

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

	3 MONTHS ENDED 30-Jun-17	3 MONTHS ENDED 30-Jun-16	6 MONTHS ENDED 30-Jun-17	6 MONTHS ENDED 30-Jun-16
<b>ASSETS</b>				
Current assets:				
Cash	\$ 38,670	\$ 42,600	\$ 38,670	\$ 42,600
Accounts receivable	253,440	-	253,440	-
Accounts receivable - related party	95,079	858,165	95,079	858,165
Prepaid expenses and other assets	20,708	16,099	20,708	16,099
Total current assets	<u>407,897</u>	<u>916,864</u>	<u>407,897</u>	<u>916,864</u>
Contract work in-progress	54,491	65,038	54,491	65,038
Patents, less accumulated amortization	945,405	1,051,551	945,405	1,051,551
Deferred debt costs	3,292,583	848,074	3,292,583	848,074
Deferred offering costs	-	25,000	-	25,000
Security deposit	80,000	100,000	80,000	100,000
<b>Total Assets</b>	<b><u>\$ 4,780,376</u></b>	<b><u>\$ 3,006,527</u></b>	<b><u>\$ 4,780,376</u></b>	<b><u>\$ 3,006,527</u></b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 911,927	\$ 1,072,090	\$ 911,927	\$ 1,072,090
Accounts payable - related party	180	637,760	180	637,760
Accrued interest	32,510	25,023	32,510	25,023
Accrued interest - related party	1,539,077	877,129	1,539,077	877,129
Accrued payroll	30,611	26,332	30,611	26,332
Deferred revenue	1,387,856	1,363,088	1,387,856	1,363,088
Convertible notes payable	-	1,143,234	-	1,143,234
Total current liabilities	<u>3,902,161</u>	<u>5,144,656</u>	<u>3,902,161</u>	<u>5,144,656</u>
Long-term liabilities:				
Notes payable - related party, net of debt discount	692,313	611,364	692,313	611,364
Line of credit - related party	8,526,558	3,189,000	8,526,558	3,189,000
Total long-term liabilities	<u>9,218,871</u>	<u>3,800,364</u>	<u>9,218,871</u>	<u>3,800,364</u>
<b>Total liabilities</b>	<u>13,121,032</u>	<u>8,945,020</u>	<u>13,121,032</u>	<u>8,945,020</u>
<b>Commitments and contingencies</b>				
<b>Stockholders' deficit</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 43,159,765 shares	7,274	7,274	7,274	7,274
Additional paid-in capital	35,607,677	31,473,933	35,607,677	31,473,933
Accumulated deficit	(46,894,123)	(40,358,224)	(46,894,123)	(40,358,224)
Treasury shares	(2,958)	(2,950)	(2,958)	(2,950)
<b>Total stockholders' deficit</b>	<u>(8,340,656)</u>	<u>(5,938,493)</u>	<u>(8,340,656)</u>	<u>(5,938,493)</u>
<b>Total liabilities and stockholders' deficit</b>	<b><u>\$ 4,780,376</u></b>	<b><u>\$ 3,006,527</u></b>	<b><u>\$ 4,780,376</u></b>	<b><u>\$ 3,006,527</u></b>

