

**Apollo Enterprise Solutions, LTD and Subsidiary**

Consolidated Balance Sheet

	<u>March 31, 2017</u> (Unaudited)	<u>March 31, 2016</u> (Unaudited)
<b>ASSETS</b>		
Current assets:		
Cash	\$ 15,899	\$ 90,770
Accounts receivable, net of allowance for doubtful accounts of \$458,980 and \$0 at March 31, 2017 and March 31, 2016, respectively	412,909	461,648
Accounts receivable - related party	95,079	6,667
Prepaid expenses and other assets	35,567	20,381
Total current assets	<u>559,454</u>	<u>579,466</u>
Contract work in-progress	54,491	70,311
Patents, less accumulated amortization	971,869	1,078,015
Deferred debt costs associated with line of credit - related party	2,439,448	932,510
Security deposit	80,000	100,000
<b>Total Assets</b>	<u><b>\$ 4,105,262</b></u>	<u><b>\$ 2,760,302</b></u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 932,863	\$ 1,296,845
Accounts payable - related party	1,102,144	514,283
Accrued interest	30,640	1,870
Accrued interest - related party	1,347,769	789,067
Accrued payroll	27,582	24,092
Deferred revenue	1,406,856	1,209,825
Convertible notes payable	-	1,093,926
Total current liabilities	<u>4,847,854</u>	<u>4,929,908</u>
Long-term liabilities:		
Notes payable - related party, net of debt discount	670,175	594,175
Line of credit - related party	6,671,100	2,339,000
Warrant liability	-	7,487,987
Total long-term liabilities	<u>7,341,275</u>	<u>10,421,162</u>
<b>Total liabilities</b>	12,189,129	15,351,070
<b>Commitments and contingencies</b>		
<b>Stockholders' deficit</b>		
Class A preferred stock, \$0.0001 par value, 4,000,000 shares authorized, 96 shares issued and outstanding as of March 31, 2017 and March 31, 2016. \$2,856 and \$2,786 aggregate liquidation preference at March 31, 2017 and March 31, 2016, respectively.	2,400	2,400
Class A-1 preferred stock, \$0.0001 par value, 420,000 shares authorized, -0- shares issued and outstanding as of March 31, 2017 and March 31, 2016.	-	-
Class A-2 preferred stock, \$0.0001 par value, 1,200,000 shares authorized, 401 shares issued and outstanding as of March 31, 2017 and March 31, 2016. \$11,514 and \$11,221 aggregate liquidation preference at March 31, 2017 and March 31, 2016, respectively.	10,030	10,030
Junior preferred stock, \$0.0001 par value, 3,500,000 shares authorized, 117,762 shares issued and outstanding as of March 31, 2017 and March 31, 2016. \$2,944,050 aggregate liquidation preference at March 31, 2017 and March 31, 2016.	2,929,044	2,929,044
Common stock, \$0.0001 par value, 310,880,000 shares authorized, 72,739,393 shares issued; 43,224,953 and 43,252,163 shares outstanding as of March 31, 2017 and March 31, 2016, respectively	7,274	7,274
Additional paid-in capital	34,213,036	23,198,728
Accumulated deficit	(45,242,700)	(38,735,295)
Treasury stock, \$0.0001 par value, 29,514,440 and 29,487,230 shares as of March 31, 2017 and March 31, 2016, respectively	(2,951)	(2,949)
<b>Total stockholders' deficit</b>	<u>(8,083,867)</u>	<u>(12,590,768)</u>
<b>Total liabilities and stockholders' deficit</b>	<u><b>\$ 4,105,262</b></u>	<u><b>\$ 2,760,302</b></u>

## Apollo Enterprise Solutions, LTD and Subsidiary

### Consolidated Statement of Operations

	<b>For the three months ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Revenues	\$ 6,535	\$ 631,013
Cost of goods sold	12,111	113,286
<b>Gross profit (loss)</b>	<b>(5,576)</b>	<b>517,727</b>
Selling and general administrative expenses	1,241,887	947,132
<b>Operating loss</b>	<b>(1,247,463)</b>	<b>(429,405)</b>
<b>Other income (expense):</b>		
Change in warrant liability	-	101,262
Gain (loss) on foreign exchange transactions	(7,524)	62,597
Interest income	-	6,751
Interest expense	(550,708)	(256,524)
<b>Total other income (expense)</b>	<b>(558,232)</b>	<b>(85,914)</b>
<b>Loss before income taxes</b>	<b>(1,805,695)</b>	<b>(515,319)</b>
Provision for income taxes	-	-
<b>Net loss</b>	<b>\$ (1,805,695)</b>	<b>\$ (515,319)</b>
Basic and diluted net loss per ordinary share	\$ (0.04)	\$ (0.01)
Weighted average shares outstanding, basic and diluted	43,209,627	42,830,576

**Apollo Enterprise Solutions, LTD and Subsidiary**

Consolidated Statement of Cash Flows

	<b>For the three months ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Net loss	\$ (1,805,695)	\$ (515,319)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of patent costs	26,755	26,464
Amortization of debt discount	375,819	145,541
Stock-based compensation expense	125,391	128,564
Issuance of treasury stock for services	10,000	-
Issuance of warrants for services	-	13,284
Change in warrant liability	-	(101,262)
Non-cash general administrative expenses	25,000	-
Bad debt expense	112,480	-
Changes in operating assets and liabilities:		
Accounts receivable	(50,470)	(461,648)
Accounts receivable - related party	(78,412)	205,798
Prepaid expenses	1,275	35,330
Contract work in-progress	-	5,273
Security deposit	20,000	-
Accounts payable and accrued expenses	24,953	(29,635)
Accounts payable - related party	164,477	(56,157)
Accrued interest	1,849	1,870
Accrued interest - related party	173,040	109,113
Accrued payroll	3,276	3,415
Deferred revenue	147,347	(80,737)
<b>Net cash used in operating activities</b>	<b>(722,915)</b>	<b>(570,106)</b>
<b>Cash flows from financing activities</b>		
Proceeds received from line of credit with related party	719,000	-
Proceeds received from issuance of treasury stock	-	267,500
Purchases of treasury stock	(4,602)	(18,651)
<b>Net cash provided by financing activities</b>	<b>714,398</b>	<b>248,849</b>
<b>Net decrease in cash</b>	<b>(8,517)</b>	<b>(321,257)</b>
<b>Cash at beginning of period</b>	<b>24,416</b>	<b>412,025</b>
<b>Cash at end of period</b>	<b>\$ 15,899</b>	<b>\$ 90,768</b>
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -