

INTEGRATED ENERGY SOLUTIONS, INC.

Consolidated Balance Sheets

	<u>September 30,</u> <u>2015 (Unaudited)</u>	<u>December 31,</u> <u>2014 (Unaudited)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 400	\$ 178,019
Accounts receivable, net	331,411	990,150
Prepaid expenses and other current assets	<u>17,535</u>	<u>17,535</u>
Total current assets	<u>349,346</u>	<u>1,185,704</u>
 Furniture and equipment, net	 <u>90,774</u>	 <u>101,874</u>
 Other assets:		
Intangible assets	\$ 105,013	\$ 105,013
Goodwill	<u>101,724</u>	<u>101,724</u>
Total other assets	<u>206,737</u>	<u>206,737</u>
 Total assets	 <u><u>\$ 646,857</u></u>	 <u><u>\$ 1,494,315</u></u>
 LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 438,559	\$ 298,322
Derivative liability, current portion	2,636,976	733,818
Secured loan payable	992,140	833,950
Secured promissary notes	975,000	975,000
Convertible notes payable, net of unamortized discount	<u>570,073</u>	<u>228,898</u>
Total current liabilities	<u>5,612,748</u>	<u>3,069,988</u>
 Total liabilities	 <u>5,612,748</u>	 <u>3,069,988</u>
 Redeemable Series B Convertible Preferred Stock, 9,500,000 shares authorized, 2,350,000 and 2,350,000 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	 <u>\$ 70,500</u> <u>70,500</u>	 <u>\$ 70,500</u> <u>70,500</u>
 Shareholders' Equity		
Series A Preferred stock, \$.0001 par value; 51 shares authorized	-	-
Common stock, \$.0001 par value; 2,000,000,000 shares authorized, 2,661,261,268 issued and outstanding at September 30, 2015 and 1,632,182,304 issued and outstanding at December 31, 2014	2,661,263	1,632,183
Additional Paid in Capital	11,012,561	11,804,435
Stock payable	95	95
Accumulated Deficit	(18,710,310)	(15,082,886)
 Total shareholders' deficit	 <u>(5,036,391)</u>	 <u>(1,646,173)</u>
 Total liabilities and shareholders' deficit	 <u><u>\$ 646,857</u></u>	 <u><u>\$ 1,494,315</u></u>

See accompanying notes to financial statements.

INTEGRATED ENERGY SOLUTIONS, INC.
Consolidated Statements of Operations

	For the Nine Months Ended September 30, 2015 (Unaudited)	For the Year End December 31, 2014 (Unaudited)
Revenue	\$ 4,267,222	\$ 383,688
Cost of Revenue	<u>3,252,867</u>	<u>236,867</u>
Gross profit	<u>1,014,355</u>	<u>146,821</u>
Operating expenses:		
General and administrative	507,924	74,006
Salaries and related costs	170,411	78,272
Impairment Losses	-	108,428
Bad debt expense	1,200,627	-
Professional fees	<u>248,254</u>	<u>1,096,663</u>
Total operating expenses	<u>2,127,216</u>	<u>1,357,369</u>
Loss from operations	<u>(1,112,861)</u>	<u>(1,210,548)</u>
Other income (expense):		
Other income	-	154,376
Loss on derivative	(2,060,779)	(1,394,613)
Interest expense	<u>(453,784)</u>	<u>(770,054)</u>
Total other income (expense)	<u>(2,514,563)</u>	<u>(2,010,291)</u>
Net loss	<u>\$ (3,627,424)</u>	<u>\$ (3,220,839)</u>
Basic and diluted loss per common share	<u>\$ (0.0014)</u>	<u>\$ (0.0051)</u>
Weighted average shares outstanding	<u>2,661,261,968</u>	<u>636,611,375</u>

See accompanying notes to financial statements.

