Footnotes

SOLAR THIN FILMS, INC.
(Solar Thin Films, Inc. had been a developmental stage company. It ceased being a developmental stage company during the fiscal quarter ended September 30, 2013)

FOOTNOTE #1 - ORGANIZATION AND PURPOSE

Solar Thin Films, Inc. (the “Company”) was initially organized as a New York corporation on June 22, 1988 under the name Alrom Corp. ("Alrom"), and completed an initial public offering of securities in August 1990. Alrom effected a statutory merger in December 1991, pursuant to which Alrom was reincorporated in the State of Delaware under the name American United Global, Inc. American United Global, Inc. provided computer software and networking services as well as telecommunications products and services and its distribution division sold, serviced and leased, as a retail distributor, light and medium-sized construction equipment, parts and other products manufactured principally by Case Corporation.

In June 2006, the Company changed its name from American United Global Inc. to Solar Thin Films, Inc. In August 2007, the Company began conducting operations focused on delivering turnkey manufacturing solutions that enabled its customers to produce thin film solar modules for large scale power applications via its wholly owned subsidiary Kraft Elektronikai Zrt (“Kraft”). However, in 2009, the Company ceased Kraft’s operations. The Company is the surviving entity of a merger transaction which occurred on June 30, 2009 with Solar Thin Power, Inc., a Delaware corporation.

In March, 2013, following several months of discussions, the Company entered into a letter of intent with Quality Resource Technologies, Inc. (“QRT”), pursuant to which, the Company would acquire QRT.

On April 30, 2013, the Company closed on an acquisition agreement to acquire 100% of the outstanding securities of QRT. The Company is developing and intends to manufacture innovative light-weight fiber reinforced shipping containers, storage units and housing units and intends to design, install and lease solar power systems to commercial and residential customers.

As disclosed in a press release issued by the Company on July 23, 2013, the Company announced a contract to design, supply and construct eco-houses in New York State.

On September 27, 2013, as disclosed in a press release issued by the Company on October 2, 2013, the Company announced the sale of its ownership stake in Kraft, R.t, which owned and operated the Company’s operations in Hungary.

On September 13, 2013, the Company entered into a contract to design, supply and construct three photo-voltaic (PV) solar fields in West Virginia. The first solar field is to have 8 MW in solar electrical production capacity, while the second and third are to have 10-20 MW in solar electrical production capacity. Pursuant to this Agreement, the Company is entitled to receive a deposit of approximately $5,600,000, of which $900,000 was billed on September 29, 2013; however, due to delays resulting from zoning changes, this invoice was withdrawn and a new invoice for $275,000 was subsequently billed. The contract for all three projects is expected to aggregate approximately $140,000,000 over the life of the contract.

In October, 2013, the Company entered into an agreement to acquire KLC Green Energy Corp ("KLC"). KLC manufactures a Smart Solar Tracking System which allows solar panels connected to it to track the sun as it moves across the sky.

The Company has entered into an agreement-in-principle for a $10 million project in Uganda, Africa to design, supply and construct a module school and clinic based on its eco-housing, fiber-reinforced plastics (FRP) and solar technologies.

THE COMPANY'S OPERATING SUBSIDIARY, QUALITY RESOURCE TECHNOLOGIES, INC, WAS A DEVELOPMENTAL STAGE COMPANY UNTIL THE FISCAL QUARTER ENDED SEPTEMBER 30, 2013

Principal Products.

The Company is focused upon developing its business in three areas: (i) developing and manufacturing shipping containers using its patented Fiber Reinforced Plastics ("FRP") technology, (ii) building housing units using its patented FRP technology and (iii) developing waste-to-energy and solar energy projects.

Shipping Containers

The Company intends to continue development of, and to manufacture and sell, innovative light-weight fiber reinforced shipping containers and storage units which are superior to steel containers currently on the market. The use of FRP will reduce the weight of the container and allow a bigger payload for each shipment. The weather-resistant properties of FRP will also extend the life of the FRP containers. The structural strength and life of FRP has been well established and is currently being used in very complex high-performance products such as aircraft, spacecraft and industrial products.

In addition to the standard FRP containers made by the Company, the Company is developing "knock-down or foldable" FRP containers which the Company expects will increase fourfold the amount of empty containers which can be transported in comparison to conventional rigid steel containers. The Company's management believes that containers made from composites have the following benefits over traditional steel containers:

• Longer Useful Life. FRP composite containers can have close to double the useful life of a steel container.

• Lighter in Weight. An FRP composite container is up to 40 percent lighter in weight than a steel container. This lower weight translates into the ability to transport a greater payload per trip.

