

**APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET**

**3 MONTHS ENDED
31-Mar-16**

**RESTATED
3 MONTHS ENDED
31-Mar-15**

ASSETS

CURRENT ASSETS

Cash	90,770	525
Accounts receivable - related party	468,315	361,867
Prepaid Expenses and other assets	22,065	21,055
Total Current Assets	<u>581,150</u>	<u>383,446</u>

OTHER ASSETS

Contract work in progress	70,311	91,404
Patents, less accumulated amortization	1,078,015	1,184,452
Deferred Debt Costs	932,510	436,110
Security Deposit	100,000	-
TOTAL ASSETS	<u>2,761,985</u>	<u>2,095,412</u>

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

CURRENT LIABILITIES

Accounts payable and accrued expenses	1,257,529	1,427,918
Accounts payable - related party	555,283	391,642
Accrued interest	790,937	427,068
Accrued payroll	24,092	43,924
Convertible notes - related party	1,093,926	-
Deferred rent	-	22,719
Deferred revenue	1,209,825	1,382,772
Total Current Liabilities	<u>4,931,592</u>	<u>3,696,042</u>

LONG-TERM LIABILITIES

Convertible notes - related party	-	930,408
Note payable - related party	594,175	527,902
Line of credit - related party	2,339,000	1,240,000
Warrant Liability	7,487,987	7,551,387
Total Long Term Liabilities	<u>10,421,162</u>	<u>10,249,697</u>

TOTAL LIABILITIES

	<u>15,352,753</u>	<u>13,945,739</u>
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SHAREHOLDERS' DEFICIENCY:

Class A preferred shares, authorized 4,000,000 shares, issued and outstanding, 96 shares	2,400	2,400
Class A-2 preferred shares, authorized 1,200,000 shares, issued and outstanding 497 shares	10,030	10,030
Junior preferred shares, authorized 3,500,000 shares, issued and outstanding, 117,762 shares	2,929,044	2,929,044
Common shares, authorized 310,880,000 shares issued and outstanding, 43,252,162 shares	7,274	7,274
Treasury Shares	(2,949)	(2,986)
Additional paid-in capital	23,198,728	22,518,049
Stock Subscription Receivable	-	(52,272)
Retained deficit	<u>(38,735,295)</u>	<u>(37,261,866)</u>
Total Shareholders' Deficiency	<u>(12,590,768)</u>	<u>(11,850,327)</u>

TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY

	<u>2,761,985</u>	<u>2,095,412</u>
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COMMON SHARES OUTSTANDING (WANS)

	43,129,997	42,779,301
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NET ASSET VALUE PER SHARE

	(0.29)	(0.28)
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**APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS**

	3 MONTHS ENDED 31-Mar-16	RESTATED 3 MONTHS ENDED 31-Mar-15
REVENUES	631,013	565,212
COST OF GOODS SOLD	<u>113,286</u>	<u>85,803</u>
GROSS PROFIT	517,727	479,409
OPERATING EXPENSES:		
Selling and general administrative	<u>947,131</u>	<u>862,719</u>
Operating gain/loss	<u>(429,405)</u>	<u>(383,310)</u>
OTHER (INCOME) EXPENSE		
Sublease income	-	23,841
Foreign exchange gain/loss	62,597	30,145
Interest income	6,751	7
Interest expense	(256,524)	(332,346)
Change in Warrant Liability	<u>101,262</u>	<u>1,613,765</u>
Total other expense	<u>(85,913)</u>	<u>1,335,413</u>
INCOME GAIN/(LOSS) before income taxes	<u>(515,318)</u>	<u>952,103</u>
Provision for income taxes	-	-
NET GAIN/(LOSS)	<u><u>(515,318)</u></u>	<u><u>952,103</u></u>
COMMON SHARES OUTSTANDING (WANS)	43,129,997	42,779,301
EARNINGS GAIN/(LOSS) PER SHARE COMMON	(0.01)	0.02

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

3 MONTHS ENDED
31-Mar-16

RESTATED
3 MONTHS ENDED
31-Mar-15

OPERATING ACTIVITIES:

Net income (loss)	(515,318)	952,103
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Patent costs amortization	26,464	26,173
Amortization of debt discount and deferred debt costs	145,541	249,406
Depreciation expense	-	868
Stock based compensation	128,564	152,807
Issuance of warrants for services	13,284	-
Change in warrant liability	(101,262)	(1,613,765)
Changes in assets and liabilities:		
Accounts receivable - related party	(255,850)	344,669
Prepaid expenses	33,646	31,413
Contract work in-progress	5,273	5,274
Accounts payable	(68,951)	(120,305)
Accounts payable - related party	(15,157)	(63,416)
Accrued interest	110,983	82,665
Accrued payroll	3,415	5,008
Deferred rent	-	(15,926)
Deferred revenue	(80,737)	(80,737)
Net Cash used in Operating Activities	<u>(570,104)</u>	<u>(43,764)</u>

INVESTING ACTIVITIES:

Net cash provided by investing activities

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<u>-</u>	<u>-</u>

FINANCING ACTIVITIES:

Proceeds received from issuance of treasury stocks	-	7,841
Proceeds received from issuance of treasury stocks and warrants	267,500	-
Purchases of treasury stock	(18,651)	(13,815)
Net Cash provided by Financing Activities	<u>248,849</u>	<u>(5,974)</u>
Net increase (decrease) in cash and cash equivalents	<u>(321,255)</u>	<u>(49,738)</u>
Cash, Beginning of Period	<u>412,025</u>	<u>50,263</u>
Cash, End of Period	<u>90,770</u>	<u>525</u>