Integrated Energy Solutions, Inc.
Condensed Consolidated Statement of Changes in Shareholders' (Deficit)
For the Period from December 31, 2012 to September 30, 2015
(Unaudited)

	Common Stock	Common Stock Amount	Additional Paid-in Capital	Stock Payable	Earnings (Deficit) Accumulated	Total
Balance, December 31, 2012	117,458,776	\$ 117,459	\$ 10,683,838	\$ 14,100	\$ (5,812,592)	\$ 5,002,805
Stock issued for financing agreement	6,831,362	6,831	59,469			66,300
Stock issued for loan conversion	145,550,691	145,551	407,546			553,097
Stock issued for advisory services and professional services	35,218,397	35,218	63,465			98,683
Stock subscription				(14,005)		(14,005)
Net Loss, December 31, 2013					(6,049,455)	(6,049,455)
Balance, December 31, 2013	305,059,226	\$ 305,059	\$ 11,214,318	\$ 95	\$ (11,862,047)	\$ (342,575)
Stock issued for loan conversion and discounts on loan modification	1,323,271,475	1,323,271	559,689			1,882,960
Stock issued for advisory services and professional services	3,851,603	3,852	30,428			34,280
Net Loss, December 31, 2014					(3,220,839)	(3,220,839)
Balance, December 31, 2014	1,632,182,304	\$ 1,632,183	\$ 11,804,435	\$ 95	\$ (15,082,886)	\$ (1,646,173)
Stock issued for loan conversion and discounts on loan modification	1,029,079,659	1,029,081	(791,874)			237,207
Net Loss, September 30, 2015					(3,627,424)	(3,627,424)
Balance, September 30, 2015	2,661,261,963	\$ 2,661,263	\$ 11,012,561	\$ 95	\$ (18,710,310)	\$ (5,036,391)

See Accompanying Notes to Financial Statements

INTEGRATED ENERGY SOLUTIONS, INC.
Condensed Consolidated Statement of Cash Flows

	For the Nine Months Ended September 30, 2015 (Unaudited)	For the Year Ended December 31, 2014 (Unaudited)
Cash flows from operating activities		
Net loss	\$ (3,627,424)	\$ (3,220,839)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Non-cash expenses:		
Shares issued for services	-	34,280
Advisory fees issued in form of promissory notes	-	125,000
Interest expense	427,541	597,620
Loss on derivative	2,060,779	1,394,613
Impairment on properties	-	108,428
Depreciation and Amortization	11,100	2,920
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	658,739	-
(Increase) decrease in prepaid expenses and other current assets	-	(17,535)
(Increase) decrease in other assets	-	-
Increase (decrease) in accounts payable and accrued expenses	140,237	(218,551)
Net cash provided by operating activities	<u>(329,028)</u>	<u>(1,194,064)</u>
Cash flows from investing activities		
Purchase of fixed assets	-	-
Net cash used by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net proceeds from issuance and repayments of convertible notes	44,443	520,500
Proceeds from issuance of promissory notes	106,966	850,000
Net cash provided by financing activities	<u>151,409</u>	<u>1,370,500</u>
Increase in cash	(177,619)	176,436
Cash at beginning of period	178,019	1,583
Cash at end of period	<u>\$ 400</u>	<u>\$ 178,019</u>
Supplemental Cash Flow Information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of non-cash investing and financing activities:		
Debt discount recorded on convertible debt accounted for as derivative liabilities	<u>\$ -</u>	<u>\$ 1,222,165</u>
Assignment of convertible note to new lender	<u>\$ -</u>	<u>\$ 220,229</u>
Stock issued to acquire assets	<u>\$ -</u>	<u>\$ 81,693</u>
Shares issued to settle convertible notes and debt discounts	<u>\$ -</u>	<u>\$ 1,882,961</u>
Conversion of notes into common stock	<u>\$ 79,585</u>	<u>\$ -</u>
Derivative ceases to exist	<u>\$ 167,263</u>	<u>\$ -</u>

See accompanying notes to financial statements.

