

# PROBE MANUFACTURING INC

## FORM 10-Q (Quarterly Report)

Filed 11/23/15 for the Period Ending 09/30/15

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CIK	0001329606
Symbol	PMFI
SIC Code	3672 - Printed Circuit Boards
Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	12/31

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **September 30, 2015**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **333-125678**

**CLEAN ENERGY TECHNOLOGIES, INC.**  
**(Formerly known as Probe Manufacturing, Inc.)**  
(Exact name of registrant as specified in its charter)

**Nevada**

**20-2675800**

(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification No.)

**150 E. Baker East Street, Costa Mesa, CA**

**92626**

(Address of principal executive offices)

(Zip Code)

**(949) 273-4990**

(Registrant's telephone number, including area code)

Probe Manufacturing, Inc.

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one)

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

As of November 13, 2015, there were 139,446,765 shares of the Registrant's \$0.001 par value common stock issued and outstanding.

**Clean Energy Technologies, Inc.**  
**(A Nevada Corporation)**

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### Special Note Regarding Forward-Looking Statements

Information included in this Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ( “ Securities Act ” ), and Section 21E of the Securities Exchange Act of 1934, as amended ( “ Exchange Act ” ). This information may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Clean Energy Technologies, Inc. (formerly Probe Manufacturing, Inc.) (the “ Company ” ), to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “ may, ” “ will, ” “ should, ” “ expect, ” “ anticipate, ” “ estimate, ” “ believe, ” “ intend, ” or “ project ” or the negative of these words or other variations on these words or comparable terminology. These forward-looking statements are based on assumptions that may be incorrect, and there can be no assurance that these projections included in these forward-looking statements will come to pass. Actual results of the Company could differ materially from those expressed or implied by the forward-looking statements as a result of various factors. Except as required by applicable laws, the Company has no obligation to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

*\* Please note that throughout this Quarterly Report, and unless otherwise noted, the words "we," " Probe Manufacturing, " " Probe, " " HRS Clean Energy, LLC, " " PMFI, " "our," "us," the "Company," " CETI ", refers to Clean Energy Technologies, Inc. (formerly Probe Manufacturing, Inc.)*

Item 1.

**Clean Energy Technologies, Inc.**

Consolidated Balance Sheet

	September 30, 2015 (Unaudited)	December 31, 2014
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 559	\$ 27,241
Accounts receivable - net	429,834	306,540
Inventory	1,312,656	557,382
<b>Total Current Assets</b>	<b>1,743,049</b>	<b>891,163</b>
Property And Equipment - Net	229,962	123,001
Goodwill	420,673	420,673
License	545,112	-
Other Assets	10,796	35,056
<b>Total Assets</b>	<b>\$ 2,949,592</b>	<b>\$ 1,469,893</b>
<b>Liabilities And Stockholders' ( Deficit )</b>		
<b>Current Liabilities:</b>		
Bank Overdraft	-	48,744
Accounts payable - trade	541,849	574,520
Accrued Expenses	490,163	311,291
Warranty Liability	241,612	-
Notes Payable - Current	1,415,934	556,523
<b>Total Current Liabilities</b>	<b>2,689,558</b>	<b>1,491,078</b>
<b>Long-Term Debt:</b>		
Notes Payable	900,000	38,147
Net Long-Term Debt	900,000	38,147
<b>Total Liabilities</b>	<b>3,589,558</b>	<b>1,529,225</b>
Commitment & Contingencies	-	-
<b>Stockholders' ( Deficit )</b>		
Preferred D stock, stated value \$100 per share; 20,000 shares authorized; 5000 shares and 0 shares issued and outstanding respectively	750,000	750,000
Common stock, \$.001 par value; 400,000,000 shares authorized; 34,386,444 and 30,676,445 shares issued and outstanding respectively	34,388	30,678
Shares to be issued	25,000	93,199
Additional paid-in capital	1,581,565	1,372,627
Treasury Stock	(633)	(633)
Accumulated deficit	(3,030,286)	(2,305,203)
<b>Total Stockholders' ( Deficit )</b>	<b>(639,966)</b>	<b>(59,332)</b>
<b>Total Liabilities And Stockholders' Deficit</b>	<b>\$ 2,949,592</b>	<b>\$ 1,469,893</b>

The accompanying footnotes are an integral part of these financial statements

**Clean Energy Technologies, Inc.**

Consolidated Statement of Operations

For the three and nine months ended September 30, (Unaudited)

	Three months ended		Nine months ended	
	2015	2014	2015	2014
Sales	\$ 235,838	\$ 1,032,307	\$ 1,848,854	\$ 2,966,948
Cost of Goods Sold	188,250	762,718	1,212,969	2,148,685
Gross Profit	47,588	269,589	635,885	818,263
General And Administrative	455,169	309,597	1,057,559	914,973
Share Based Expense	66,250	7,500	73,450	7,500
<b>Total Expenses</b>	<b>521,419</b>	<b>317,097</b>	<b>1,131,009</b>	<b>922,473</b>

Net Profit / (Loss) From Operations	(473,831)	(47,508)	(495,124)	(104,210)
Interest Expense	(69,379)	(45,460)	(229,959)	(97,539)
Net Profit / (Loss) Before Income Taxes	(543,210)	(92,968)	(725,083)	(201,749)
Income Tax Expense	-	-	-	-
Net Profit / (Loss)	\$ (543,210)	\$ (92,968)	\$ (725,083)	\$ (201,749)
Per Share Information:				
Basic and diluted weighted average number				
of common shares outstanding	33,344,054	26,084,826	32,667,452	25,153,502
Net Profit / (Loss) per common share basic and diluted	(0.02)	(0.00)	(0.02)	(0.01)

The accompanying footnotes are an integral part of these financial statements

### Clean Energy Technologies, Inc.

Consolidated Statements of Cash Flows  
for the nine months ended September 30,  
(Unaudited)

	2015	Restated 2014
<b>Cash Flows from Operating Activities:</b>		
Net Loss	\$ (725,083)	\$ (201,749)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	23,926	18,665
Share based compensation	73,450	7,500
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(123,294)	(170,215)
(Increase) decrease in inventory	(755,274)	(20,556)
(Increase) decrease in other assets	24,260	(46,430)
(Decrease) increase in accounts payable	(32,671)	(117,211)
(Decrease) increase in warranty liability	241,612	-
Other (Decrease) increase in accrued expenses	178,872	54,236
Net Cash provided / (Used) In Operating Activities	(1,094,202)	(475,760)
<b>Cash Flows from Investing Activities</b>		
Purchase property plant and equipment	(130,887)	(27,616)
Purchase license	(545,112)	-
Cash Flows Used In Investing Activities	(675,999)	(27,616)
<b>Cash Flows from Financing Activities</b>		
Bank Overdraft / (Repayment)	(48,744)	(16,098)
Increase in advances line of credit	301,327	428,570
Proceeds from sale of common stock	71,000	100,000
Proceeds from notes payable	1,500,000	-
Payments on notes payable	(80,064)	-
Cash Flows Provided By Financing Activities	1,743,519	512,472
Net (Decrease) Increase in Cash and Cash Equivalents	(26,682)	9,096
Cash and Cash Equivalents at Beginning of Period	27,241	6,749
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 559</b>	<b>\$ 15,845</b>

### Supplemental Information:

Interest Paid	\$ 160,281	\$ 40,468
Non-cash financing activity		
Accounts receivable acquired with notes payable	\$ 217,584	\$ -
Inventory acquired with notes payable	\$ 848,029	\$ -
Property acquired with notes payable	\$ 130,887	\$ -
License acquired with notes payable	\$ 545,112	\$ -

The accompanying footnotes are an integral part of these financial statements

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**Notes 1- GENERAL**

**The Company**

Clean Energy Technologies, Inc. is a clean energy and environmentally sustainable technologies company offering heat recovery solutions products and also providing engineering and manufacturing solutions focused on other energy efficiency and environmental sustainability technologies. The Company's principal product offering currently is the Clean Cycle™ heat recovery solution, or HRS. The Company's engineering and manufacturing resources support its heat recovery solutions business, as well as continuing to support other emerging growth companies with their technologies, with an emphasis in Clean Tech. The Company intends to identify other technologies or companies for acquisition and integration to its Clean Tech focused platform.

Our growth strategy is to identify, acquire and develop leading clean energy and clean technology solutions and utilize CETI's relationships and expertise to identify key technologies that match our strength and capabilities in manufacturing, supply chain management, unique business model and clean technology.

Our initial acquisition in clean energy is the proprietary turbine technology for Organic Rankine Cycle ( " ORC " )-based heat recovery power systems, which matches our manufacturing and engineering strengths. Our engineering and manufacturing services also provide a source of revenue and assist in providing opportunities for potential business and intellectual property acquisitions.

