Imperalis Holding Corp.

Annual Consolidated Financial Statements

Year Ended December 31, 2014 and 2013

Imperalis Holding Corp
Consolidated Balance Sheets

	December 31, 2014	December 31, 2013
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 1,533	$ 183,437
Marketable Securities	-	-
Accounts Receivable	30,015	-
Inventory	16,185	-
Note Receivables	106,239	-
Other Recievables	10,567	-
Total Current Assets	164,539	183,437
Long Term Assets:		
Investments		51900
Cost of Aquired Business Assets	162,691	-
Other Intangible Assets	-	93,020
	162,691	93,020
Total Assets	$ 327,230	$ 328,357
Liabilities		
Current Liabilities:		
Accounts Payable and Accruals	$ 67,331	$ -
Other Liabilities	18,145	425,294
Total Current Liabilities	85,476	425,294
Long Term Liabilities:		
Notes Payable	251,000	-
Total Liabilities	336,476	425,294
Shareholders' Equity		
Common Stock: par value $0.001; 200,000,000 shares authorized; 25,119,044 and 25,079,044 shares issued at December 31, 2014 and December 31,2013	25,119	24,879
Series A Preferred Stock: par value $0.001; 1,042,650 shares authorized; 0 shares issued at December 31, 2014 and December 31, 2013		1,043
Series B Preferred Stock: par value $0.001; 500,000 shares authorized; 0 shares issued at December 31, 2014 and December 31, 2013		271
Series E Preferred Stock: par value $0.001; 2000 shares authorized; 0 shares issued at December 31, 2014 and December 31, 2013	2	2
Additional Paid in Capital	5,428,958	5,347,884
Retained Earnings	(5,463,325)	(5,471,016)
Total Equity	(9,246)	(96,937)
Total Liabilities and Equity	$ 327,230	$ 328,357

The accompanying notes are an integral part of the Consolidated Financial Statements.

Imperalis Holding Corp
Consolidated Income Statements
For The Year Ended December 31,

	2014	2013
Sales	$ 208,392	$ -
Cost of Revenues	115,203	-
Gross Profit	93,189	-
Operating Expenses	156,579	-
Income from Operations	(63,390)	-
Other Income or Costs		
Loss on Sale of Start-up subsidiaries	(41,238)	-
Gain on Liquidation of Long- term Liabilites	96,937	-
Total other Income (Expense)	55,699	-
Income before Income Taxes	(7,691)	-
Provision for Income Taxes		
Net Income (Loss)	$ (7,691)	$ -
Net Loss to common share holders per common share- Basic and Diluted	-	-
Common Shares used in Calculation per share data- Basic and Diluted	25,079,044	24,879,044

The accompanying notes are an integral part of the Consolidated Financial Statements.

IMPERALIS HOLDING CORP.
Consolidated Statements of Changes in Equity
For The Years Ended December 31, 2014
(unaudited)

	Common Stock		Series A Preferred Stock		Series B Preferred Stock		Series E Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2012	24,879,044	$ 24,879	1,042,650	$ 1,043	271,300	$ 271	2,000	$ 2	$ 5,347,884	$ (5,471,016)	$ (96,937)
Net loss										-	-
Balance at March 31, 2014	24,879,044	24,879	1,042,650	1,043	271,300	271	2,000	2	5,347,884	(5,471,016)	(96,937)
Transfer of control by Count Receivers			(1,042,650)	-1,043	(271,300)	(271)			1,314		
Net Income										113,524	113,524
Balance at June 30, 2014	24,879,044	24,879	-	-	-	0	2,000	2	5,349,198	(5,357,492)	16,587
Sale of common stock	200,000	200							49,800		50,000
Net income (loss)										(15,124)	(15,124)
Balance at September 30, 2014	25,079,044	$ 25,079					2,000	$ 2	$ 5,398,998	$ (5,372,616)	$ 51,463
Issuance of common stock	40,000	$ 40							$ 29,960		$ 30,000
Net income (loss) for period										$ (90,709)	$ (90,709)
Balance at December 31, 2014	25,119,044	$ 25,119					2,000	$ 2	$ 5,428,958	$ (5,463,325)	$ (9,246)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Imperalis Holding Corp
Consolidated Statements of Cash Flows
For the year Ended December 31,

	December 31, 2014	December 31, 2013
Operating Activities		
Net Income (Loss)	$ (7,691)	$ -
Adjustments to reconcile net loss to net cash in operating activities		
Depreciation and Amortization		
Change in Operating Assets and Liablities		
Accounts Recievable	30,015	-
Inventory	16,185	-
Marketable Securities	-	-
Notes Recievable	105,000	-
Other Assets	14,194	-
Accounts Payable and Accrued Expenses	(85,475)	-
Total Adjustments	79,919	-
Net Cash Used in Operating Activities	(87,610)	-
Investing Activities		
Purchase of Property and Equipment		
Purchase of Assets in Business Combination	-	-
Net Cash provided by (used in) Investing Activities	-	-
Financing Activities		
Net Increase (Decrease) in:		
Liquidation of Long Term Debt	(425,294)	-
Proceeds from sale of Common Stock	80,000	-
Proceeds from Notes Payable	251,000	-
Net Cash Provided by Financing Activities	(94,294)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(181,904)	-
Cash and Cash Equivalents- Beginning of Period	183,437	183,437
Cash and Cash Equivalents- End of Period	$ 1,533	$ 183,437
Supplemental Cash Flow Information		
Interest Paid	$ -	$ -
Income Taxes Paid	$ -	$ -

The accompanying notes are an integral part of the Consolidated Financial Statements.