• Ease of Repair. FRP composite containers can be repaired in the field and do not need to be withdrawn from operation and taken to a repair facility. This ability to repair onsite can prevent significant downtime for the container, increasing operating efficiencies. The costs for these repairs are also much lower than they would be for steel containers.

• Fuel Savings When Transported. The fold-down version of the FRP composite container will allow 10 units to be transported on one flatbed trailer, significantly increasing fuel savings over a comparable steel container, which would require five flatbeds to transport 10 steel containers.

The Company intends to target the following markets:

- Product shipping;
- Specialized Waste shipping;
- Storage System business; and
- Housing Systems (see below).

Housing Units

The Company's management believes that there exists a worldwide market for temporary and permanent safe and sanitary housing units which can be put in place quickly and efficiently in response to disruptive events such as hurricanes, earthquakes and other acts of nature. This market will best be served by developing housing units which are made of strong, lightweight materials which can be quickly deployed in an efficient manner, are easy to assemble and exhibit a strong resistance to weather and the elements.

The Company's management believes that containers made of FRP composites can be easily converted into housing units. Management believes that the basic container structure can be enhanced with molded partitions, windows, efficient toilet and sanitary facilities, as well as slide out sections to add additional square footage.

The Company is nearing completion of the construction on its first housing unit and is finalizing contracts to construct two additional housing units.

Renewable Energy Projects

Management believes that renewable energy projects are complementary and compatible with the Company's composite business. The Company intends to enter the sustainable and green energy market through projects involving solar power. Solar power has been available for in excess of 10 years on the open market. The Company's management believes that the use of solar film in its FRP solar panels will provide power to the housing units manufactured by the Company.

The Company intends that the combination of lowering fuel import costs, increasing electrical generation capacity, and the significant economic and environmental benefits of its solar panel technology will be the driving forces behind the research and development within the Company.

The Company has been in contact with various Federal Agencies such as Overseas Private Investment Corporation, (OPIC), the Export-Import Bank of the United States and others to seek funding for several projects under development.

Management's vision for renewable energy projects includes a Municipal Recycling Facility (MRF) for collecting, sorting, and recycling waste. The MRF processes the fuel that will be incinerated to generate electricity and the rest is recycled profitably. The vision of the Company is to establish this first waste to energy plant and reproduce it many times over in developing nations.

It is intended that the Company shall procure equipment from companies such as General Electric and Siemens. It is anticipated that Auburn University will provide an Environmental Impact Statement.

The Company intends to have in-house engineering expertise to design, install, and lease solar power systems to commercial and residential customers. As part of the Company's intended expansion into renewable energy, the Company is designing a program to bring to market solar systems that will reduce the need to build large fossil fuel facilities, reducing energy demand during peak use periods and reducing the need for fossil fuels. Management believes that leasing these systems will reduce the initial capital cost outlays for end users and make the solar systems more widely available. Management intends that the Company will work with a financial institution that receives loan guarantees from a US AID agency to support its leasing program.

Larger municipal solar projects are planned to provide energy to the national electrical grid of developing nations.

Research and Development

The Company is committed to establishing and investing in researching and development prototypes of the Company's products. The Company intends to establish a larger research and development department to enhance its products and product lines. The results of that research and development will be contributed to the Company

Patents

The Company has no patents for its products. Rather it intends to acquire the rights to all intellectual property necessary for its products from the James Solano Family Trust, pursuant to an agreement which has not yet been finalized. The Company anticipates that it will be able to acquire the necessary patents and intellectual property on terms favorable to the Company and competitive with similar patent licenses. There can be no assurance that the Company will be able to acquire the rights to all intellectual property necessary for its operations on reasonable terms or at all. The failure to acquire all the necessary patents and intellectual property for its operations will have a material adverse effect upon the Company's business, results of operations and financial condition and may reduce its ability to continue to conduct business operations.

Results of operations for the Company

From January 1, 2014 to June 30, 2014.

We incurred $257,759 of operating expenses, consisting primarily of payroll expenses of $151,931, rent expenses of $46,519, project expenses of $21,371 and general, selling and administrative expenses of $16,013. Interest on notes payable by the Company was $91,496. Our net loss was $231,553.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Solar Thin Films, Inc. had been a developmental stage company. It ceased being a developmental stage company during the fiscal quarter ended September 30, 2013.

Use of Estimates

Preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The Company evaluates its estimates and assumptions on a regular basis. Actual results may differ from these estimates and assumptions used in preparation of its financial statements and changes in these estimates are recorded when known.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Company maintains deposits in a financial institution insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times, the Company may have deposits in this financial institution in excess of the amount insured by the FDIC. As of June 30, 2014 there are no such uninsured funds.