On September 11, 2015, Clean Energy HRS LLC ( " CE HRS " ), a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement with General Electric International, Inc., a Delaware corporation ( " GEII " ), pursuant to which CE HRS acquired GEII's Heat Recovery Solutions, or HRS, assets, including intellectual property, patents, trademarks, machinery, equipment, tooling and fixtures. The HRS assets will be used by the Company to manufacture and commercialize Organic Rankine Cycle ( " ORC " )-based heat recovery power systems. The ORC system comprised GEII's proprietary Clean Cycle™ turbine generator system and integrated power module, together with related components, controls, power electronics, software and equipment. The Company co-located and integrate the HRS assets with the Company's existing engineering and manufacturing business at the former GEII facility in Costa Mesa, California. The consideration for the purchase of the HRS assets was set forth in the Asset Purchase Agreement, which was filed as Exhibit 10.1 to the Company's Current Report on Form 8K dated September 11, 2015. CE HRS issued a three-year promissory note to GEII with respect to payment of the cash portion of the purchase price and CE HRS assumed certain liabilities of GEII related to the acquired assets. In connection with the Asset Purchase Agreement, the Company also entered into various ancillary agreements customary for asset acquisition transactions of this type.

In connection with the HRS asset transaction, on September 15, 2015, the Company entered into a Transaction Completion and Financing Agreement (the " TCF Agreement " ) with ETI Partners IV LLC, a Delaware limited liability company ( " ETI " ), pursuant to which the Company and ETI implemented a structure to provide for the Company to raise up to \$5,000,000 in financing. In connection with the TCF Agreement, the Company agreed to issue to ETI 100,910,321 shares of restricted common stock, representing 70% of the fully diluted common stock of the Company upon receipt of an initial \$500,000 in financing, which occurred subsequent to the quarter ending September 30, 2015. In conjunction with the TCF Agreement, the Company and ETI also entered into a Loan, Guarantee, and Collateral Agreement (the " Loan Agreement " ) and a Registration Rights Agreement. Financing to the Company is intended to be provided pursuant to the Loan Agreement and any shares issued or issuable in connection with the financing are granted certain demand registration rights pursuant to the Registration Rights Agreement. Pursuant to the TCF Agreement, the Company expanded its Board of Directors to 11 directors, and ETI nominated and elected five persons to the Board of Directors. In connection with the TCF Agreement, the Company also entered into various ancillary agreements customary for investment loan transactions of this type.

As part of completing the acquisition of the HRS assets pursuant to the Asset Purchase Agreement and the TCF Agreement and integration thereof into our business, we changed our name to “ Clean Energy Technologies, Inc. ” on November 13, 2015 to better reflect the focus of our new business and business strategies.

Previously, in March 2013, pursuant to an Agreement and Plan of Acquisition with Trident Manufacturing, Inc., a Utah corporation ( “ Trident ” ) and the shareholders of Trident, we acquired 100% of the issued and outstanding common stock shares of Trident in exchange for 1,600,000 shares of our restricted shares of common stock. As a result of the acquisition, Trident became a wholly-owned subsidiary of the Company.

Trident is a full-service electronics manufacturing services company with a 16,000 sq. ft. manufacturing facility in Salt Lake City, Utah, servicing the industrial, aerospace, military, instrumentation, and medical markets since 2005. As of the Trident acquisition, we recognized \$420,673 in goodwill.

### **Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder ’ s deficit of \$639,966 and a working capital deficit of \$946,509 and a net loss of \$543,210 for the three months ended September 30, 2015 and \$725,083 for the nine months ended September 30, 2015. The company also had an accumulated deficit of \$3,030,286 as of September 30, 2015 and used \$1,094,202 in net cash from operating activities for the nine months ended September 30, 2015. Therefore, there is substantial doubt about the ability of the Company to continue as a going concern. There can be no assurance that the Company will achieve its goals and reach a profitable operating stand and is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

### **Plan of Operations**

Management is taking the following steps to sustain profitability and growth: (i) organic growth through our acquired HRS assets and servicing customers from whom we generate profit and whom we believe can provide opportunities for growth and scale, (ii) leveraging core competencies with emphasis in cleantech, and (iii) expansion of capabilities and competencies through mergers and acquisitions providing scale, cost synergies and revenue and profit opportunities.

Our future success is likely dependent on our ability to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such financing, or that it will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

### **Our Products and Services**

Our main product, the Clean Cycle <sup>TM</sup> HRS system, converts heat from variety of heat sources into clean, affordable electricity. Our heat recovery solution system generates electricity from heat with zero fuel required, zero emissions produced, and low maintenance. The Clean Cycle <sup>TM</sup> HRS system is also re-deployable with continuous 24x7 operation.

Our engineering and manufacturing team supports a technology customers with a broad range of electrical, mechanical and software engineering services.

## **Sales and Marketing**

Our marketing approach is to position the Company, our products and our services under our new “ Clean Energy Technologies, Inc. ” and “ CETI ” identity and brand. We intend to market our Heat Recovery Solutions products specifically using the market-recognized Clean Cycle™ brand name. We also intend to utilize our relationships to identify new market segments and regions in which we can expand the commercialization of our products. We intend to offer our products for sale and also to commercialize them under leases, energy-based contracts and other financing structures to accelerate customer adoption and increase market penetration. We also intend to explore licensing opportunities for our patented and other proprietary technologies.

We utilize both direct sales force and sales representatives with expertise in clean energy.

## **NOTE 2 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The summary of significant accounting policies of Clean Energy Technologies, Inc. (formerly Probe Manufacturing, Inc.) is presented to assist in the understanding of the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

The Company follows the accounting guidance outlined in the Financial Accounting Standards Board Codification guidelines. The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted principles for interim financial information and with the instructions to Form 10Q. They may not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended December 31, 2014 included in the Company ’ s Annual Report on Form 10-K filed with the Securities and Exchange Commission. The interim unaudited financial statements should be read in conjunction with those financial statements included in the Form 10K. In the opinion of Management, all adjustments considered necessary for a fair presentation, which unless otherwise disclosed herein, consisting primarily of normal recurring adjustments, have been made. Operating results for the three months ended and nine months ended September 30,2015 are not necessarily indicative of the results that may be expected for the year ending December 31,2015.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Such estimates may be materially different from actual financial results. Significant estimates include the recoverability of long-lived assets, the collection of accounts receivable and valuation of inventory and reserves.

### **Cash and Cash Equivalents**

We maintain the majority of our cash accounts at a commercial bank. The total cash balance is insured by the Federal Deposit Insurance Corporation ( “ FDIC ” ) up to \$250,000 per commercial bank. For purposes of the statement of cash flows we consider all cash and highly liquid investments with initial maturities of one year or less to be cash equivalents.

### **Accounts Receivable**

We grant credit to our customers located within the United States of America; and do not require collateral. Our ability to collect receivables is affected by economic fluctuations in the geographic areas and industries

served by us. Reserves for un-collectable amounts are provided, based on past experience and a specific analysis of the accounts. Although we expect to collect amounts due, actual collections may differ from the estimated amounts. As of September 30, 2015, we had a reserve for potentially un-collectable accounts of \$82,680. Five (5) customers accounted for approximately 85% of accounts receivable at September 30,2015 and one customer accounted for 40% and no other customer accounted for more than 14% of the accounts receivable balance. Our trade accounts primarily represent unsecured receivables. Historically, our bad debt write-offs related to these trade accounts have been insignificant.

**Inventory**

Inventories are valued at the lower of weighted average cost or market value. Our industry experiences changes in technology, changes in market value and availability of raw materials, as well as changing customer demand. We make provisions for estimated excess and obsolete inventories based on regular audits and cycle counts of our on-hand inventory levels and forecasted customer demands and at times additional provisions are made. Any inventory write offs are charged to the reserve account. As of September 30,2015, we had a reserve for potentially obsolete inventory of \$270,000.

**Property and Equipment**

Property and equipment are recorded at cost. Assets held under capital leases are recorded at lease inception at the lower of the present value of the minimum lease payments or the fair market value of the related assets. The cost of ordinary maintenance and repairs is charged to operations. Depreciation and amortization are computed on the straight-line method over the following estimated useful lives of the related assets:

Furniture and fixtures	3 to 7 years
Equipment	7 to 10 years

Depreciation expense totaled \$23,926 and \$18,665 for the nine months ended September 30, 2015 and 2014, respectively.

**Long – Lived Assets**

Our management assesses the recoverability of its long-lived assets by determining whether the depreciation and amortization of long lived assets over their remaining lives can be recovered through projected undiscounted future cash flows. The amount of long-lived asset impairment if any, is measured based on fair value and is charged to operations in the period in which long-lived assets impairment is determined by management. There can be no assurance however, that market conditions will not change or demand for our services will continue, which could result in impairment of long-lived assets in the future.

