Industrial Nanotech, Inc.

Consolidated Financial Statements
For the Period EndedMarch 31, 2015
(Unaudited)

CERTIFICATION

I, Stuart Burchill, Chief Executive Officer of Industrial Nanotech, Inc. hereby ceritify that the financial statements filed herewith and any notes thereto, fairly present, in all material respects, the financial position, results of operations and cash flows for the periods accounting presented, in conformity with principles generally accepted in the United States, consistently applied.



Stuart Burchill

Exhibits Index

Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report.

(1) Financial Statements

Consolidated Balance Sheet as of March 31, 2015 and December 31, 2014

Consolidated Statements of Operations for the Period ended March 31, 2015, March 31, 2014 and the Year ended December 31, 2014

Consolidated Statements of Stockholders' Equity for the Year ended December 31, 2013 through the Period ended March 31, 2015

Consolidated Statements of Cash Flows for the Period ended March 31, 2015, March 31, 2014 and the Year ended December 31, 2014

Notes to the Consolidated Financial Statements

(2) Financial Statement Schedules

Additional Schedules are omitted as the required information is in applicable or the information is presented in the financial statements or related notes

Industrial Nanotech, Inc.

Consolidated Balance Sheets
(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Cash	$9,443	$23,176
Accounts Receivable	23,265	76,751
Inventory	1,919	943
Total Current Assets	34,627	100,870
Equipment, Net	19,316	18,613
Other Assets	12,913	400
Total Assets	$66,856	$119,883
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Customer Deposits	431,485	452,623
Accounts Payable	263,878	254,200
Accrued Payroll Expense	70,373	63,752
Accrued Expense	112,295	158,682
Notes Payable	51,089	153,364
Notes Payable - Related Party (see Note 3)	773,089	811,894
Total Current Liabilities	1,702,209	1,894,515
Total Liabilities	1,702,209	1,894,515
Stockholders' Equity		
Preferred Stock, authorized 25,000,000 shares, Par value $0.0001, issued and outstanding on September 30, 2014 and December 31, 2013 is 5,000,000 respectively	500	500
Common Stock, authorized 1,500,000,000 shares, Par value $0.0001, issued and outstanding on 1,078,518,924 and 1,022,247,957 respecti	95,465	89,838
Paid In Capital	20,737,280	20,492,323
Accumulated Deficit	-22,468,598	-22,357,293
Total Stockholder' Equity	-1,635,353	-1,774,632
Total Liabilities and Stockholders' Equity	$66,856	$119,883

The accompanying notes are an integral part of these statements

Industrial Nanotech, Inc.

Consolidated Statements of Operations

(Unaudited)

	Three Months Ended March 31,		Year Ended December 31,
	2015	2014	2014
INCOME			
Revenue	267,755	228,864	714,744
Less: Cost of Goods Sold	49,152	53,469	104,436
Gross Profit	218,603	175,395	610,308
OPERATING EXPENSES			
Sales and Marketing	6,507	12,513	78,115
General and Administrative	279,763	441,063	2,240,630
Research and Development	27,797	21,385	72,624
Professional and Consulting	15,841	93,721	824,102
Depreciation	0		10,011
Toatl Expenses	329,908	568,682	3,225,482
(Loss) from Operations	-111,305	-393,287	-2,615,174
Other Income (Expense)	0	-26,322	-104,986
Net Income (Loss)	-111,305	-419,609	-2,720,160
Basic and Diluted (Loss) per Share	($0.0001)	($0.0001)	($0.0001)
Weighted Average Number of Shares	649,818,791	582,845,492	635,751,049

The accompanying notes are an integral part of these statements

Industrial Nanotech, Inc.

Consolidated Statements of Stockholders' Equity

(Inception January 14, 2004 to March 31, 2015)

	Shares	Amount	Shares	Amount	Capital	Subscription Receivable	Deficit	Equity
Balance December 31, 2013	**5,000,000**	**500**	**796,875,728**	**68,138**	**18,502,519**	**0**	**-19,637,133**	**-1,065,976**
Common Shares Issued for Consulting			49,164,563	4,866	382,200			387,066
Common Shares Issued for Interest Expense			13,183,333	3,069	59,333			62,402
Common Shares Issued for Cash			129,650,000	10,428	1,502,380			1,512,808
Common Shares Issued for Debt Repayment			33,374,333	3,337	445,891			449,228
Net Income/(Loss)							-2,720,160	-2,720,160
Balance December 31, 2014	**5,000,000**	**500**	**1,022,247,957**	**89,838**	**20,492,323**	**0**	**-22,357,293**	**-1,774,632**
Common Shares Issued for Debt Repayment			5,000,000	500	45,000			45,500
Common Shares Issued for Interest Expense			51,270,967	5,127	199,957			205,084
Net Income/(Loss)							-111,305	-111,305
Balance March 31, 2015	**0**	**0**	**1,078,518,924**	**95,465**	**20,737,280**	**0**	**-22,468,598**	**-1,635,353**

The accompanying notes are an integral part of these statements

Industrial Nanotech, Inc.