Income Taxes

Income taxes were computed by utilizing the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of such assets and liabilities.

Management has evaluated and concluded that there was no material uncertain tax position requiring recognition in the Company's unaudited financial statements for the six months ended June 30, 2014.

Earnings Per Share

The basic net income per common share was computed by dividing the net earnings applicable to common stockholders by the weighted average number of common shares outstanding. Diluted net income per common share is computed by dividing the net income applicable to common stockholders, adjusted on an "as if converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. The Company issued a convertible debenture dated April 30, 2013 in the principal amount of $200,000 with a maturity date of April 30, 2014, pursuant to which 200,000 shares of Common Stock of the Company were to be issued in lieu of interest.

Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events", which is included in ASC Topic 855, Subsequent Events. ASC Topic 855 established principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements. ASC Topic 855 also required disclosure of the date through which subsequent events are evaluated by management. ASC Topic 855 was effective for interim periods ending after June 15, 2009 and applies prospectively. Management evaluated events occurring between our fiscal year end, December 31, 2009, and the date when the consolidated financial statements were issued.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162 ("SFAS 168" or ASC 105-10). The FASB Accounting Standards Codification ("Codification") will be the single source of authoritative nongovernmental U.S. generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. SFAS 168 (ASC 105-10) is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards are superseded as described in SFAS 168 (ASC 105-10). All other accounting literature not included in the Codification is non-authoritative. The Codification did not have a significant impact on our financial statements.

NOTE 3 – ACCOUNTS RECEIVABLE

As of June 30, 2014 the Company's accounts receivable were $275,000, which resulted from the billing of part of the deposit the Company is entitled to receive in connection with its solar fields projects in West Virginia. The full amount of the deposit is expected to be approximately $5,600,000, which is scheduled to be paid prior to the commencement of work. The contract for all three projects is expected to aggregate approximately $140,000,000 over the life of the contract.

NOTE 4 – EQUITY

The Company is authorized to issue 150,000,000 shares of common stock at $.01 par value and 10,000,000 shares of preferred stock. The Company currently has the following preferred stock issued and outstanding: 2,400 shares of Series A Preferred Stock authorized, and zero shares of Series A Preferred Stock issued and outstanding; 3,000 shares of Series B Preferred Stock authorized; 2,000 shares of Series B-1 Preferred Stock authorized, and 457 shares of Series B-1 Preferred Stock issued and outstanding; 465 shares of Series B-3 Preferred Stock authorized, and 95 shares of Series B-3 Preferred Stock issued and outstanding; 2,000 shares of Series B-4 Preferred Stock designated, and zero shares of Series B-4 Preferred Stock issued and outstanding; 3000 shares of Series C-3 Preferred Stock designated, 2,260 shares of Series C-3 Preferred Stock issued and outstanding and 1,100 shares of Series D 5% Cumulative Preferred Stock issued and outstanding.

On March 20, 2013, the Company effected a 1-for-500 reverse stock split, which resulted in there being approximately 186,000 shares of common stock issued and outstanding as of that date. On May 3, 2013, the Company issued an aggregate of 9,000,000 shares of common stock to the holders of promissory notes dated October 19, 2010 in connection with the conversion of said note. On May 17, 2013 The Company issued an aggregate of 8,100,000 shares of common stock to the holders of another set of promissory notes dated October 19, 2010 in connection with the conversion of said notes. The Company issued 30,000,000 shares of common stock to certain investors in connection with the acquisition of QRT. The Company issued 350,000 shares of stock to Mintz & Fraade, P.C. as partial payment for legal services rendered. As of May 1, 2013, the Company issued an aggregate of 9,000,000 shares to the assignees of a Note dated the 19th Day of October, 2010 pursuant to a Note Conversion Agreement dated the 1st of April, 2013 in full satisfaction of such Note.

The Company currently has 150,000,000 shares of common stock, $0.01 par value per share, and 10,000,000 shares of preferred stock, $0.01 par value per share, authorized. All share amounts have been restated to reflect the new capital structure.

As of June 30, 2014, there are 58,315,131 shares issued and outstanding of which 26,227,000 are owned by the following controlling stockholders:

Beneficial Owner	**Number of Shares**
Solano Family Trust[1]	8,000,000
James Solano	18,227,000
Total	26,227,000

(1) Bruce Caputo is the Trustee of the Solano Family Trust. As a result, Mr. Caputo is able to influence any actions requiring stockholder approval including the election of directors, merger or consolidation and the sale of all or substantially all of our assets. This concentration of ownership may delay, deter or prevent acts that would result in a change of control, which in turn could reduce the market price of our common stock. The shares held by James Solano are not reflected in the shares held by the Solano Family Trust.