**Revenue Recognition**

Revenue from product and services are recognized at the time goods are shipped or services are provided to the customer, with an appropriate provision for returns and allowances. Terms are generally FOB origination with the right of inspection and acceptance. We have not experienced a material amount of rejected or damaged product.

The Company provides services for its customers that range from contract design to original product design to repair services. The Company recognizes service revenue when the services have been performed, and the related costs are expensed as incurred.

**Fair Value of Financial Instruments**

The carrying amount of accounts payable and accrued expenses are considered to be representative of their respective fair values because of the short-term nature of these financial instruments.

## **Other Comprehensive Income**

We have no material components of other comprehensive income (loss) and accordingly, net loss is equal to comprehensive loss in all periods.

## **Net Profit (Loss) per Common Share**

Basic profit / (loss) per share is computed on the basis of the weighted average number of common shares outstanding. At September 30, 2015, we had outstanding common shares of 34,386,444 used in the calculation of basic earnings per share. Basic Weighted average common shares and equivalents at September 30, 2015 and 2014 were 32,384,211 and 25,153,502, respectively. As of September 30, 2015, we had outstanding warrants to purchase 1,050,000 additional common shares and options to purchase 75,122 additional common shares. Fully diluted weighted average common shares and equivalents were withheld from the calculation as they were considered anti-dilutive.

## **Research and Development**

Research and development costs incurred in association with the alternative fuels technology development (which include salaries and equipment) were expensed as incurred. We had no amounts of research and development R&D during the three months ended and nine months ended September 30, 2015 and 2014.

## **Segment Disclosure**

FASB Codification Topic 280, *Segment Reporting*, establishes standards for reporting financial and descriptive information about an enterprise's reportable segments. We have determined that through September 30, 2015 we had one reportable segment – electronics manufacturing services. As such, our operations have been aggregated into one reportable segment for all periods presented.

## **Share-Based Compensation**

The Company has adopted the use of Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" (SFAS No. 123R) (now contained in FASB Codification Topic 718, *Compensation-Stock Compensation*), which supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance and eliminates the alternative to use Opinion 25's intrinsic value method of accounting that was provided in Statement 123 as originally issued. This Statement requires an entity to measure the cost of employee services received in exchange for an award of an equity instrument, which includes grants of stock options and stock warrants, based on the fair value of the award, measured at the grant date (with limited exceptions). Under this standard, the fair value of each award is estimated on the grant date, using an option-pricing model that meets certain requirements. We use the Black-Scholes option-pricing model to estimate the fair value of our equity awards, including stock options and warrants. The Black-Scholes model meets the requirements of SFAS No. 123R; however, the fair values generated may not reflect their actual fair values, as it does not consider certain factors, such as vesting requirements, employee attrition and transferability limitations. The Black-Scholes model valuation is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. We estimate the expected volatility and estimated life of our stock options at grant date based on historical volatility; however, due to the thinly traded nature of our stock, we have chosen to use an average of the annual volatility of like companies in our industry. For the "risk-free interest rate," we use the Constant Maturity Treasury rate on 90-day government securities. The term is equal to the time until the option expires. The dividend yield is not applicable, as the Company has not paid any dividends, nor do we anticipate paying them in the foreseeable future. The fair value of our restricted stock is based on the market value of our free trading common stock, on the grant date calculated using a 20-trading-day average. At the time of grant, the share-based compensation expense is recognized in our financial statements based on awards that are ultimately expected to vest using historical employee attrition rates and the expense is reduced accordingly. It is also adjusted to account for the restricted and thinly traded nature of the shares. The expense is reviewed and adjusted in subsequent periods if actual attrition differs from those estimates.

We re-evaluate the assumptions used to value our share-based awards on a quarterly basis and, if changes warrant different assumptions, the share-based compensation expense could vary significantly from the amount expensed in the past. We may be required to adjust any remaining share-based compensation expense, based on any additions, cancellations or adjustments to the share-based awards. The expense is recognized over the period during which an employee is required to provide service in exchange for the award — the requisite service period (usually the vesting period). No compensation cost is recognized for equity instruments for which employees do not render the requisite service. For the three months ended and nine months ended September 30, 2015 and 2014 we had \$73,450 and \$7,500, respectively, in share based expense, due to the issuance of common stock. As of September 30, 2015 we had no further non-vested expense to be recognized.

### Income Taxes

The Company accounts for income taxes under SFAS No. 109 (now contained in FASB Codification Topic 740-10-25, Accounting for Uncertainty in Income Taxes), which requires the asset and liability approach to accounting for income taxes. Under this method, deferred tax assets and liabilities are measured based on differences between financial reporting and tax bases of assets and liabilities measured using enacted tax rates and laws that are expected to be in effect when differences are expected to reverse. As of September 30, 2015, we had a net operating loss carry-forward of approximately \$(2,800,000) and a deferred tax asset of approximately \$960,000 using the statutory rate of 34%. The deferred tax asset may be recognized in future periods, not to exceed 20 years. However, due to the uncertainty of future events we have booked valuation allowance of \$(960,000). FASB ASC 740 prescribes recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FASB ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At September 30, 2015, the Company had not taken any tax positions that would require disclosure under FASB ASC 740.

	September 30, 2015	December 31, 2014
Deferred Tax Asset	\$ 960,000	\$ 710,900
Valuation Allowance	(960,000)	(710,900)
Deferred Tax Asset (Net)	\$ -	\$ -

We are subject to taxation in the U.S. and the states of California and Utah. Further, the Company currently has no open tax years subject to audit prior to December 31, 2011. The Company is current on its federal and state tax returns.

### Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported income, total assets, or stockholders' equity as previously reported.

### Business Combination and Goodwill

On March 20, 2013, we completed the acquisition of Trident whereby we acquired 100% of the issued and outstanding common stock shares of Trident in exchange for 1,600,000 shares of our restricted shares of common stock. As a result of the acquisition, Trident has become a wholly-owned subsidiary of the Company. As a result we recognized \$420,673 in goodwill.

### Recently Issued Accounting Standards

The Company is reviewing the effects of following recent updates. The Company has no expectation that any of these items will have a material effect upon the financial statements.

- Update 2015-16 — Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments
- Update 2015-15 — Interest — Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting (SEC Update)
- Update 2015-14 — Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date
- Update 2015-11 — Inventory (Topic 330): Simplifying the Measurement of Inventory
- Update 2015-08 — Business Combinations (Topic 805): Pushdown Accounting — Amendments to SEC Paragraphs Pursuant to Staff Accounting Bulletin No. 115 (SEC Update)
- Update No. 2015-03 — Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs
- Update No. 2015-02 — Consolidation (Topic 810): Amendments to the Consolidation Analysis.

### NOTE 3 – ACCOUNTS AND NOTES RECEIVABLE

	September 30, 2015	December 31, 2014
Accounts Receivable Trade	\$ 512,514	\$ 376,540
Less Reserve for uncollectable accounts	(82,680)	(70,000)
Accounts Receivable (Net)	<u>\$ 429,834</u>	<u>\$ 306,540</u>

### NOTE 4 – ASSET ACQUISITION

On September 11, 2015, we issued a promissory note in the initial principal amount of \$1,400,000 and assumed a pension liability of \$100,000, for a total liability of \$1,500,000, in connection with the Company's acquisition from General Electric International, Inc., a Delaware corporation ( " GEII " ) of certain GEII's heat recovery solutions, or HRS, assets, including intellectual property, patents, trademarks, machinery, equipment, tooling and fixtures.

<b>Acquired Assets</b>	
Inventory	\$ 848,029
Leased asset	217,584
Property and Equipment	130,887
Intellectual Property	545,112
Assumed warranty Liability	(241,612)
<b>Net Assets Acquired</b>	<u>\$ 1,500,000</u>

**NOTE 5 – INVENTORY**

Inventories by major classification were comprised of the following at:

	September 30, 2015	December 31, 2014
Raw Material	\$ 1,450,050	\$ 647,824
Work in Process	121,283	166,529
Finished Goods	11,323	13,029
<b>Total</b>	<b>1,582,656</b>	<b>827,382</b>
Less reserve for excess or obsolete inventory	(270,000)	(270,000)
<b>Total Inventory</b>	<b>\$ 1,312,656</b>	<b>\$ 557,382</b>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment were comprised of the following at:

	September 30, 2015	December 31, 2014
Capital Equipment	\$ 2,069,578	\$ 1,938,696
Leasehold improvements	-	36,686
<b>Total</b>	<b>2,069,578</b>	<b>1,975,382</b>
Accumulated Depreciation	(1,839,616)	(1,852,381)
<b>Net Fixed Assets</b>	<b>\$ 229,962</b>	<b>\$ 123,001</b>

**NOTE 7 – ACCRUED EXPENSES**

	September 30, 2015	December 31, 2014
Accrued Wages	\$ 259,159	\$ 125,900
Accrued Interest	182,814	137,201
Accrued Rent	48,190	48,190
<b>Total Accrued Expenses</b>	<b>\$ 490,163</b>	<b>\$ 311,291</b>

**NOTE 8 – NOTES PAYABLE****Notes payable**

The Company issued a short-term note payable to an individual, secured by the assets of the Company, dated September 6, 2013 in the amount of \$50,000 and fixed fee amount of \$3,500. As of September 30, 2015 the outstanding balance was \$38,500 .

On November 11, 2013, we entered in to an accounts receivable financing agreement with American Interbanc (now Nations Interbanc). Amounts outstanding under the agreement bear interest at the rate of 2.5% per month. It is secured by the assets of the Company. In addition, it is personally guaranteed by Kambiz Mahdi, our Chief Executive Officer. As of September 30, 2015, the outstanding balance was \$694,727, compared to \$393,399 at December 31, 2014.

On November 3, 2009, the Company issued an unsecured note payable to Linwood Goddard at a 12.00% interest rate, with a 36-month amortization and monthly payments of \$334.14. At September 30, 2015, the outstanding balance was \$4,332.

On December 24, 2009, the Company issued an unsecured note payable to Linwood Goddard at a 12.00% interest rate, with a 36-month amortization and monthly payments of \$334.14. At September 30, 2015, the outstanding balance was \$4,332.

On August 28, 2014, we issued an unsecured note for \$100,000 with a fixed fee of \$20,000, amortized over 7 months. On December 22, 2014, the outstanding balance of this note including remaining fees was \$58,441, when the outstanding balance was rolled into a new note in the initial principal amount of \$150,000, with fees in the amount of \$28,500. The new note amortizes over 18 months. The outstanding balance at September 30, 2015 was \$74,043.

On September 11, 2015, our CE HRS subsidiary issued a promissory note in the initial principal amount \$1,400,000 and assumed a pension liability of \$100,000, for a total liability of \$1,500,000, in connection with our acquisition of the heat recovery solutions, or HRS, assets of General Electric International, Inc., a Delaware corporation (“GEII”), including intellectual property, patents, trademarks, machinery, equipment, tooling and fixtures. The note bears interest at the rate of 2.66% per annum. The note is payable on the following schedule: (a) \$200,000 in principal on September 30, 2015 and (b) thereafter, the remaining principal amount of \$1,200,000, together with interest thereon, payable in equal quarterly installments of principal and interest of \$157,609.02, commencing on September 30, 2016 and continuing until June 30, 2018, at which time the remaining unpaid principal amount of this note and all accrued and unpaid interest thereon shall be due and payable in full.

**NOTE 9 – COMMITMENTS AND CONTIGENCIES**

**Operating Rental Leases**

On February 21, 2012 Trident Manufacturing, Inc. entered into a 5 year lease with First Industrial Realty Trust, Inc. with a commencement date of February 21, 2012. The facility is approximately 15,040 square feet and located at 440 West Lawndale Drive, Salt Lake City UT 84115.

Year	Annual Rent
2015	38,480
2016	81,216
2017	13,536

In April 2015, Trident entered into a sublease agreement with Lucky Spoon, LLC. The term of the sublease commenced on April 1, 2015 and expires on the last day of Trident’s lease.

On August 27, 2015, we entered into a sublease agreement with Rosenson Properties, LLC, a California limited liability company, as landlord, and General Electric International, Inc., a Delaware corporation, as tenant and assignor, for the premises located at 150 Baker Street East, Costa Mesa, California. GEII had entered into a lease dated as of December 17, 2010, as amended by a First Amendment to Lease dated March 11, 2014, wherein Rosenson Properties leased the premises to GEII. The premises consists of approximately 35,704 square feet of space and the lease provides for monthly triple-net lease payments of \$22, 973. The lease term ends on March 31, 2016.

Year	Annual Rent
2015	45,946
2016	54,098

**Severance Benefits**

Effective at September 30, 2015, Mr. Mahdi was entitled to receive in the event of his termination without cause a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Mahdi would have been entitled to receive through the remainder of his employment period or two (2) years, whichever is greater, at an annual salary of \$150,000.

Effective at September 30, 2015, Mr. Bennett was entitled to receive in the event of his termination without cause a severance benefit consisting of a single lump sum cash payment equal the salary that Mr. Bennett

would have been entitled to receive through the remainder of his employment period or two (2) years, whichever is greater, at an annual salary of \$140,000.

#### **NOTE 10 – CAPITAL STOCK TRANSACTIONS**

On April 21, 2005, our Board of Directors and shareholders approved the re-domicile of the Company in the State of Nevada, in connection with which we increased the number of our authorized common shares to 200,000,000 and designated a par value of \$.001 per share.

On May 25, 2006, our Board of Directors and shareholders approved an amendment to our Articles of Incorporation to authorize a new series of preferred stock, designated as Series C, and consisting of 15,000 authorized shares.

#### **Stock Repurchase Program**

On November 1, 2011, the Company adopted a plan to repurchase up to 500,000 shares of its issued and outstanding common stock in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended.

The plan allows the Company to purchase its issued and outstanding common shares in the open market or in negotiated transactions, from time to time, depending on market conditions and other factors as well as being in compliance with applicable securities laws. The plan does not obligate the Company to make any purchases, at any specific time or in any particular situation. The plan may be suspended or discontinued at any time at the sole discretion of the Company. Share repurchases will be funded with the Company's available cash, after determining the working capital requirements of the Company. Accordingly, there is no guarantee as to the exact number of shares that will be repurchased under the plan.

The Company's Board of Directors authorized the repurchase plan because it believed market conditions at the time of the plan's adoption or thereafter may cause the Company's common stock to be undervalued and repurchases of Company common stock to be in the best interests of the Company and its stockholders. The timing and number of any shares repurchased will depend on the terms and conditions of the plan and no assurance can be given that any specific amount of common stock will be repurchased.

As of September 30, 2015 and 2014, we had repurchased an aggregate total of 11,500 shares of our common stock under the plan.

## **Common Stock Transactions**

Beginning with the year 2014, we issued the following securities without registration under the Securities Act of 1933, as amended. These securities were issued on the reliance of an exemption provided by Section 4(a) (2) of the Securities Act.

On May 12, 2014, we issued 500,000 shares of common stock for services at \$.05 per share.

On September 4, 2014, we issued 729,167 shares of common stock to Luxus Micro Cap S.A. for conversion of accrued interest under the series D preferred stock and \$.08 per share.

On November 15, 2014, we issued 850,000 shares and accrued for 450,000 of common stock for services to related parties at \$.05 per share.

On December 1, 2014, we issued 1,400,000 shares of common stock for services at \$.06 per share.

On December 2, 2014, we issued 2,945,333 for cash.

On February 2, 2015, we issued 40,000 shares of common stock for services at \$.08

On February 24, 2015, we issued 1,845,000 shares of common stock for cash in the amount of \$116,698, of which \$70,699 was received in 2014 and the balance included in "to be issued."

On March 6, 2015, we issued 450,000 shares of common stock for services to related parties at \$.05 per share, which was accrued for in 2014.

On March 6, 2015, we issued 50,000 shares of common stock for services at \$.05 per share.

On April 1, 2015 we issued 25,000 shares of common stock for consulting services at \$.05 per share.

On September 11, 2015, we issued 1,300,000 shares of common stock for compensation at \$.05 per share.

## **Common Stock**

Our Articles of Incorporation authorize us to issue 200,000,000 shares of common stock, par value \$0.001 per share. As of September 30, 2015 there were 34,386,444 shares of common stock outstanding. All outstanding shares of common stock are, and the common stock to be issued will be, fully paid and non-assessable. Each share of our common stock has identical rights and privileges in every respect. The holders of our common stock are entitled to vote upon all matters submitted to a vote of our shareholders and are entitled to one vote for each share of common stock held. There are no cumulative voting rights.

The holders of our common stock are entitled to share equally in dividends and other distributions that our Board of Directors may declare from time to time out of funds legally available for that purpose, if any, after the satisfaction of any prior rights and preferences of any outstanding preferred stock. If we liquidate, dissolve or wind up, the holders of common stock shares will be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities and our obligations to holders of our outstanding preferred stock.