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended March 31,		Year Ended December 31,
	2015	2014	2014
Operating Activities			
Net Income (Loss)	-111,305	-419,609	-2,720,160
Adjusments to Reconcile Net Income (Loss)			
Stock Issued for Services	0	57,750	392,826
Stock Issued for Employee Bonuses	0	0	0
Non-cash Interest Expense	205,084	0	62,402
Depreciation	0	94,783	37,600
Balance Sheet Adjustments:			
(Increase)/Decrease in Accounts Receivable	-53,486	31,229	-12,462
(Increase)/Decrease in Employee Advances	0	0	0
(Increase)/Decrease in Customer Deposits	-21,138	170,574	452,623
(Increase)/Decrease in Inventory	976	-2,516	-334
(Increase)/Decrease in Other Assets	12,513	1,050	159,600
Increase/(Decrease) in Accounts Payable	-9,678	-13,961	-12,191
Increase/(Decrease) in Accrued Expense	46,387	-5,341	-68,826
Increase/(Decrease) in Accrued Payroll	-6,621	-53,348	-31,470
Net Cash (Used) by Operating Activities	62,732	-139,389	-1,740,392
Investment Activities			
Purchase of Equipment	703		18,711
Net Cash (Used) by Investment Activities	703	0	18,711
Financing Activities			
Proceeds from Sale of Stock	0	0	784,540
Proceeds from Notes Payable-Related Party	-38,805	170,000	228,666
Proceeds from Loans	-102,275	-71,054	314,136
Proceeds from Debt Conversion	40,668	0	49,228
Proceeds from Consulting Stock	0	0	387,066
Cash Provided by Financing Activities	-100,412	98,946	1,763,636
Net Increase (Decrease) in Cash	-36,977	-40,443	23,244
Cash, Beginning of Period	46,420	46,420	46,420
Cash,End of Period	9,443	5,977	69,664

The accompanying notes are an integral part of these statements

Industrial Nanotech, Inc.

Notes to UnauditedConsolidated Financial Statements

(March 31, 2015 and December 31, 2014)

Note 1. General Organization and Business

Industrial Nanotech, Inc. (the Company) is a Delaware corporation organized on February 7, 2005. On March 14, 2005 the Company acquired a Wyoming corporation with the same name organized on January 14, 2004. The Delaware corporation is the surviving legal entity with the Wyoming corporation being the historical accounting entity for reporting purposes. Both companies were organized by the same founders therefore there is no change of control. The Wyoming corporation is operated as a wholly owned subsidiary.

On June 28, 2005, the Company organized a Florida corporation of the same name to provide management services to the Company and is also operated as a wholly owned subsidiary.

The Company develops, manufactures and markets industrial grade insulation products utilizing emerging nanotechnology. The company currently owns patent rights to the combination of a specific category of nanocomposites and a variety of secondary "carrier" components used in these products. The company is an active participant in research and development with leading laboratories exploring nanotechnology.

The relevant accounting policies and procedures are listed below

Accounting Basis

The statements were prepared following generally accepted accounting principles of the United States of America consistently applied.

Earnings (Loss) per Share

The basic earnings (loss) per share are calculated by dividing the Company's net income available to common shareholders by the weighted average number of common shares during the year. The diluted earnings (loss) per share are calculated by dividing the Company's net income (loss) available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted as of the first of the year for any potentially dilutive debt or equity.

Dividends

The Company has not yet adopted any policy regarding payment of dividends. No dividends have been paid during the periods shown.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Equipment

Equipment is stated at cost and only items with a cost greater than $500 are capitalized. Depreciation is computed using the straight-line method over their estimated useful lives ranging from five to seven years. Maintenance and repairs are charged to expense as incurred. Fixed assets consist of the following:

	March 31, 2015	December 31, 2014
Office Furniture and Equipment	$46,350	$101,958
Less: Accumulated Depreciation	-27,034	-64,634
Equipment, net	$19,316	$37,324

Revenue Recognition

The Company recognizes revenue when a sale is made and the product is shipped.

Advertising

Advertising is combined with marketing costs and expensed when incurred. Marketing/Advertising costs for the period ended March 31, 2015, March 31,2014 and the year ended December 31, 2014 are $6,507, $12,513 and $78,115 respectively.

Income Taxes

The provision for income taxes is the total of the current taxes payable and the net of the change in the deferred income taxes. Provision is made for the deferred income taxes where differences exist between the periods in which transactions affect current taxable income the period in which they enter into the determination of net income in the financial statements.

Earnings Per Share

Basic earnings per share are computed by dividing net income by the average number of common shares outstanding during the period. Diluted earnings per share takes into consideration the potentially dilutive effect of common stock equivalents, such outstanding stock options and warrants, which if exercised or converted into common stock would then share in the earnings of the Company. In computing diluted earnings per share, the Company utilizes the treasury stock method and anti-dilutive securities are excluded.

Recent Accounting Guidance Not Yet Adopted

The Company has reviewed recently issued accounting pronouncements thru ASU 2014-10 and believes none will have any material impact on our financial statements.