INTEGRATED ENERGY SOLUTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND DECEMBER 31, 2014
(Unaudited)

Note 1 - Organization and summary of significant accounting policies:

Organization and nature of business – Integrated Energy Solutions, Inc. formerly Amerilithium Corp., (“We,” or “the Company”) is a Nevada corporation incorporated on February 2, 2004. The Company was primarily engaged in the acquisition and exploration of mining properties. More recently, through the below described asset acquisitions, the Company also specializes in the collection, treatment, and sale of waste oils and industrial grade glycols “antifreeze”. Petroleum is the main by-product of industrial waste water treatment.

On September 26, 2014, the Financial Industry Regulatory Authority (FINRA) effected in the marketplace the change of the corporate name of Integrated Energy Solutions, Inc. (the “Company”) from Amerilithium Corp. (the “Name Change”), and effective on such date, the Company trades under its new name, Integrated Energy Solutions, Inc. The Company filed an amendment to its Articles of Incorporation with the State of Nevada regarding the Name Change.

Recent Developments:

Patten Energy Enterprises, Inc. Share Exchange Agreement

On November 20, 2014, the Company entered into a Share Exchange Agreement (the “Patten Share Exchange”) by and among the Company, Patten Energy Enterprises, Inc., a California corporation (“Patten Energy”), and Ezekial Patten, Jr. (the “Patten Shareholder”), pursuant to which the Company acquired all of the outstanding shares of Patten Energy (the “Patten Shares”) from the Patten Shareholder in exchange for the right to receive 950,000 shares of Series B Convertible Preferred Stock of the Company upon the terms and subject to the conditions set forth in the Patten Share Exchange. As additional consideration, upon the Company entering into a credit facility in the amount of at least \$700,000, the Company will allocate to Patten Energy certain funds for use as working capital.

Basis of presentation - The accompanying unaudited interim financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information, and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the “SEC”) Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. Interim results are not necessarily indicative of the results for the full year. These unaudited interim financial statements should be read in conjunction with the annual unaudited financial statements of the Company for the year ended December 31, 2014 and notes thereto contained in the Company’s annual report.

INTEGRATED ENERGY SOLUTIONS, INC.
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(Unaudited)

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - The Company maintains a cash balance in a non-interest-bearing account that currently does not exceed federally insured limits. For the purpose of the statements of cash flows, all highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. There were no cash equivalents as of September 30, 2015 and as of December 31, 2014.

Property and Equipment - The Company values its investment in property and equipment at cost less accumulated depreciation. Depreciation is computed primarily by the straight line method over the estimated useful lives of the assets ranging from three to five years. For the period ended September 30, 2015 and 2014, the Company recognized \$11,100 and \$1,677 depreciation expense, respectively.

Income Taxes - The Company accounts for its income taxes in accordance with Income Taxes Topic of the FASB ASC 740, which requires recognition of deferred tax assets and liabilities for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date.

Net loss per share calculation - Net loss per share is provided in accordance with FASB ASC 260-10, "Earnings per Share". Basic net loss per common share ("EPS") is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted average shares outstanding, assuming all dilutive potential common shares were issued, unless doing so is anti-dilutive. The weighted-average number of common shares outstanding for computing basic EPS for the period ending September 30, 2015 and 2014 was 4,391,979,600 and 445,674,039 respectively.