## **Preferred Stock**

Our Articles of Incorporation authorize us to issue 10,000,000 shares of preferred stock. We authorized 440 shares of Series A Convertible Preferred Stock and 20,000 shares of Series B Convertible Preferred Stock. On May 25, 2006 the Articles of Incorporation were amended to authorize 15,000 shares Series C Convertible Preferred Stock.

As of August 20, 2006, all series A, B, and C preferred had been converted into common stock.

Our Board of Directors has the authority to issue additional shares of preferred stock in one or more series, and fix for each series, the designation of and number of shares to be included in each such series. Our Board of Directors is also authorized to set the powers, privileges, preferences, and relative participating, optional or other rights, if any, of the shares of each such series and the qualifications, limitations or restrictions of the shares of each such series.

Unless our Board of Directors provides otherwise, the shares of all series of preferred stock will rank on parity with respect to the payment of dividends and to the distribution of assets upon liquidation. Any issuance by us of shares of our preferred stock may have the effect of delaying, deferring or preventing a change of our control or an unsolicited acquisition proposal. The issuance of preferred stock also could decrease the amount of earnings and assets available for distribution to the holders of common stock or could adversely affect the rights and powers, including voting rights, of the holders of common stock.

Effective August 7, 2013, our Board of Directors designated a series of our preferred stock as Series D Preferred Stock, authorizing 15,000 shares. We have received an aggregate of \$750,000 in financing in subscription for Series D Preferred Stock. Our Series D Preferred Stock offering terms authorized us to raise up to \$1,000,000 with an over-allotment of \$500,000 in multiple closings over the course of 6 months.

The following are primary terms of the Series D Preferred Stock offering. The Series D Preferred holders will be paid a special monthly dividend at the rate of 17.5% per annum or at the option of the investor such special dividend may accrue such special dividends. If the Company does not pay the special dividend within five (5) business days from the end of the calendar month for which the payment of such dividend is owed, the Company will pay the investor a penalty of 3.5%. Any unpaid or accrued special dividends will be paid upon a liquidation or redemption. For any other dividends or distributions, the Series D Preferred Stock participates with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in their sole discretion, at any time after a one year (1) year holding period, by sending the Company a notice to convert. The conversion rate shall equal to the greater of \$0.08 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred Stock shall be redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred Stock commencing any time after the one (1) year period from the offering closing at a price equal to the initial purchase price plus all accrued but unpaid dividends. If Company is not in financial position to pay it back it need to notify the investors thirty (30) days prior the redemption period commencing and both parties will negotiate in good faith for an extension of the redemption period. The Company may elect to redeem the Series D Preferred Stock any time after the offering closing at a price equal to initial purchase price plus all accrued but unpaid dividends subject to the investors' right to convert by providing written notice about its intent to redeem. Each investor has the right to convert the Series D Preferred Stock at least ten (10) days prior to such redemption by the Company.

On June 25, 2013, we received \$500,000 from a related party in subscription for 5,000 shares of Preferred Series D Preferred Stock. These shares have not been issued as of the date of this filing. On August 21, 2014, the related party agreed to lower the dividend rate to 13% and extend the term on the redemption period for these shares for an additional one year.

In connection with the subscription for such shares, we issued series F warrants to purchase 250,000 shares of our common stock at \$.10 and series G warrants to purchase 250,000 shares of our common stock at \$.20. Each warrant gives the holder the right to purchase one share of common stock.

On September 19, 2013, we received \$250,000 from a related party in subscription for 2,500 shares of Series D Preferred Stock. These shares have not been issued as of the date of this filing.

In connection with the subscription for such shares, we issued series F warrants to purchase 125,000 shares of our common stock at \$.10 and series G warrants to purchase 125,000 shares of our common stock at \$.20. Each warrant gives the holder the right to purchase 1 share of common stock.

## Warrants

### Series E – Common Stock warrants

On April 8, 2011, we issued 300,000 series E Warrants. Each warrant gives the holder the right to purchase one share of common stock (300,000 total shares) at \$0.50 per share. The Series E Warrants expire on April 8, 2016, as a result we recognized \$6,600 in share-based expense.

### Series F – Common Stock warrants

On June 25, 2013, we issued 250,000 series F warrants. Each warrant gives the holder the right to purchase one share of common stock at \$.10.

On September 19, 2013, we issued 125,000 series F warrants. Each warrant gives the holder the right to purchase one share of common stock at \$.10.

### Series G – Common Stock warrants

On June 25, 2013, we issued 250,000 series G warrants. Each warrant gives the holder the right to purchase one share of common stock at \$.20.

On September 19, 2013, we issued 125,000 series G warrants. Each warrant gives the holder the right to purchase one share of common stock at \$.20.

A summary of warrant activity for the periods is as follows:

	Warrants - Common Share Equivalents	Weighted Average Exercise price	Warrants exercisable - Common Share Equivalents	Weighted Average Exercise price
Outstanding December 31, 2014	1,050,000	0.25	1,050,000	0.25
Granted	-	-	-	-
Expired	-	-	-	-
Exercised	-	-	-	-
Outstanding September 30, 2015	1,050,000	0.25	1,050,000	0.25

Range of Warrant Exercise Price	Warrants Outstanding			Warrants Exercisable	
	Warrants - Common Share Equivalents	Weighted Average Exercise price	Weighted Average Remaining Contractual life in years	Warrants - Common Share Equivalents	Weighted Average Exercise price
\$ 0.50	300,000	\$ 0.50	.52	300,000	\$ 0.50
\$ 0.10	250,000	\$ 0.10	2.50	250,000	\$ 0.10
\$ 0.20	250,000	\$ 0.20	2.50	250,000	\$ 0.20
\$0.10	125,000	\$ 0.10	2.75	125,000	\$ 0.10
\$ 0.20	125,000	\$ 0.20	2.75	125,000	\$ 0.20
Total	1,050,000	\$ 0.25		1,050,000	\$ 0.25

## Stock Options

On February 8, 2007 pursuant to our 2006 Qualified Incentive Option Plan, we granted to Company employees incentive stock options to purchase 406,638 shares of our common stock. These options were granted at \$1.73 cents, the fair market value of the Company's common stock at the time of the grant. These options expire on February 8, 2017. At September 30, 2015, there were 15,122 outstanding options under this plan.

On February 8, 2008, we granted stock options to our key employees to purchase up to 750,000 shares of our common stock. These options were granted at \$1.73 cents, the fair market value of the Company's common stock at the time of the grant. These options expire on February 8, 2017. At September 30, 2015, the balance

of the outstanding options under this plan is 30,000.

On February 28, 2008, we granted stock options to a key employee to purchase up to 30,000 shares of our common stock. These options were granted at \$.033 cents, the fair market value of the Company ' s common stock at the time of the grant. These options expire on February 8, 2017. At September 30, 2015, the balance of the outstanding options under this plan was 30,000.

#### **NOTE 11 – RELATED PARTY TRANSACTIONS**

Kevin Scott, one of the Board of Directors members, owns SK Polymers. SK Polymers is a supplier to the Company. Our board of directors has approved the supply transactions between SK Polymers and the Company.

Kambiz Mahdi, our Chief Executive Officer, owns Billet Electronics, which is a distributor of electronic components. From time to time we purchase parts from Billet Electronics. In addition, from time to time we provide assembly and value-added services to Billet Electronics. In addition Billet was a supplier of parts and had dealings with current and former customers of our company. Our board of directors has approved the transactions between Billet Electronics and the Company.

On September 4, 2014, we issued 729,167 shares of common stock to Luxus Micro Cap S.A. (controlled by director Juhani Taskinen) for conversion of accrued interest under the Series D Preferred Stock at \$.08 per share

On November 15, 2014, we issued 400,000 shares of common stock to John Bennett, our Chief Financial Officer, as additional compensation and accrued for 100,000 shares for board of director compensation at \$.05 per share.

On November 15, 2014, we issued 100,000 shares of common stock and accrued for 100,000 shares of common stock for board of director compensation to Kam Mahdi our Chief Executive officer at \$.05 per share.

On November 15, 2014, we issued 100,000 shares of common stock and accrued for 100,000 shares of common stock for board of director compensation to Robert Young at \$.05 per share.

On November 15, 2014, we issued 100,000 shares of common stock and accrued for 100,000 shares of common stock for board of director compensation to Shervin Talieh at \$.05 per share.

On September 11, 2015, we issued 400,000 shares of common stock to John Bennett, our Chief Financial Officer, as additional compensation at \$.05 per share.

On September 11, 2015, we issued 150,000 shares of common stock for board of director compensation to Kam Mahdi our Chief Executive officer at \$.05 per share.

On September 11, 2015 we issued 150,000 shares of common stock for board of director compensation to Robert Young at \$.05 per share.