The Company entered into a Preferred Stock Purchase Agreement dated October 1, 2013, pursuant to which Apollo Marketing, Ltd. to date has purchased 1,100 shares of Series D Preferred Stock. The Series D Preferred Stock was created pursuant to a Certificate of Designation filed with the State of Delaware as of October 4, 2013. Currently, 12,000 shares of Series D Preferred Stock are authorized and 1,100 shares are issued and outstanding.

The Series D Preferred Stock has the following rights, which are fully set forth in the Certificate of Designation filed with the State of Delaware as of November 4, 2013:

Beginning on the date of the issuance of the Series D Preferred Stock, the holders of shares of Series D Preferred Stock shall be entitled to receive dividends at a rate of 5% per annum of the Stated Value (as defined below). Dividends shall be fully cumulative, prior and in preference to any declaration or payment of any dividend or other distribution on the Corporation's common stock, par value $0.0 1 per share (*"Common Stock"*). The dividends on the Series D Preferred Stock shall accrue from the date of issue and shall be payable semi-annually on June 30 and December 31 of each year (each a *"Dividend Date"*), commencing on March 31, 2014. No dividends have been paid with respect to the Series D Preferred Stock.

The Series D Preferred Stock shall initially be convertible, at the option of the holder thereof, into that number of fully paid and nonassessable shares of Common Stock as would equal, (1) the aggregate Stated Value of the Series D Preferred Stock shares to be converted, divided by (2) $1.50 per share for the first $2 million in Stated Value of the shares so converted, and thereafter at $2.50 per share (the *"Conversion Price"*). Upon such a conversion, the aggregate amount of all accrued or declared but unpaid dividends (including any interest, if any, accrued thereon calculated as of the date of conversion) on the Series D Preferred Stock shall also be converted into Common Stock at the Conversion Price.

The holders of all of the Series D Preferred Stock issued and outstanding, in the aggregate, shall be entitled to the number of votes equal to the number of shares of Common Stock into which shares of Series D Preferred Stock are convertible on any record date assuming a Conversion Price of $2.50 (adjusted as set forth above), or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited, such votes to be counted together with all other shares of stock of the Corporation having general voting power and not separately as a class. Fractional votes by the holders of the Series D Preferred Stock shall not, however, be permitted, and any fractional voting rights shall (after aggregating all shares into which shares of Series D Preferred Stock held by each holder could be converted) be rounded to the nearest whole number.

The liquidation preference payable to the holders of the Series D Preferred Stock shall be equal to the sum of (i) $500.00 per share (the *"Stated Value"*), as appropriately adjusted to reflect any stock split, stock dividend, combination, recapitalization and the like (collectively a *"Recapitalization"*), plus (ii) all accrued or declared but unpaid dividends (including any interest accrued thereon calculated through the date of liquidation) (the sum of (i) and (ii) being collectively referred to as the *Series D Preferred Stock Liquidation Preference"*).

In the event the Corporation proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Corporation, the value of the assets to be distributed to the holders of shares of Series D Preferred Stock shall be determined in good faith by the Board of Directors.

As of October 3, 2013, pursuant to a note conversion agreement dated September 25, 2013, the Company issued an aggregate of 8,000,000 shares of Common Stock of the Company to the assignees of a promissory note dated October 19, 2010.

As of October 23, 2013, the Company issued 2,550,000 shares of common stock to certain stockholders of the Company who were entitled to receive shares of Series C Preferred Stock, who consented to receive common stock in place of the Series C Preferred Stock.

Directors and Executive Officers' Backgrounds

Executive Officers and Directors of Quality Resource Technologies

Our present executive officers and directors, their ages and present positions are as follows:

Name	Age	Position	First Year Elected/Appointed
James J. Solano, Jr.	69	Chairman, Director, CEO	2013
Louis S. Kraft	49	Chief Financial Officer	2013
Ingrid Solano	31	Director	2013
Laura Solano	26	Secretary	2013

All of our directors shall hold office until such time as their successors, if any, have been duly elected and qualified. All of our directors have currently been appointed to indefinite initial terms and we do not currently intend to elect additional directors or replace any of our current officers and directors.

All of our executive officers shall hold office until the next annual meeting of the Board of Directors and until their successors, if any, have been duly appointed and qualified.