Note 2. Gross Revenue

The Company received $1,167,367 in Sales Revenue in 2014, a 39% increase over the Sales Revenue received by the Company in 2013. Due to the Company ensuring it meets all the GAAP reporting requirements as necessary under the current ongoing PCAOB audit process, and a change from the accounting method used at year end 2013 in which Sales Revenue was reported as received, only $714,744 is reported as income on the Consolidated Statements of Operations and the balance of $452,623 is reported as Customer Deposits on the Consolidated Balance Sheets to account for product paid for but not shipped by the fiscal year end.

Management's Plans

The Company is currently preparing patent applications on additional technologies it has developed; is creating new technologies, and is pursuing the acquisition of additional intellectual property in nanotechnology. The overall objectives are to advance the development and commercialization of nanotechnologies through additional joint research agreements with top research facilities, development of a nanocomposite manufacturing and research facility, expansion of distribution networks worldwide, and the cultivation of future researchers through scholarships and research grants. Industrial Nanotech, Inc. has position itself to become the premier source for development of nanoscience solutions to industry. Management plans to develop distributors throughout the United States and internationally and attract new customers through website marketing.

Management plans to expand into European manufacturing market to increase production volume in 2015 - 2016 to enable product availability in Europe. This will reduce shipping costs and further accelerate market expansion.

Note 3. Notes Payable - Related Party

A related party periodically provides operating funds to the Company. The related party note payable balance as of March 31, 2015 and December 31, 2014 consist of the following:

	March 31, 2015	December 31, 2014
Demand note, Unsecured, No due date, 10% Interest Shareholder/Related Party	$772,189	$811,894
Total Notes Payable - Related Party	$772,189	$811,894

Note 4. Stockholders' Equity

Participating Preferred Stock

The Company is authorized 25,000,000 Preferred Shares and on March 15, 2007 created Series A Participating Preferred Stock with 5,000,000 shares which is considered senior to common shares. Holders of Series A Participating Preferred Stock shall be entitled to receive quarterly dividends payable in cash on the 15th day of March, June, September and December of each year if a dividend is declared by the Board of Directors on common stock. The Series A dividend shall be $0.10 per share or 1,000 times the aggregate declared dividend per common share adjusted for changes in outstanding common shares resulting from reverse splits or similar actions.

Series A preferred share are also entitled to 1,000 votes per share for all matters submitted to shareholders with the number of votes adjusted for reverse splits or similar actions and has the right to elect two directors to the board should dividends extend into a default period. The Company may not declare dividends on stock junior to Series A Preferred Stock during any default period. Upon dissolution no distribution can be made until Series A holders receives $1,000 per share plus accrued dividends with common shares receiving $1.00 per share and any remainder is to be distributed proportionally by number of shares outstanding.

Upon consolidation or Merger, Series A preferred shares are to receive 1,000 times the number of shares as common shares receive proportionally adjusted for reverse splits or similar actions. Upon return to the Company Series A preferred shares will be retired or cancelled and become authorized, but unissued preferred shares.

The 5,000,000 Series A Participating Preferred shares were issued to two founders on March 15, 2007, each holding 2,500,000 shares.

Common Stock

Industrial Nanotech, Inc. (the Company) is a Delaware corporation organized on February 7, 2005. On March 14, 2005 the Company merged with a Wyoming corporation with the same name organized on January 14, 2004. The Delaware corporation is the surviving legal entity with the Wyoming corporation being the historical accounting entity for reporting purposes. Both companies were organized by the same founders therefore there is no change of control. The Wyoming Corporation is operated as a wholly owned subsidiary.

During the year ended December 31, 2014 the Company issued common shares as described below:

The Company issued and recorded 12,850,000 shares for $177,518 interest expense for the fair value of the stock issued

The Company issued 20,165,653 common shares with a fair value of $254,037 for various consulting services.

The Company issued 30,000,000 shares restricted common stock with a fair market value of $405,000 to Note holders as debt repayment.

During the period ended March, 2015 the Company issued common shares as described below:

The Company issued 51,270,967 shares restricted common stock with a fair market value of $205,064 to Note holders as interest expense.

The Company issued 5,000,000 shares restricted common stock with a fair market value of $45,500 to Note holders as debt repayment.

Note 5. Operating Leases and Other Commitments

Current operating leases for office space consist of a monthly payment of $3,200. Management feels that the office space is not adequate for future growth but is uncertain of its future needs at this time.

Note 6. Subsequent Events

The Company is in the process of completing an extensive internal review in preparation for a PCAOB audit scheduled to be completed during mid 2015 resulting in a possible correction of and reclassification of costs.

The Company has successfully entered into the OEM (original equipment manufacturer) roof tile market which includes designing and installing customized spray equipment for the manufacturing line. The new Eagle Platinum Tile which is made in the USA by Eagle Roofing Products represents the most innovative roof tile on the market today. Thus opens the door to similar relationships with OEM customers. This is expected to be a major area of focus and growth in the coming months and years.

The Company continues to expand in the Oil & Gas marketand has added the Middle East and South America to its list of customers.