On September 11, 2015 we issued 150,000 shares of common stock for board of director compensation to ShervinTalieh at \$.05 per share.

On September 11, 2015 we issued 150,000 shares of common stock and accrued for 150,000 shares of common stock for board of director compensation to Kevin Scott at \$.05 per share.

On September 11, 2015 we issued 150,000 shares of common stock shares of common stock for board of director compensation to Juhani Taskinen at \$.05 per share.

On September 11, 2015 we issued 150,000 shares of common stock shares of common stock for board of director compensation to John Bennett ourChief Financial Officerat \$.05 per share.

**NOTE 12 - CORRECTIONS TO PRIOR FINANCIALS AS FILED**

Due to a change in auditors, there were additional expenses discovered in the year ending December 31, 2014. For the nine months ending September 30, 2014, there was \$48,190 in additional rent to be recorded in General and Administrative Expense. See the table below for the effects on net loss, earnings per share, and accumulated deficit.

	Restatements effects	
Year	Net Loss	Earnings per Share
2014	(48,190)	(0.00)
		Accumulated Deficit
		(48,190)

**NOTE 13 – SUBSEQUENT EVENTS**

In connection with the HRS asset transaction, on September 15, 2015, the Company entered into a Transaction Completion and Financing Agreement (the “ TCF Agreement ” ) with ETI Partners IV LLC, a Delaware limited liability company ( “ ETI ” ), pursuant to which the Company and ETI implemented a structure to provide for the Company to raise up to \$5,000,000 in financing. In connection with the TCF Agreement, the Company agreed to issue to ETI 100,910,321 shares of restricted common stock, representing 70% of the fully diluted common stock of the Company concurrent with the Company ’ s receipt of an initial \$500,000 in financing, which occurred subsequent to the quarter ending September 30, 2015. In conjunction with the TCF Agreement, the Company and ETI also entered into a Loan, Guarantee, and Collateral Agreement (the “ Loan Agreement ” ) and a Registration Rights Agreement. Financing to the Company is intended to be provided pursuant to the Loan Agreement and any shares issued or issuable in connection with the financing are granted certain demand registration rights pursuant to the Registration Rights Agreement. Pursuant to the TCF Agreement, the Company expanded its Board of Directors to 11 directors, and ETI nominated and elected five persons to the Board of Directors. In connection with the TCF Agreement, the Company also entered into various ancillary agreements customary for investment loan transactions of this type. On October 2, 2015, the Company issued to ETI the 100,910,321 shares of common stock.

On October 1, 2015, we issued 150,000 shares of common stock valued at \$12,000 for consulting services.

As part of completing the acquisition of the HRS assets pursuant to the Asset Purchase Agreement and the TCF Agreement and integration thereof into our business, we changed our name to “ Clean Energy Technologies, Inc. ” on November 13, 2015 to better reflect the focus of our new business and business strategies.

**Item 2. Management ' s Discussion and Analysis of Financial Condition and Results of Operation  
(unaudited)**

**FORWARD-LOOKING STATEMENTS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) contains forward-looking statements that involve known and unknown risks, significant uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, or implied, by those forward-looking statements. You can identify forward-looking statements by the use of the words may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, intends, potential, proposed, or continue or the negative of those terms. These statements are only predictions. In evaluating these statements, you should consider various factors which may cause our actual results to differ materially from any forward-looking statements. Although we believe that the exceptions reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

**OVERVIEW**

**Our Company**

**Our Company**

Clean Energy Technologies, Inc. is a clean energy and environmentally sustainable technologies company offering heat recovery solutions products and also providing engineering and manufacturing solutions focused on other energy efficiency and environmental sustainability technologies. The Company ' s principal product offering currently is the " Clean Cycle " heat recovery solution, or HRS. The Company ' s engineering and manufacturing resources support its heat recovery solutions business, as well as continuing to support other emerging growth companies with their technologies, with an emphasis in Clean Tech. The Company intends to identify other technologies or companies for acquisition and integration to its Clean Tech focused platform.

Our growth strategy is to identify, acquire and develop leading clean energy and clean technology solutions and utilize CETI ' s relationships and expertise to identify key technologies that match our strength and capabilities in manufacturing, supply chain management, unique business model and clean technology.

**GOING CONCERN**

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder ' s deficit of \$639,966 and a working capital deficit of \$946,509 and a net loss of \$543,210 for the three months ended September 30, 2015 and \$725,083 for the nine months ended September 30, 2015. The company also hadan accumulated deficit of \$3,030,286 as of September 30, 2015 and used \$1,094,202 in net cash from operating activities for the nine months ended September 30, 2015. Therefore, there is substantial doubt about the ability of the Company to continue as a going concern. There can be no assurance that the Company will achieve its goals and reach a profitable operating stand and is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

**Plan of Operations**

Management is taking the following steps to sustain profitability and growth: (i) organic growth through our acquired HRS assets and servicing customers from whom we generate profit and whom we believe can provide opportunities for growth and scale,(ii) leveraging core competencies with emphasis in cleantech, and (iii) expansion of capabilities and competencies through mergers and acquisitions providing scale, cost synergies and revenue and profit opportunities.

Our future success is likely dependent on our ability to sustain profitable growth and attain additional capital to support growth. There can be no assurance that we will be successful in obtaining any such financing, or that it will be able to generate sufficient positive cash flow from operations. The successful outcome of these or any future activities cannot be determined at this time and there is no assurance that if achieved, we will have sufficient funds to execute its business plans. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should we be unable to continue as a going concern.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Actual results may differ from those estimates and assumptions.

Refer to the accounting policies under Item 7, “ Management ’ s Discussion and Analysis of Financial Condition and Results of Operations ” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, where we discuss our more significant judgments and estimates used in the preparation of the condensed consolidated financial statements.

## RESULT OF OPERATIONS

The following table sets forth, for the periods indicated, certain statements of operations data expressed as a percentage of net sales. The financial information and the discussion below should be read in conjunction with the condensed consolidated financial statements and notes thereto included in this document. In addition, reference should be made to our audited consolidated financial statements and notes thereto and related Management ’ s Discussion and Analysis of Financial Condition and Results of Operations included in our 2014 Annual Report on Form 10-K.

<b>Clean Energy Technologies, Inc.</b>				
Consolidated Statement of Operations				
For the three and ninemonths ended September 30,				
(Unaudited)				
	Three months ended		Nine months ended	
	2015	2014	2015	Restated 2014
Sales	\$ 235,838	\$ 1,032,307	\$ 1,848,854	\$ 2,966,948
Cost of Goods Sold	188,250	762,718	1,212,969	2,148,685
Gross Profit	47,588	269,589	635,885	818,263
General And Administrative	(455,169)	(309,597)	(1,057,559)	(914,973)
Share Based Expense	(66,250)	(7,500)	(73,450)	(7,500)
Net Profit / (Loss) From Operations	(473,831)	(47,508)	(495,124)	(104,210)
Interest Expense	(69,379)	(45,460)	(229,959)	(97,539)
Net Profit / (Loss) Before Income Taxes	(543,210)	(92,968)	(725,083)	(201,749)
Income Tax Expense	-	-	-	-
Net Profit / (Loss)	\$ (543,210)	\$ (92,968)	\$ (725,083)	\$ (201,749)
<b>Net Sales</b>				

For the three month period ended September 30, 2015, we had net sales of \$235,838 compared to net sales of \$1,032,307 for the same period in 2014 mainly due to the relocation to the new facility and a temporary shut down during that time.

Our top five customers accounted for approximately 80% of our net sales for the three month period ended September 30,2015compared to 89%, for the same period in 2014. We believe that our ability to grow our core business depends on increasing sales to existing customers, and on successfully attracting new customers. Customer contracts can be canceled and volume levels can be changed or delayed based on our

customer ' s performance and the end users ' markets over which we have no control. The timely replacement of delayed, canceled or reduced orders with new business cannot be ensured. In addition, we cannot assume that any of our current customers will continue to utilize our services. Consequently, our results of operations may be materially adversely affected.

### ***Gross Profit***

Gross profit is affected by a number of factors, including the number and size of new manufacturing programs, product mix, component costs and availability, product life cycles, unit volumes, pricing, competition, new product introductions, capacity utilization and the expansion and consolidation of manufacturing facilities. The flexible design of our manufacturing processes allows us to build a broad range of products in our facilities, which allows us to better utilize our manufacturing capacity. In the cases of new programs, profitability normally lags revenue growth due to product start-up costs, lower manufacturing program volumes in the start-up phase, operational inefficiencies, and under-absorbed overhead. Gross margin often improves over time as manufacturing program volumes increase, as our utilization rates and overhead absorption improves, and as we increase the level of vertically-integrated manufacturing services content. As a result of these various factors, our gross margin varies from period to period.

