasury stock	-	-	-	-	-	-	-	-	(158,295)	(16)	(172,461)	-	(172,477)
Compensation reflected upon issuance of stock options	-	-	-	-	-	-	-	-	-	-	179,178	-	179,178
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	(572,629)	(572,629)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(4,264,258)	(4,264,258)
Balance, December 31, 2013	324,733	$ 8,118,321	42,000	$ 1,050,000	15,022	$ 375,500	117,762	$ 2,929,044	9,572,193	$ 957	$ 10,052,419	$ (26,623,638)	$ (4,097,397)

The independent auditor's report and notes are an integral part of these financial statements.

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

YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (4,264,258)
Adjustments to reconcile net loss to net cash used by operating activities:	
Amortization	319,296
Depreciation	7,400
Stock option compensation	179,178
Changes in operating assets and liabilities:	
Accounts receivable	401,000
Prepaid insurance	(85,360)
Accounts payable	444,950
Accrued expenses	236,440
Deferred rent	(31,442)
Net Cash Used by Operating Activities	(2,792,796)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of treasury shares	(172,477)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds received from issuance of long-term liabilities	980,000
Loan proceeds received from stockholder	140,000
Proceeds from issuance of treasury shares	1,875,365
Net Cash Provided by Financing Activities	2,995,365
NET INCREASE IN CASH	30,092
Cash, beginning	17,850
Cash, ending	$ 47,942

The independent auditor's report and notes are an integral part of these financial statements

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

YEAR ENDED DECEMBER 31, 2013

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	$ 11,408
Income taxes	800

SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:

During the year ended December 31, 2013, the Company issued shares of common stock as follows:

	Shares	Total Increase In Common Stock
Treasury shares issued for cash	2,548,490	$ 1,875,365
Treasury shares issued in lieu of payment for services rendered	341,767	246,072
Total Shared Issued	2,890,257	$ 2,121,437

In addition, the Company's long-term liabilities increased by $114,943 representing accrued interest on the stockholders debt.

1. NATURE OF OPERATIONS

Apollo Enterprise Solutions, Ltd. ("AES" or the "Company") was incorporated in Bermuda on September 27, 2012 for the purpose of effecting a reverse triangular merger with its wholly-owned subsidiary Apollo Enterprise Solutions, Inc. ("Apollo Inc.") or "Subsidiary". Once the merger was completed in October 2012, the Company pursued listing its shares on the Bermuda Stock Exchange ("BSX") and this was approved by the BSX on November 8, 2012. Apollo Inc. continues as the operating entity and develops software solutions for the credit portfolio activities of financial institutions worldwide (Banks, Finance Companies, Debt Acquirers, etc.). AES continues to serve as a holding company. AES offers the TRUE™ System which is an enterprise wide system of Agent Emulation™ technologies which provides greater economic returns in delinquent consumer credit portfolios. Financial institutions are utilizing the AES TRUE™ system on servers located at cloud computing data centers. The Company currently utilizes Amazon and Savvis as Cloud computing data center hosts in the United States and in the United Kingdom.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include Apollo Enterprise Solutions, Ltd and its Subsidiary which is 100% owned by Apollo Enterprise Solutions, Ltd.

The Companies have certain transactions originally denominated in foreign currency. These transactions have been translated into United States dollars at the time of the transaction. The foreign currency gain/loss is insignificant. All intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year

The Companies observe a calendar year as its fiscal year. The accompanying financial statements are presented as of December 31, 2013 and for the twelve months then ended.

Credit Risk-Cash

At times, the Companies maintain bank balances in excess of federally insured limits. No losses have been experienced on such balances.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets.

Software Patent Costs

The costs incurred internally to create the computer software debt collection decision engine are carried at actual internal development cost. There were no additions to patent costs in 2013. Patent costs are amortized on a straight-line basis over the product's estimated economic life (generally 15 years).

Revenue Recognition

Revenues from the monthly processing of transactions through the debt recoveries decision engine are billed to customers at the rate stipulated in each customer's contract. Revenue for special projects requested by customers is billed at the point the customer initiates and finally accepts the project. Revenue for maintenance fees are billed and recorded according to contract terms. These fees are not prorated as there is no provision for refund if a contract terminates early.