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Convertible Debentures:

Beneficial Conversion Features – If the conversion features of conventional convertible debt provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (“BCF”). A BCF is recorded as a debt discount pursuant to FASB ASC Topic 470-20 “Debt with Conversion and Other Options.” In those circumstances, the convertible debt is recorded net of the discount related to the BCF and the Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

Debt Discount – The Company determines if the convertible debenture should be accounted for as liability or equity under FASB ASC 480, Liabilities – Distinguishing Liabilities from Equity. FASB ASC 480, applies to certain contract involving a company’s own equity, and requires that issuers classify the following freestanding financial instruments as liabilities. Mandatorily redeemable financial instruments, Obligations that require or may require repurchase of the issuer’s equity shares by transferring assets (e.g., written put options and forward purchase contracts), and Certain obligations where at inception the monetary value of the obligation is based solely or predominantly on:

- A fixed monetary amount known at inception, for example, a payable settleable with a variable number of the issuer’s equity shares with an issuance date fair value equal to a fixed dollar amount.
- Variations in something other than the fair value of the issuer’s equity shares for example, a financial instrument indexed to the S&P 500 and settleable with a variable number of the issuer’s equity shares, 5
- or - Variations inversely related to changes in fair value of the issuer’s equity shares, for example, a written put that could be net share settled.

Derivative Financial Instruments – as defined by FASB ASC 815, “Accounting for Derivative Financial Instruments and Hedging Activities”, consist of financial instruments or other contracts that contain a notional amount and one or more underlying (e.g. interest rate, security price of other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Further, derivative financial instruments are initially, and subsequently, measured at fair value and recorded as liabilities or, in rare instances assets.

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The Company does not use derivative financial instruments to hedge exposures to cash-flow, market or foreign currency risks. However, the Company has issued financial instruments including senior convertible notes payable and freestanding stock purchase warrants with features that are either (i) not afforded equity classification, (ii) embody risks not clearly and closely related to host contracts, or (iii) may be net-cash settled by the counterparty. As required by FASB ASC 815, in certain circumstances, these instruments are required to be carried as derivative liabilities, at fair value, in our financial statements.

Fair value of financial instruments – The Company estimates the fair value of financial instruments using the available market information and valuation methods. Considerable judgment is required in estimating fair value. Accordingly, the estimates of fair value may not be indicative of the amounts the Company could realize in a current market exchange. As of September 30, 2015 and December 31, 2014, the carrying values of the Company’s financial instruments approximated fair value due to the short-term nature and maturity of these instruments.

Determination of fair value – The Company’s financial instruments consist of convertible notes payable and derivative liability. The Company believes all of the financial instruments’ recorded values approximate their fair values because of their nature and respective durations. The Company complies with the provisions of FASB ASC 820-10, “Fair Values Measurements and Disclosures.” FASB ASC 820-10 relates to financial assets and financial liabilities. FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (GAAP), and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements and are to be applied prospectively with limited exceptions.

FASB ASC 820*-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820-10 establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity’s own assumptions, about market participant assumptions, that are developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

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Carrying Value, Recoverability and Impairment of long-lived assets - The Company has adopted paragraph 360-10-35-17 of the FASB Accounting Standards Codification for its long-lived assets. The Company's long-lived assets, which include property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The Company assesses the recoverability of its long-lived assets by comparing the projected undiscounted net cash flows associated with the related long-lived asset or group of long-lived assets over their remaining estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets. Fair value is generally determined using the asset's expected future discounted cash flows or market value, if readily determinable. If long-lived assets are determined to be recoverable, but the newly determined remaining estimated useful lives are shorter than originally estimated, the net book values of the long-lived assets are depreciated over the newly determined remaining estimated useful lives.

The Company considers the following to be some examples of important indicators that may trigger an impairment review: (i) significant under-performance or losses of assets relative to expected historical or projected future operating results; (ii) significant changes in the manner or use of assets or in the Company's overall strategy with respect to the manner or use of the acquired assets or changes in the Company's overall business strategy; (iii) significant negative industry or economic trends; (iv) increased competitive pressures; and (v) regulatory changes. The Company evaluates acquired assets for potential impairment indicators at least annually and more frequently upon the occurrence of such events.

The impairment charges, if any, are included in operating expenses in the accompanying statements of operations.