Gross profit during the three month period ended September 30, 2015 was \$47,588 at 20% of sales compared to \$269,589 at 26% of sales for the same period in 2014.

***Selling, General and Administrative Expenses***

Selling, general and administrative expenses ( “ SG&A ” ) amounted to \$ 455,159 during the three month period ended September 30, 2015 , compared to \$ 309,597 for the same period in 201 4 .

***Interest Expense***

For the three month period ended September 30, 2015 , our interest expense was \$ 69,379 compared to \$ 45,460 for the same period in 2014 .

**Key performance indicators**

	September30,	
	2015	2014
Inventory Turns	.81	5.03
Days Sales in Backlog	457	171
Days Receivables Outstanding	80	44
Days Payables Outstanding	259	82

**Inventory turns** : are calculated as the ratio of cost of material compared to the average inventory for the three and nine months ended September 30, 2015. For the three months ended September 30, 2015, our inventory turns were .81compared to 5.03 for the same period in 2014.

Days Sales in Backlog is calculated based on our back log divided by average daily sales during that period. For the three months ended September 30,2015, days sales in backlog was 457 days compared to 171days for the same period in 2014.

Days receivables outstanding is calculated as the ratio of average accounts receivable during that period compared to average daily sales for the same period. For the three months ended September 30, 2015, days receivables outstanding was 80 days compared to 44 days for the same period in 2014.

DaysPayable outstanding is calculated as the ratio of average accounts payable during that period compared to average daily sales for the same period. For the three months ended September 30, 2015, days payable outstanding was 259 days compared to 82days for the same period in 2014.

## Liquidity and Capital Resources

### Clean Energy Technologies, Inc.

Condensed consolidated Balance sheet

as of

September 30,      December 31,

2015                      2014

(Unaudited)

Working Capital (Deficit)	\$	(946,509)	\$	(599,915)
Total Assets		2,949,592		1,469,893
Short term Notes Payable		1,415,934		556,523
Long term Notes Payable		900,000		38,147
Stockholder Equity (Deficit)	\$	(639,966)	\$	(59,332)

### Accounts Receivable Financing

On November 22, 2013, we entered into an accounts receivable purchasing agreement with American Interbank (now Nations Interbank), an unaffiliated third party. Pursuant to the agreement, Nations Interbank may purchase, in its sole discretion, eligible accounts receivable of our Company on a revolving basis up to a maximum of \$750,000. Under the terms of the agreement, Nations Interbank may purchase eligible receivables from us with full recourse for the face amount of such eligible receivables. We are required to pay Nations Interbank a monthly cost of funds fee equal to the net funds employed by Nations Interbank at a rate equal 2% per month on the outstanding balance. Nations Interbank will retain 20% of the purchase price of the receivables as a reserve amount.

### Series D Preferred Stock Offering

Effective August 7, 2013, our Board of Directors designated a series of our preferred stock as Series D Preferred Stock, authorizing 15,000 shares. We have received an aggregate of \$750,000 in financing in subscription for Series D Preferred Stock. Our Series D Preferred Stock offering terms authorized us to raise up to \$1,000,000 with an over-allotment of \$500,000 in multiple closings over the course of 6 months.

The following are primary terms of the Series D Preferred Stock offering. The Series D Preferred holders will be paid a special monthly dividend at the rate of 17.5% per annum or at the option of the investor such special dividend may accrue such special dividends. If the Company does not pay the special dividend within five (5) business days from the end of the calendar month for which the payment of such dividend is owed, the Company will pay the investor a penalty of 3.5%. Any unpaid or accrued special dividends will be paid upon a liquidation or redemption. For any other dividends or distributions, the Series D Preferred Stock participates with common stock on an as-converted basis. The Series D Preferred holders may elect to convert the Series D Preferred Stock, in their sole discretion, at any time after a one year (1) year holding period, by sending the Company a notice to convert. The conversion rate shall equal to the greater of \$0.08 or a 20% discount to the average of the three (3) lowest closing market prices of the common stock during the ten (10) trading day period prior to conversion. The Series D Preferred Stock shall be redeemable from funds legally available for distribution at the option of the individual holders of the Series D Preferred Stock commencing any time after the one (1) year period from the offering closing at a price equal to the initial purchase price plus all accrued but unpaid dividends. If Company is not in financial position to pay it back it need to notify the investors thirty (30) days prior the redemption period commencing and both parties will negotiate in good faith for an extension of the redemption period. The Company may elect to redeem the Series D Preferred Stock any time after the offering closing at a price equal to initial purchase price plus all accrued but unpaid dividends subject to the investors' right to convert by providing written notice about its intent to redeem. Each investor has the right to convert the Series D Preferred Stock at least ten (10) days prior to such redemption by the Company.

On June 25, 2013, we received \$500,000 from a related party in subscription for 5,000 shares of Preferred Series D Preferred Stock. These shares have not been issued as of the date of this filing. On August 21, 2014, the related party agreed to lower the dividend rate to 13% and extend the term on the redemption period for these shares for an additional one year.

In connection with the subscription for such shares, we issued series F warrants to purchase 250,000 shares of our common stock at \$.10 and series G warrants to purchase 250,000 shares of our common stock at \$.20. Each warrant gives the holder the right to purchase one share of common stock.

On September 19, 2013, we received \$250,000 from a related party in subscription for 2,500 shares of Series D Preferred Stock. These shares have not been issued as of the date of this filing.

In connection with the subscription for such shares, we issued series F warrants to purchase 125,000 shares of our common stock at \$.10 and series G warrants to purchase 125,000 shares of our common stock at \$.20. Each warrant gives the holder the right to purchase 1 share of common stock.

***Capital Requirements for short and long-term Obligations***

	September 30, December 31,	
	2015	2014
Notes Payable – Short-Term	\$1,415,934	\$556,523
Notes Payable – Long-Term	\$900,000	\$38,147
Total	<u>\$2,315,934</u>	<u>\$594,670</u>

### ***Off-balance Sheet Arrangement***

We currently have no off-balance sheet arrangements.

### **Item 3. Quantitative and Qualitative Disclosure about Market Risk.**

Not applicable to smaller reporting companies.

### **Item 4. Controls and Procedures.**

- (a) *Evaluation of disclosure controls and procedures.* We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms and that such information is accumulated and communicated to us, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, an evaluation as of September 30, 2015 was conducted under the supervision and with the participation of our chief executive officer and our chief financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures, as of September 30, 2015, were not effective.

- (b) *Changes in internal control over financial reporting.* There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II--OTHER INFORMATION

### Item 1. Legal Proceedings

We know of no material, existing or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which our director, officer or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

### Item 1A. Risk Factors.

There are no material changes from the risk factors previously disclosed in our 2014 Annual Report on Form 10-K, as filed with the United States Securities and Exchange Commission on April 28, 2015, except as disclosed below.

### RISKS ABOUT OUR BUSINESS

*If we cannot obtain additional financing and/or reduce our operating costs sufficiently, and the effect of other unknown adverse factors could threaten our existence as a going concern. Therefore, we may have to curtail operations and may ultimately cease to exist.*

The financial statements have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the normal course of business. The Company had a total stockholder's deficit of \$639,966 and a working capital deficit of \$946,509 and a net loss of \$543,210 for the three months ended September 30, 2015 and \$725,083 for the nine months ended September 30, 2015. The company also had an accumulated deficit of \$3,030,286 as of September 30, 2015 and used \$1,094,202 in net cash from operating activities for the nine months ended September 30, 2015. Therefore, there is substantial doubt about the ability of the Company to continue as a going concern. There can be no assurance that the Company will achieve its goals and reach a profitable operating stand and is still dependent upon its ability (1) to obtain sufficient debt and/or equity capital and/or (2) to generate positive cash flow from operations.

*We have an accumulated deficit and may incur additional losses; therefore we may not be able to obtain the additional financing needed for working capital, capital expenditures and to meet our debt service and preferred stock redemption obligations.*

As of September 30, 2015, we had current liabilities of \$2,689,558. We incurred significant additional obligations in connection with our HRS acquisition in September 2015. We do not presently have the cash or resources to fully service or satisfy such obligations. Our existing debt could limit our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, or other purposes in the future, as needed, to plan for, or react to, changes in technology and in our business and competition, and to react in the event of an economic downturn.

We have outstanding \$750,000 in Series D Preferred Stock obligations as to which there are certain redemption obligations. We do not presently have the resources to redeem such stock obligations.

We may not be able to meet our debt service or preferred stock obligations. If we are unable to generate sufficient cash flow or obtain funds for required payments, or if we fail to comply with covenants in our revolving lines of credit or dividend payments to our Series D Preferred Stockholders, we will be in default which will have a material adverse impact on our business and working capital.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On September 10, 2015, the Company issued 1,300,000 shares of its common stock to five individuals to settle \$92,000 in outstanding fees that were owed by the Company for services provided.

On October 1, 2015, the Company issued 150,000 shares of its common stock for consulting services.

On October 2, 2015, the Company issued an aggregate of 100,910,321 shares of common stock to one investor pursuant to the Transaction Completion and Financing Agreement and 4,000,000 to one investor. All such shares were issued to the accredited investors for cash.

The foregoing securities were all issued pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506(b) promulgated thereunder. The investors represented their intention to acquire the securities for investment only and not with a view towards distribution. The investors were given adequate information about us to make an informed investment decision. We did not engage in any general solicitation or advertising. We directed our transfer agent to issue the stock certificates with the appropriate restrictive legend affixed to the restricted stock.

**Item 3. Defaults upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

**Not Applicable.**

**Item 5. Other Information****Entry into a Material Definitive Agreement.****Asset Purchase Agreement**

On September 11, 2015, Clean Energy HRS LLC ( " CE HRS " ), a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement with General Electric International, Inc., a Delaware corporation ( " GEII " ), pursuant to which CE HRS acquired GEII ' s heat recovery solutions, or HRS, assets, including intellectual property, patents, trademarks, machinery, equipment, tooling and fixtures. The HRS assets will be used by the Company to manufacture and commercialize Organic Rankine Cycle ( " ORC " )-based heat recovery power systems. The ORC system comprised GEII ' s proprietary Clean Cycle <sup>TM</sup> turbine generator system and integrated power module, together with related components, controls, power electronics, software and equipment. Our heat recovery solutions business will design, manufacture, test, market and/or sell ORC-based heat recovery power systems, including the integrated power module ( " IPM " ) and Clean Cycle generator and all other components, controls, power electronics, software and/or equipment that are included in such systems and provide related services for the ORC-based heat recovery power systems, in each case including in the following fields of use: (i) any ORC-based application where the heat is sourced from: (a) reciprocating combustion engines, of any type, except those employed on transiting marine vessels, (b) gas or steam turbine systems for Power Generation applications, where " Power Generation " means the process of creating electricity from any other form of energy, and (c) Biomass Boiler systems, where " Biomass Boiler " means a device that uses Biomass as a fuel to heat fluid and where " Biomass " means living or recently living biological or organic material as a source of energy and (ii) the following applications (without limitation to ORC-based applications): (x) reciprocating combustion engines, of any type, except those employed on transiting marine vessels or in automotive applications for cars, trucks, and other motor vehicles, (y) gas or steam turbine systems with an ISO-rated power output above one megawatt (1 MW), and (z) applications that use Biomass as a source of heat. The assets were located at a facility in Costa Mesa, California where the Company currently manufactures the less than 1 MW Organic Rankine Cycle waste heat power generator including the IPM. As consideration

for the asset purchase the Company issued GEII a three-year promissory note in the initial principal amount of \$1,400,000 and assumed certain liabilities. In connection with the Asset Purchase Agreement, the Company also entered into various ancillary agreements customary for asset acquisition transactions of this type. The Company co-located and integrated the HRS assets with the Company ' s existing engineering and manufacturing business at the former GEII facility in Costa Mesa, California.

The foregoing summary of the Asset Purchase Agreement is incomplete and is qualified in its entirety by reference to the full text of the document, which was filed on with the SEC as Exhibit 10.1 to our Current Report on Form 8K dated September 11, 2015.

### **Transaction Completion and Financing Agreement**

In connection with the HRS asset transaction, on September 15, 2015, the Company entered into a Transaction Completion and Financing Agreement (the " TCF Agreement " ) with ETI Partners IV LLC, a Delaware limited liability company ( " ETI " ), pursuant to which the Company and ETI implemented a structure to provide for the Company to raise up to \$5,000,000 in financing. In connection with the TCF Agreement, the Company agreed to issue to ETI 100,910,321 shares of restricted common stock, representing 70% of the fully diluted common stock of the Company upon receipt of an initial \$500,000 in financing, which occurred subsequent to the quarter ending September 30, 2015. In conjunction with the TCF Agreement, the Company and ETI also entered into a Loan, Guarantee, and Collateral Agreement (the " Loan Agreement " ) and a Registration Rights Agreement. Financing to the Company is intended to be provided pursuant to the Loan Agreement and any shares issued or issuable in connection with the financing are granted certain demand registration rights pursuant to the Registration Rights Agreement. Pursuant to the TCF Agreement, the Company expanded its Board of Directors to 11 directors, and ETI nominated and elected five persons to the Board of Directors. In connection with the TCF Agreement, the Company also entered into various ancillary agreements customary for investment loan transactions of this type.

The foregoing summary of the TCF Agreement, the Loan Agreement and the Registration Rights Agreement is incomplete and is qualified in its entirety by reference to the full text of the documents, which were filed with the SEC as Exhibits 10.2, 10.3 and 4.1 to our Current Report on Form 8-K dated September 11, 2015.

### **Change in Name**

As part of completing the acquisition of the HRS assets pursuant to the Asset Purchase Agreement and the TCF Agreement and integration thereof into our business, we changed our name to " Clean Energy Technologies, Inc. " on November 13, 2015 to better reflect the focus of our new business and business strategies.

### **Item 6. Exhibits**

The exhibit listed on the Exhibit Index (following the signatures section of this Quarterly Report on Form 10-Q are included, or incorporated by reference, in this Quarterly Report on Form 10-Q.

#### **EXHIBIT NUMBER**

#### **DESCRIPTION**

- |     |   |
|-----|---|
| 3.1 | Articles of Incorporation (included as Exhibit 3.1 to the Form SB-2/A filed on June 10, 2005 and incorporated herein by reference). |
| 3.2 | Bylaws (included as Exhibit 3.2 to the Form SB-2/A filed on June 10, 2005 and incorporated herein by reference).                    |
| 3.3 | Amendment to Bylaws.*   |

- 4.1 Registration Rights Agreement, by and between the Registrant and ETI Partners IV LLC, dated as of September 15, 2015 (included as Exhibit 4.1 to our Current Report on Form 8-K dated September 11, 2015 and incorporated herein by reference).
- 10.1 Asset Purchase Agreement, by and between the Registrant and General Electric International, Inc., dated as of September 11, 2015 (included as Exhibit 10.1 to our Current Report on Form 8-K filed on September 21, 2015 and incorporated herein by reference).
- 10.2 Transaction Completion and Financing Agreement, by and between the Company and ETI Partners IV LLC, dated as of September 15, 2015 (included as Exhibit 10.2 to our Current Report on Form 8K dated September 11, 2015 and incorporated herein by reference).
- 10.3 Loan, Guarantee, and Collateral Agreement, by and between the Company and ETI Partners IV LLC, dated as of September 15, 2015 (included as Exhibit 10.3 to our Current Report on Form 8K dated September 11, 2015 and incorporated herein by reference).
- 14.1 Code of Ethics (included as Exhibit 14.1 to the Form 10-KSB on April 5, 2007 and incorporated herein by reference).
- 16.1 Letter dated April 21, 2015, from W.T. Uniack & Co. CPAs P.C. to the Securities and Exchange Commission. (included as Exhibit 16.1 to our Current Report on Form 8K filed on April 30, 2015, and incorporated herein by reference).
- 21.1 List of Subsidiaries.\*
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*
- 32.2 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\*
- 101.INS XBRL Instance Document.\*\*
- 101.SCH XBRL Taxonomy Extension Schema Document.\*\*
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.\*\*
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.\*\*
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.\*\*
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.\*\*

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\* Filed herewith

\*\* Furnished herewith

\*\* Pursuant to Regulation S-T, this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed

for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
<u>/s/ Kambiz Mahdi</u> Kambiz Mahdi	Chief Executive Officer	November 23, 2015
<u>/s/ John Bennett</u> John Bennett	Chief Financial Officer	November 23, 2015

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kambiz Mahdi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Probe Manufacturing, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015 By: /s/ KAMBIZ MAHDI  
Kambiz Mahdi,  
Chief Executive Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, John Bennett, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Probe Manufacturing, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015 By: /s/ JOHN BENNETT  
John Bennett,  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Probe Manufacturing, Inc. (the “ Company ” ) hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2015 (the “ Report ” ) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 23, 2015 By: /s/ Kambiz Mahdi

Date Kambiz Mahdi  
Chief Executive Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Probe Manufacturing, Inc. (the “ Company ” ) hereby certifies, to his knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2015 (the “ Report ” ) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 23, 2015 By: /s/ John Bennett

Date John Bennett  
Chief Financial Officer