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

NOTE 1 – DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business – Imperalis Holding Corp. (the "Company" or "IMHC"), a Nevada corporation formed on April 5, 2005, is a Holding company headquartered in Dallas Texas.

Recapitalization and Reorganization – On December 1, 2010, Coloured (US) Inc. ("COUS"), incorporated in the State of Nevada on April 5, 2005, entered into a stock exchange agreement with Credit, Money and Life Corp. ("CML"), incorporated in the State of Texas, and certain shareholders. Upon the exchange, CML became a wholly-owned subsidiary of COUS. Pursuant to the stock exchange agreement, COUS issued 24,000,000 Rule 144 restricted COUS common shares to CML shareholders in exchange for a 100% equity interest in CML, making CML a wholly-owned subsidiary of COUS.

The above stock exchange transaction between COUS and CML resulted in those shareholders of CML obtaining a majority voting interest in COUS. Accounting principles generally accepted in the United States of America require that the company whose shareholders retain the majority interest in a combined business be treated as the acquirer for accounting purposes. Consequently, the stock exchange transaction has been accounted for as a recapitalization of CML as CML acquired a controlling equity interest in COUS, as of December 1, 2010. The reverse acquisition process utilizes the capital structure of COUS and the assets and liabilities of CML recorded at historical cost.

On March 25, 2011, COUS changed its name to Imperalis Holding Corp.

Basis of Consolidation – The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses and cash flows of Imperalis Holding Corp. ("IMHC"), and Credit, Money and Life Corp ("CML"), Locate 1 Plus, Inc.. All intercompany accounts and transactions have been eliminated in consolidation. The results of subsidiaries acquired during the respective periods are included in the consolidated statements of operations from the effective date of acquisition.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes thereto. Actual results could differ from those estimates.

Significant estimates inherent in the preparation of the accompanying consolidated financial statements include accounting for depreciation and amortization, valuation of goodwill and other intangibles, business combinations, equity transactions, and contingencies.

NOTE 1 – DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid accounts with an original maturity date of three months or less to be cash equivalents. The Company maintains bank accounts in US banks which, at times, may exceed federally insured limits. The Company has not experienced any losses on such accounts and believes it is not exposed to any significant risk on bank deposit accounts. As of March 31, 2014 the Company's cash balances were under the control of a Receiver appointed to manage the Company's assets (See Note 2- Receivership). The control shares were transferred to a group of investors in April, 2014 and operations continued without Court Supervision.

Investments

The Company values the equity investments in private companies using the cost method of accounting. The Company monitors these investments for factors indicating a permanent impairment of value. The Company recognized no impairment loss on investments for the year ended December 31, 2014.

NOTE 1 - DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Net Income (Loss) per Share

The Company follows the guidelines of Statement of Financial Accounting Standards No. 128, "*Earnings per share* " ("SFAS No. 128") in calculating its loss per share. SFAS No. 128 states basic and diluted earnings per share are based on the weighted average number of common shares and equivalent common shares outstanding during the period. Common stock equivalents for purposes of determining diluted earnings per share include the effects of dilutive stock options, warrants and convertible securities. The effect on the number of shares of such potential common stock equivalents is computed using the treasury stock method or the if-converted method, as applicable. The Company has no outstanding stock options and warrants.

NOTE 1 - DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under SFAS 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. If it is more likely than not that some portion of a deferred tax asset will not be realized, a valuation allowance is recognized.

NOTE 2 – RECIEVERSHIP

On June 18, 2012 a Receiver was appointed to manage the Company's assets in connection with a lawsuit, SEC vs Allen et.al., Northern District of Texas, Civil Action 3:11 –CV-882-0, against the controlling shareholder of the Company and others. Subsequent to March 31, 2014 the Receiver sold the controlling interest in the Company and terminated the Receivership. In the process of terminating the Receivership, the Company's cash balances were applied against the Note Payable to the Receiver (See Note 3- Notes Payable), with the unpaid balance of the Note Payable being forgiven by the Receiver.

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IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements (Continued)

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NOTE 3 –NOTES PAYABLE

The Company's notes payable to financial institutions and third parties consist of the following as of December 31:

	2014	2013
Notes to Receiver		$ 425,294
Notes payable to individuals	$ 251,000	
Less current portion	0	0
Long term Debt	$ 251,000	$ 425,294

The future maturities of the notes payable to third parties are as follows:

	Year Ended December 31,
2016	$251,000

NOTE 4 –EQUITY

Preferred Stock

Prior to 2012, the Company's board of directors authorized the issuance of up to 20,000 shares of $0.001 par value Series E Preferred Stock, 1,024,650 shares of $0.001 par value Series A Preferred stock, and 500,000 shares of $0.001 per value Series B Preferred Stock. The Series E Preferred Stock is preferred as to dividends and liquidation over common stock, has a liquidation value of $1,000 per share, and has a dividend rate of 12% of liquidation value per year. The Series A Preferred Stock is preferred as to dividends and liquidation value over common stock, has a liquidation value of $1.00 per share, has a dividend rate of 8% of liquidation value per year, and is convertible into common stock at the rate of $.20 per common share. The Series B Preferred Stock is preferred as to dividends and liquidation value of $1.00 per share, has a dividend rate of 8% of liquidation value per year, and is convertible into common stock at the rate of $0.25 per common share.
The Series A and B were cancelled as part of the liquidation by the Court Receiver.

No preferred shares were issued during the years ended December 31, 2014.

NOTE 4 –EQUITY (Continued)

Common Stock

During the year ended December 31, 2014, the Company issued 240,000 shares of common stock.

NOTE 5 –COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not currently involved in any litigation.