Accounts Receivable

The Subsidiary bills customers a month in arrears for transaction fees since the number of transactions must be known prior to billing. Monthly flat fees (minimums, maintenance fees, etc) are billed on the first of each month. All invoices are net 30 days. Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the bad debt account when determined to be uncollectible.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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, as well as revenues and expenses reported for the period presented. The Companies regularly assesses these estimates and, while actual results may differ, management believes that the estimates are reasonable.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Companies file separate income tax returns on the cash basis of accounting. This is considered in the determination of deferred income taxes. This requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are determined based on the difference between the financial statement and the tax bases of assets and liabilities. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents income taxes payable for the period and the change during the period in any deferred tax assets and liabilities. Income tax related to the parent is insignificant.

Uncertain Tax Positions

The Subsidiary's income tax returns are subject to audit for the tax years 2010 through 2012 for federal tax purposes and for 2009 through 2012 for state tax purposes.

3. PROPERTY AND EQUIPMENT, Net

Property and equipment consists of the following:

Furniture and fixtures	$ 26,677
Machinery and equipment	15,682
	42,359
Less: Accumulated depreciation	35,935
	$ 6,424

Depreciation charged to operations for the year ended December 31, 2013 was $7,400.

4. PATENTS

The Companies have a wide-range of United States and Foreign patents consisting of 41 approved and/or pending patents. These cover virtually all the critical aspects of maximizing the collection of debts via new media channels, including the web, mobile, and IVR (Interactive Voice Response).

Fourteen (14) patents have been approved and issued, four (4) are approved and awaiting issuance, and twenty-three (23) are awaiting further action from the United States and various Foreign patent offices.

4. PATENTS (Continued)

The cost of the patents and related amortization is as follows:

Patents, at cost	$ 3,660,470
Accumulated amortization through December 31, 2013	2,096,521
	$ 1,563,949

5. ACCRUED EXPENSES

Accrued expenses consists of vacation pay which has been earned by the employees and professional fees.

6. LONG-TERM LIABILTIES

Long-term liabilities consist of the following:

Unsecured notes due to stockholders, principal and interest at 6% per annum, due on January 1, 2015	$ 860,000
Line of credit, stockholder is unsecured and provides for borrowing up to $1,600,000. Principal and interest at 6% per annum, due on December 1, 2015	1,240,000
Accrued interest represents interest accrued on the above notes due to stockholders and the line of credit	137,344
	$ 2,237,344

7. DUE TO STOCKHOLDER

Due to stockholder represents unsecured, non-interest bearing advances received from one of the Company's stockholders and there are no specific terms for repayment.

8. INCOME TAXES

Deferred income taxes relate primarily to the future income tax benefit of the net operating loss carryforwards.

The Subsidiary's provision for income taxes for the year ended December 31, 2013 consists of currently payable state taxes.

Deferred income taxes consist of the following:	
Deferred income tax benefit	$ 8,663,000
Less valuation allowance	(8,663,000)
Net deferred tax benefit	$ 0

100% valuation allowance is considered necessary due to the uncertainty surrounding realization of any future benefit.

The Subsidiary has available net operating loss carryforwards approximating $20,000,000 that may be used to reduce future federal and state taxable income, if any, through 2033 for federal purposes and 2023 for state purposes.

9. COMMITMENTS AND CONTINGENCIES

Lease

The Subsidiary has a lease with an unrelated party for its office space located in Long Beach, California. The office space is leased through July 2015. The Subsidiary also subleases an excess of its office to a company owned by one of the stockholders at the same lease rates. Future minimum lease payments are as follows:

Year Ending December 31,	Lease Payments	Sublease Income	Net Payments
2014	$ 230,000	$ 101,000	$ 129,000
2015	150,000	66,000	84,000
	$ 380,000	$ 167,000	$ 213,000

Rent expense approximates $130,000, net of sublease income of $52,000 for the year ended December 31, 2013.

9. COMMITMENTS AND CONTINGENCIES (Continued)

Lease (Continued)

The Companies reflect rent expense on a straight-line basis over the lease period. Any differences between rent expense and rent paid due to scheduled rent increases or rent abatements are included in deferred rent on the accompanying balance sheet.

Consulting

The Subsidiary has a consulting agreement with a management company, which is affiliated with a significant stockholder. This company provides leadership personnel and financial management personnel for the company. The agreement provides for monthly payments of $41,000 through June 2014. Periodically, the Company and their management company review the consulting agreement and they expect the agreement to be renewed at current market rates.

Remaining minimum payments under the consulting agreement aggregate $246,000.