**APOLLO ENTERPRISE SOLUTIONS, LTD AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF OPERATIONS**

	<b>3 MONTHS ENDED</b> <b>30-Jun-17</b>	<b>3 MONTHS ENDED</b> <b>30-Jun-16</b>	<b>6 MONTHS ENDED</b> <b>30-Jun-17</b>	<b>6 MONTHS ENDED</b> <b>30-Jun-16</b>
Revenues	\$ 19,000	\$ 312,537	\$ 25,534	\$ 943,550
Cost of goods sold	12,409	82,902	24,519	196,188
<b>Gross profit (loss)</b>	<u>6,591</u>	<u>229,635</u>	<u>1,015</u>	<u>747,362</u>
Selling and general administrative expenses	1,040,602	979,945	2,282,489	1,927,077
<b>Operating loss</b>	<u>(1,034,011)</u>	<u>(750,310)</u>	<u>(2,281,474)</u>	<u>(1,179,715)</u>
<b>Other income (expense):</b>				
Change in warrant liability	-	(662,551)	-	(561,289)
Foreign exchange gain/loss	(25,230)	45,330	(32,754)	107,927
Interest income	-	6,751	-	13,503
Interest expense	(592,181)	(262,149)	(1,142,890)	(518,673)
<b>Total other income (expense)</b>	<u>(617,411)</u>	<u>(872,619)</u>	<u>(1,175,644)</u>	<u>(958,532)</u>
<b>Loss before income taxes</b>	<u>(1,651,422)</u>	<u>(1,622,929)</u>	<u>(3,457,118)</u>	<u>(2,138,247)</u>
Provision for income taxes	-	-	-	-
<b>Net loss</b>	<u>\$ (1,651,422)</u>	<u>\$ (1,622,929)</u>	<u>\$ (3,457,118)</u>	<u>\$ (2,138,247)</u>
EARNINGS GAIN/(LOSS) PER SHARE COMMON	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ (0.08)</u>	<u>\$ (0.05)</u>
COMMON SHARES OUTSTANDING (WANS)	43,209,910	43,246,968	43,209,769	43,188,482

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

	3 MONTHS ENDED 30-Jun-17	3 MONTHS ENDED 30-Jun-16	6 MONTHS ENDED 30-Jun-17	6 MONTHS ENDED 30-Jun-16
<b>Cash flows from operating activities</b>				
Net loss	\$ (1,651,423)	\$ (1,622,929)	\$ (3,457,118)	\$ (2,138,247)
Adjustments to reconcile net loss to net cash used in operating activities:				
Amortization of patent costs	26,464	26,464	53,219	52,928
Amortization of debt discount	399,003	150,934	774,822	296,475
Stock-based compensation expense	176,083	137,104	301,474	265,669
Issuance of treasury stock for services	-	-	10,000	-
Issuance of warrants for services	-	-	-	13,283
Change in warrant liability	-	662,551	-	561,289
Write-off of deferred offering costs	-	-	25,000	-
Bad debt expense	84,000	-	196,480	-
Changes in operating assets and liabilities:				
Accounts receivable	75,469	-	24,999	-
Accounts receivable - related party	-	(389,850)	(78,412)	(645,700)
Prepaid expenses	14,859	5,966	16,134	39,612
Contract work in-progress	-	5,273	-	10,546
Security deposit	-	-	20,000	-
Accounts payable and accrued expenses	(20,936)	(185,439)	4,017	(254,390)
Accounts payable - related party	76,994	82,477	241,471	67,320
Accrued interest	1,870	1,870	3,719	3,740
Accrued interest - related party	191,308	109,345	364,348	218,458
Accrued payroll	3,029	2,240	6,305	5,655
Deferred revenue	(19,000)	153,263	128,347	72,526
<b>Net cash used in operating activities</b>	<u>(642,280)</u>	<u>(860,731)</u>	<u>(1,365,195)</u>	<u>(1,430,836)</u>
<b>Cash flows from financing activities</b>				
Proceeds received from line of credit with related party	676,499	850,000	1,395,500	850,000
Proceeds received from issuance of treasury stock	-	-	-	267,500
Purchases of treasury stock	(11,448)	(12,438)	(16,051)	(31,089)
Payment of deferred offering costs	-	(25,000)	-	(25,000)
<b>Net cash provided by financing activities</b>	<u>665,051</u>	<u>812,562</u>	<u>1,379,449</u>	<u>1,061,411</u>
<b>Net increase (decrease) in cash</b>	22,771	(48,170)	14,254	(369,425)
<b>Cash at beginning of period</b>	15,899	90,770	24,416	412,025
<b>Cash at end of period</b>	<u>\$ 38,670</u>	<u>\$ 42,600</u>	<u>\$ 38,670</u>	<u>\$ 42,600</u>
<b>Supplemental Schedule of Non-cash Financing Activities:</b>				
Reclassification of warrant liability to equity upon amendment of outstanding warrant agreements	\$ -	\$ 8,150,536	\$ -	\$ 8,150,536
Drawdown on LOC with related party to extinguish accounts payable to related party	\$ 1,178,958	\$ -	\$ 1,178,958	\$ -
Issuance of warrants for line of credit with related party	\$ 1,230,000	\$ -	\$ 1,230,000	\$ -
Cash paid for interest	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -