

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET

| | 3 MONTHS ENDED 30-Jun-16 | RESTATED 3 MONTHS ENDED 30-Jun-15 | 6 MONTHS ENDED 30-Jun-16 | RESTATED 6 MONTHS ENDED 30-Jun-15 |
|---|-----------------------------|---|-----------------------------|---|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | 42,600 | 18,448 | 42,600 | 18,448 |
| Accounts receivable - related party | 923,165 | 622,974 | 923,165 | 622,974 |
| Prepaid Expenses and other assets | 16,099 | 18,038 | 16,099 | 18,038 |
| Total Current Assets | 981,864 | 659,460 | 981,864 | 659,460 |
| OTHER ASSETS | | | | |
| Property and equipment, net | - | - | - | - |
| Contract work in progress | 65,038 | 86,131 | 65,038 | 86,131 |
| Patents, less accumulated amortization | 1,051,551 | 1,157,988 | 1,051,551 | 1,157,988 |
| Deferred Debt Costs | 848,074 | 292,320 | 848,074 | 292,320 |
| Deferred Offering Costs | 25,000 | - | 25,000 | - |
| Security Deposit | 100,000 | - | 100,000 | - |
| TOTAL ASSETS | 3,071,527 | 2,195,899 | 3,071,527 | 2,195,899 |
| LIABILITIES AND SHAREHOLDERS' DEFICIENCY | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable and accrued expenses | 1,047,090 | 1,859,687 | 1,047,090 | 1,859,687 |
| Accounts payable - related party | 637,760 | 468,687 | 637,760 | 468,687 |
| Accrued interest | 902,152 | 510,651 | 902,152 | 510,651 |
| Accrued payroll | 26,332 | 42,021 | 26,332 | 42,021 |
| Convertible notes - related party | 1,143,234 | 966,753 | 1,143,234 | 966,753 |
| Deferred rent | - | 6,051 | - | 6,051 |
| Deferred revenue | 1,129,088 | 1,302,035 | 1,129,088 | 1,302,035 |
| Total Current Liabilities | 4,885,656 | 5,155,885 | 4,885,656 | 5,155,885 |
| LONG-TERM LIABILITIES | | | | |
| Convertible notes - related party | - | - | - | - |
| Note payable - related party | 611,364 | 617,464 | 611,364 | 617,464 |
| Line of credit - related party | 3,189,000 | 1,240,000 | 3,189,000 | 1,240,000 |
| Warrant Liability | - | 8,360,330 | - | 8,360,330 |
| Total Long Term Liabilities | 3,800,364 | 10,217,794 | 3,800,364 | 10,217,794 |
| TOTAL LIABILITIES | 8,686,020 | 15,373,679 | 8,686,020 | 15,373,679 |
| SHAREHOLDERS' DEFICIENCY: | | | | |
| 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, 43,235,112 shares | 7,274 | 7,274 | 7,274 | 7,274 |
| Treasury Shares | (2,950) | (2,988) | (2,950) | (2,988) |
| Additional paid-in capital | 31,473,933 | 22,589,538 | 31,473,933 | 22,589,538 |
| Retained deficit | (40,034,224) | (38,713,078) | (40,034,224) | (38,713,078) |
| Total Shareholders' Deficiency | (5,614,493) | (13,177,779) | (5,614,493) | (13,177,779) |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY | 3,071,527 | 2,195,899 | 3,071,527 | 2,195,899 |
| COMMON SHARES OUTSTANDING (WANS) | 43,246,968 | 42,868,159 | 43,188,482 | 42,823,976 |
| NET ASSET VALUE PER SHARE | (0.13) | (0.31) | (0.13) | (0.31) |

APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS

| | 3 MONTHS ENDED 30-Jun-16 | RESTATED 3 MONTHS ENDED 30-Jun-15 | 6 MONTHS ENDED 30-Jun-16 | RESTATED 6 MONTHS ENDED 30-Jun-15 |
|--|-----------------------------|---|-----------------------------|---|
| REVENUES | 611,537 | 609,179 | 1,242,550 | 1,174,390 |
| COST OF GOODS SOLD | 82,902 | 120,313 | 196,188 | 206,116 |
| GROSS PROFIT | 528,635 | 488,866 | 1,046,362 | 968,274 |
| OPERATING EXPENSES: | | | | |
| Selling and general administrative | 954,945 | 776,818 | 1,902,077 | 1,639,536 |
| Operating gain/loss | (426,310) | (287,952) | (855,715) | (671,262) |
| OTHER (INCOME) EXPENSE | | | | |
| Sublease income | - | 23,841 | - | 47,682 |
| Foreign exchange gain/loss | 45,330 | (24,000) | 107,927 | 6,146 |
| Interest income | 6,751 | 2 | 13,503 | 8 |
| Interest expense | (262,149) | (354,161) | (518,673) | (686,506) |
| Change in Warrant Liability | (662,551) | (808,943) | (561,289) | 804,823 |
| Total other expense | (872,619) | (1,163,260) | (958,532) | 172,152 |
| INCOME GAIN/(LOSS) before income taxes | (1,298,930) | (1,451,212) | (1,814,247) | (499,110) |
| Provision for income taxes | - | - | - | - |
| NET GAIN/(LOSS) | (1,298,930) | (1,451,212) | (1,814,247) | (499,110) |
| COMMON SHARES OUTSTANDING (WANS) | 43,246,968 | 42,868,159 | 43,188,482 | 42,823,976 |
| EARNINGS GAIN/(LOSS) PER SHARE COMMON | (0.03) | (0.03) | (0.04) | (0.01) |

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

| | 3 MONTHS ENDED 30-Jun-16 | RESTATED 3 MONTHS ENDED 30-Jun-15 | 6 MONTHS ENDED 30-Jun-16 | RESTATED 6 MONTHS ENDED 30-Jun-15 |
|--|--|---|-----------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net Gain/(Loss) | (1,298,929) | (1,451,213) | (1,814,247) | (499,110) |
| Adjustments to Reconcile Net Gain/(Loss) to Net Cash Used in Operating Activities | | | | |
| Patent costs amortization | 26,464 | 26,464 | 52,928 | 52,637 |
| Amortization of debt discount and deferred debt costs | 150,934 | 269,698 | 296,475 | 519,103 |
| Depreciation expense | - | - | - | 868 |
| Stock based compensation | 137,104 | 80,884 | 265,668 | 233,692 |
| Issuance of warrants for services | - | - | 13,284 | - |
| Change in warrant liability | 662,551 | 808,942 | 561,289 | (804,823) |
| Changes in Operating Assets and Liabilities | | | | |
| Accounts Receivable Related Party | (454,850) | 78,288 | (710,700) | 83,562 |
| Prepaid Expenses | 5,966 | 154,735 | 39,612 | 34,430 |
| Contract Work In Progress | 5,273 | 73,963 | 10,547 | 10,547 |
| Accounts Payable | (210,439) | 228,799 | (279,389) | 311,464 |
| Accounts Payable Related Party | 82,477 | 8,621 | 67,320 | 13,629 |
| Accrued Interest | 111,215 | 182,173 | 222,198 | 166,248 |
| Accrued Payroll | 2,240 | 83,842 | 5,655 | 3,105 |
| Deferred Rent | - | (32,594) | - | (32,594) |
| Deferred Revenue | (80,737) | (117,710) | (161,474) | (161,474) |
| CASH FLOWS | Net Cash Used in Operating Activities | 394,892 | (1,430,835) | (68,717) |
| Proceeds Received from Exercise of Warrants | - | 47,520 | - | 47,520 |
| Proceeds Received from Line of Credit Withdrawal from Related Party | 850,000 | - | 850,000 | - |
| Proceeds Received from Issuance of Treasury Stocks | - | 4,752 | - | 12,593 |
| Proceeds Received from Issuance of Treasury Stocks and Warrants | - | - | 267,500 | - |
| Payment of deferred offering costs | (25,000) | - | (25,000) | - |
| Purchases of Treasury Stock | (12,438) | (9,397) | (31,089) | (23,212) |
| Net Increase/D | Net Cash Used in Financing Activities | (4,645) | 1,061,411 | 36,900 |
| Cash, Beginning of Period | (48,170) | 17,923 | (369,424) | (31,815) |
| Cash, End of Period | 90,770 | 525 | 412,025 | 50,263 |