

Solar Thin Films, Inc.
PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Balance Sheet
(unaudited)

September 30, 2014

ASSETS		
Current assets:		
Cash and cash equivalents	\$	95,718
Accounts receivable	\$	275,000
Notes Receivable		677
Deposit – Eco Home		10,000
Other deposits		150
Security Deposits		47,504
Total Current Assets	\$	<u>429,049</u>
Fixed Assets:		
155 Palmer Ln, NC		25,000
Automobiles	\$	97,650
Construction Equipment		10,642
Eco Homes Purchases		1,931
Furniture & Office Equipment	\$	31,032
Solar Pathfinder		478
Trailers	\$	8,880
Total Fixed Assets	\$	<u>175,613</u>
KLC Green Energy Inventory	\$	37,000
Solar Equipment	\$	50,440
Deposit for Acquisition	\$	50,000
Deposit for Acquisition		111,502
	\$	<u>248,942</u>
Total Assets	\$	<u>853,604</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities		\$1,232,306
Deposit for DR Project		15,000
KLC Green Acquisition payment		7,500
Due to Alliance Crouse		40,000
Due to Paychex		3,201

(Subject to the attached Footnotes)

Loan to Officer & Director	18,635
Notes payable, current portion	\$2,924,835
Total Current Liabilities	<u>\$4,308,977</u>
Total Liabilities	<u>\$4,308,977</u>

Preferred stock, par value \$0.01 per share;
2,700,000 shares authorized:

Series A Preferred stock, par value \$0.01 per share; 1,200,000 shares designated;-0- issued and outstanding on September 30, 2014	-
Series B Preferred stock, par value \$0.01 per share; 1,500,000 shares designated:	
Series B-1 Preferred stock, par value \$0.01 per share, 1,000,000 shares designated, 228,652 issued and outstanding on September 30, 2014	2,286
Series B-3 Preferred stock, par value \$0.01 per share 232,500 shares designated, 47,364 issued and outstanding on September 30, 2014	473
Series B-4 Preferred stock, par value \$0.01 per share, 100,000 shares designated, -0- issued and outstanding on September 30, 2014	-
Series C Preferred Stock, par value \$.0001 per share, 1,500,000 shares designated, 1,130,000 shares issued and outstanding on September 30, 2014.	11,300
Series D 5% Cumulative Preferred Stock, par value \$.01 per share, 12,000 shares designated, 1,100 shares issued and outstanding on September 30, 2014.	652,000
Common stock, par value \$0.01 per share, 150,000,000 shares authorized, 58,250,131 shares issued and outstanding on September 30, 2014 ¹	646,851

¹ Adjusted for 1-for-500 reverse stock split effective as of April 5, 2013

(Subject to the attached Footnotes)

Additional paid in capital	\$28,298,903	F - 1
Accumulated deficit	(31,572,853)	
Total shareholders' equity (deficit)	(1,494,333)	
Total Liabilities and Stockholders' Equity	<u>\$853,604</u>	

(Subject to the attached Footnotes)

SOLAR THIN FILMS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE
MONTHS ENDED SEPTEMBER 30, 2014
(Unaudited)

Revenues	\$0
Cost of sales	0
Gross profit	0
OPERATING EXPENSES:	
General, selling and administrative expenses	\$ 4,524
Automobile and travel expenses	6,622
Payroll expenses	44,321
Insurance expenses	600
Rent expense	47,290
Taxes and fees	397
Project expenses	21,829
Legal and consulting expenses	50,160
Misc. expenses	2,165
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Total operating expenses	\$177,909
NET INCOME (LOSS) FROM OPERATIONS	(177,909)
Other income/(expense)	40
Loss on sale of equipment	0
Foreign currency transaction (loss)	0
Interest expense, net	\$22,874
Gain on change in fair value of reset provision liability	0
Impairment of investment	0
Debt acquisition costs	0
Other income	0
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Net income (loss) before provision for income taxes	\$(200,743)
Noncontrolling interest	0
Earnings per share	\$0.001

(Subject to the attached Footnotes)

**CONSOLIDATED STATEMENT OF DEFICIENCY OF STOCKHOLDERS' EQUITY AS OF
SEPTEMBER 30, 2014**

(UNAUDITED)

	Preferred Series B-1		Preferred Series B-3		Preferred Series D		Common Shares	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance, December 31, 2012	228,652	\$2,286	47,353	\$473	0	\$0	110,131*	\$1,101
Issuance of 9,000,000 shares of common stock pursuant to conversion of promissory note dated the 19 th of October, 2010	-	-	-	-	-	-	9,000,000	\$90,000
Issuance of 350,000 shares of common stock as partial compensation for legal services rendered	-	-	-	-	-	-	350,000	\$3,500
Issuance of 30,000,000 shares of common stock in connection with acquisition of Quality Resource Technologies, Inc.	-	-	-	-	-	-	30,000,000	\$300,000
Issuance of 75,000 shares of common stock pursuant to subscription	-	-	-	-	-	-	75,000	\$750

(Subject to the attached Footnotes)

agreements								
Issuance of 8,100,000 shares of common stock pursuant to conversion of promissory note dated the 19 th of October, 2010	-	-	-	-	-	-	8,100,000	\$81,000
Issuance of 1,100 shares of Series D 5% Cumulative Preferred Shares pursuant to Stock Purchase Agreement dated October 1, 2013	-	-	-	-	1,100	\$652,000	-	-
Issuance of 8,000,000 shares of common stock pursuant to conversion of promissory note dated the 19 th of October, 2010	-	-	-	-	-	-	8,000,000	\$80,000
Issuance of 2,550,000 shares of common stock to certain stockholders entitled to Series C Preferred Stock, pursuant to such stockholders consenting to	-	-	-	-	-	-	2,550,000	\$2,550

(Subject to the attached Footnotes)

receive common stock instead								
Issuance of an aggregate of 65,000 shares of Common Stock pursuant to subscription agreements							130,000	1,300
Balance, September 30, 2014	228,652	\$2,286	47,353	\$473	1,100	\$652,000	58,315,131	\$583,151

* Reflects a 1-for-500 reverse split of the Common Stock of the Company effective March 20, 2013

See the accompanying notes to the unaudited condensed consolidated financial statements

(Subject to the attached Footnotes)

SOLAR THIN FILMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Three months ended
September 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Net income (loss)	\$	(200,743)
Adjustments to reconcile net loss to net cash used in operating activities:		0

		0
Inventory		0
Advances and other current assets		0

Increase (decrease) in:

Accounts payable and accrued liabilities	\$	0
Advances received from customers		0
Deferred revenue	\$	0
Net cash used in operations		
Accrued interest on outstanding notes		22,874

Effect of currency rate change on cash		0
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Net (decrease) increase in cash and cash equivalents		94,794
Cash and cash equivalents at beginning of period		924
Cash and cash equivalents at end of period		95,718

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for interest	\$	0
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NON CASH INVESTING AND FINANCING ACTIVITIES:

Common stock issued as deferred compensation		0
Stock based compensation		0

See the accompanying notes to these unaudited condensed consolidated financial statements

(Subject to the attached Footnotes)

NOTE

Solar Thin Films, Inc. (the “Company”) is in the business of developing and manufacturing innovative light-weight fiber reinforced shipping containers, storage units and housing units and designing, installing and leasing solar power systems to commercial and residential customers.

(Subject to the attached Footnotes)