James Solano

James Solano has 30 years experience managing a wide range of professional sales and marketing operations in the government procurement and waste management/logistics industries. For 15 years, he was president of Aerodyne Systems Engineering Ltd. specializing in advanced design helicopters and logistical solutions in foreign countries. From 1990 to 1993, he managed Allied/Star Recycling in New York. In 1993 he founded Quality Resource Recovery Corporation ("QRRC") a waste management/logistics company which designed integrated systems for government, corporations, transporters, processors, recyclers and/or end users. Mr. Solano also acted as the mergers and acquisition and Green Field developer to Allied Waste Industries. His education includes Business Management (State University of New York), Financial Administration-Cost Analysis (Wharton School of Finance). He was a board member of The American Foreign Policy Institute, The Hazardous Materials Control Institute, and The New York Disaster Preparedness Commission.

Louis S. Kraft.

Mr. Kraft began his career in the waste metal business with Naporano Iron and Metal Co. and installed accounting system control procedures and policies. Mr. Kraft served from March, 2011 to March, 2012 as a Controller with HR Comp Employee Leasing. From June, 2012 to October, 2012 Mr. Kraft served as Director of Operations for Crossville BNRV Sales, LLC d/b/a Boat N RV Supercenter. From November, 2012 to May, 2013, served as a Special Projects Accountant with Accountemps. He received his B.S. Degree in Accounting in 1985 from Rider University.

Ingrid Solano

Ingrid Solano graduated from Bryn Mawr College in 2002. While in college, she participated in several internships in the waste management industry. For several years she worked on medical research and network management at the Hospital of the University of Pennsylvania. Ms. Solano managed and maintained the Philadelphia Corporate Office of QRT where she oversaw all Marketing campaigns for corporate and government. Ms. Solano is the daughter of James Solano. For the last five years, she has been pursuing a PhD degree in forensic psychiatry at the Stony Brook University, while assisting her father, Mr. Solano, in the development of the business plan for QRT.

NOTE 5 - SALE OF KRAFT, R.T.

As of September 27, 2013, the Company sold all of its interest in its subsidiary Kraft, R.t. As a result of this sale, Kraft, R.t.'s $3,217,285 in liabilities and $668,479.05 in accounts payable listed on the Company's Balance Sheet, which are not guaranteed by the Company, have been removed from the Company's financial statements.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Company currently maintains an office in Uniondale, NY, for which it pays $5,281.29 per month in rent.

Notes Payable

Although the following notes are past due, they have not been paid:

Zisman	$1,336,584
Solomon	$671,716.51
J. Mermelstein	$247,369.15
M. Mermelstein	$319,823.15

The Company issued a convertible debenture dated April 30, 2013 in the principal amount of $200,000 with a maturity date of April 30, 2014, pursuant to which 200,000 shares of Common Stock of the Company were to be issued in lieu of interest. This debenture has not been paid.

Acquisition of Quality Resource Technologies, Inc.

The Company entered into an Acquisition Agreement dated April 26, 2013 (the "Acquisition Agreement") with QRT, a Delaware corporation, and stockholders owning one hundred (100%) percent of its issued and outstanding shares. Pursuant to the Acquisition Agreement, STF acquired one hundred (100%) percent of the issued and outstanding common shares of QRT (the "QRT Shares") from the stockholders of QRT (the "QRT Stockholders") in exchange for thirty million (30,000,000) shares of the common stock of the Company, constituting approximately 50% of the Company's Common Stock issued and outstanding as of the Closing taking into account the agreed upon issuance of approximately thirty million (30,000,000) shares with respect to the conversion of certain outstanding debt and other purposes.

Going Concern

There are a number of factors that raise substantial doubt about the Company's ability to continue as a going concern. The Company has an accumulated deficit as of June 30, 2014 of $29,965,295 and had $70,000 in revenues in the six months ended June 30, 2014. The Company is currently in default of debt in the amount of $2,272,265. The Company's future is dependent upon its ability to obtain financing and upon successful operations and future development. This is a significant risk to investors who purchase shares of the Company's Common Stock because there is an increased risk that the Company may not be able to generate and/or raise enough capital to continue operations. This concern may inhibit our ability to raise financing because we may not remain operational, which would cause our business to fail.

NOTE 7 - SUBSEQUENT EVENTS

The Company is nearing completion of the construction on its first housing unit and is obtaining permits to construct one additional housing unit.

The Company is currently in negotiations to enter into contracts to build solar installations in Jamaica and the Dominican Republic.

The Company is currently in negotiations to enter into contracts to build solar rooftop installations.