Note 2 - Going Concern:

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs to allow it to continue as a going concern. As of September 30, 2015, the Company had an accumulated deficit of \$18,710,310. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

INTEGRATED ENERGY SOLUTIONS, INC.
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In order to continue as a going concern, the Company will need, among other things, additional capital resources. The Company is contemplating conducting an offering of its debt or equity securities to obtain additional operating capital. The Company is dependent upon its ability, and will continue to attempt, to secure equity and/or debt financing. There are no assurances that the Company will be successful and without sufficient financing it would be unlikely for the Company to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

Note 3 – Stockholder's Equity:

During the nine months ended September 30, 2015, the Company converted \$69,679 of convertible notes into 1,029,079,659 shares of the Company's common stock. The conversion resulted in \$157,621 of the derivative liability ceasing to exist. The Company reclassified the amount to paid in capital upon conversion.

Note 4 – Preferred Stock:

On November 20, 2014, Integrated Energy filed a certificate of designations, preferences and rights (the "Certificate of Designation") with the Secretary of State of the State of Nevada pursuant to which the Corporation set forth the designation, powers, rights, privileges, preferences and restrictions of the Company's Series B Convertible Preferred Stock (the "Series B Convertible Preferred Stock"). Among other things, each one (1) share of the Series B Convertible Preferred Stock shall have voting rights equal to one hundred (100) votes of Common Stock. Upon the Company's completion of a corporate restructuring, as shall be determined by the Board of Directors in its sole discretion, each one (1) share of Series B Convertible Preferred Stock shall be converted into that certain amount of the Common Stock that each holder of Series B Convertible Preferred Stock will hold, after giving effect to such conversion, 0.00001% of the issued and outstanding Common Stock for each share of Series B Convertible Preferred Stock. As part of the November 2014 Asset Acquisitions, the Company issued 2,350,000 shares of Series B Preferred Stock.

INTEGRATED ENERGY SOLUTIONS, INC.
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On June 20, 2013, The Company authorized a Series A preferred stock offering. The Company was authorized and issued 51 shares with a par value of \$0.001. Initially, these shares will not accrue or receive 7 8 dividends and will have no liquidation rights. These shares shall rank senior to the Corporation's common stock and any other class or series of capital stock. Each one (1) share shall have voting rights equal to (x) 0.019607 multiplied by the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote (the "Numerator"), divided by (y) 0.49, minus (z) the Numerator. For purposes of illustration only, if the total issued and outstanding shares of Common Stock eligible to vote at the time of the respective vote is 5,000,000, the voting rights of one share of the Series A Preferred shall be equal to $102,036 (0.019607 \times 5,000,000) / 0.49 - (0.019607 \times 5,000,000) = 102,036$.

So long as any shares of Series A Preferred are outstanding, the Corporation shall not, without first obtaining the unanimous written consent of the holders of Series A Preferred, (i) alter or change the rights, preferences or privileges of the Series A Preferred so as to affect adversely the holders of Series A Preferred or (ii) create Pari Passu Shares or Senior Shares.

Note 5 – Commitments & Contingencies:

Atlantic-Pacific, LLC Share Exchange Agreement

On November 20, 2014, the Company entered a certain Share Exchange Agreement (the "Atlantic-Pacific Share Exchange") by and among the Company, Atlantic-Pacific, LLC, an Indiana limited liability company ("Atlantic-Pacific"), and Robert Rosinski (the "Atlantic-Pacific Member"), pursuant to which the Company acquired all of the outstanding membership interests of Atlantic-Pacific (the "Atlantic-Pacific Shares") from the Atlantic-Pacific Member in exchange for the right to receive 950,000 shares of Series B Convertible Preferred Stock of the Company upon the terms and subject to the conditions set forth in the Atlantic-Pacific Share Exchange. As additional consideration, upon the Company entering into a credit facility in the amount of at least \$700,000, the Company will allocate to Atlantic-Pacific certain funds for use as working capital. The company discontinued this entity in August 2015.