In addition, the Subsidiary receives consulting from various related and unrelated parties and there are no long-term agreements. Included in the related parties amount below is $328,000 related to the consulting agreement mentioned above.

A summary of consulting expense (included in operating expenses) is as follows:

Related parties	$ 787,094
Unrelated parties	637,557
	$ 1,424,651

Stock Purchase Warrants

The Company has granted warrants to purchase up to 4,606,618 shares of the Company's common stock at prices ranging from $.10 to $25.00 per share with various expirations. Stock warrant activity during the year ended December 31, 2013 is as follows:

	Shares	Warrant Price
Outstanding as of January 1, 2013	4,036,986	$.10 to 25.00
Granted in 2013	765,165	1.08
Cancelled in 2013	(193,533)	1.10 to 25.00
Outstanding as of December 31, 2013	4,608,618	

9. COMMITMENTS AND CONTINGENCIES (Continued)

Stock Option Plans

The Company has two stock option plans. The stock option plan prior to 2009 provides for the granting of up to 3,092,217 shares of common stock. The stock option plan commencing in 2009 provides for the granting of up to 10,000,000 shares of common stock with an annual refresh rate of 2%. During 2012, the Company increased the number of options for granting of up to 10,200,000. The option price per share will be fixed on the date the option is granted and the maximum term of an option may not exceed ten years. The option price will be not less than the fair value of the stock at the date of the grant.

Stock option activity during the year ended December 31, 2013 is as follows:

	Shares	Option Price
Outstanding as of January 1, 2013	7,682,541	$ .30 to .50
Granted in 2013	1,305,000	.50
Outstanding as of December 31, 2013	8,987,541	$ .30 to .50

The options have been granted to employees, former employees, stockholders, debtors, and directors. During the year ended December 31, 2013, approximately $179,000 of stock option expense has been included in compensation expense.

Common Stock

Included in common stock is 30,668,038 shares of stock that were reacquired by the Company for a nominal amount as part of the 2012 reorganization.

10. MAJOR CUSTOMER

For the year ended December 31, 2013, 100% of the Companies' net sales were made to one customer group located in the United Kingdom.

11. PREFERRED STOCK

There are various classes of preferred stock. All of the classes of preferred stock are convertible into common stock. The holders of the outstanding preferred shares are entitled to certain liquidation preferences. Class A, A-1 and A-2 stockholders are entitled to a 6% annual dividend. The dividends are payable after the company achieves 3 consecutive quarters of positive net income. Accordingly, dividends of $2,407,250 have been accrued as of December 31, 2013. No dividends are payable on common or junior preferred stock. Liquidation rights for Class A, A-1 and A-2 are superior to junior preferred and common stock.

Such liquidation amounts will be determined based upon future events such as liquidation, merger or sale of the Company. Rights and preferences of unissued preferred shares will be designated at a future time by the Board of Directors.

12. LEGAL MATTER

The Company is involved in litigation as a defendant. Preliminary negotiations are in process and management of the Company does not believe that the ultimate resolution of the matter will have a material adverse effect upon the Company's financial position.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 28, 2014, the date which financial statements were available for issue.

The line of credit limit (Note 6) with one of the stockholders has been increased to allow for borrowing up to $3,200,000 as of March 1, 2014. In addition the interest rate has been increased from 6% to 10% per annum and the maturity date has been extended to January 1, 2016.

The terms of the unsecured notes due to stockholders (Note 6) have been changed as of March 1, 2014. The interest rate has been increased from 6% to 10% per annum and the maturity date has been extended to January 1, 2016.

14. MANAGEMENT PLANS

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern. However, the Company has sustained substantial operating losses in current and prior years. As of December 31, 2013 the Company has a working capital deficiency of $3,430,426 and a stockholders' deficiency of $4,097,397. The operations of the Company have been primarily supported by a Line of Credit from one of the Company's stockholders and both loans and equity proceeds received from stockholders.

14. MANAGEMENT PLANS (Continued)

Management believes that 2014 will be a breakout year for sales due to its strategic partnerships that were established in 2013 with various new large financial service organizations and other providers of origination and collection of consumer credit portfolios for United States and International banks. While the Company will continue to minimize operating expenses, the Company expects to incur another loss in 2014 and to become profitable in 2015. If the Company is successful in raising sufficient capital on the Frankfurt or London AIM stock exchanges, the Company intends to accelerate sales efforts to exceed its existing 2014 forecast.