Imperalis Holding Corp.

Consolidated Financial Statements

Quarter Ended March 31, 2015

Imperalis Holding Corp
Consolidated Balance Sheets

	March 31, 2015	December 31, 2014
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 12,524	$ 1,533
Marketable Securities		
Accounts Receivable	22,449	30,015
Inventory	14,962	16,185
Note Receivables	107,025	106,239
Other Recievables	35,051	10,567
Total Current Assets	192,011	164,539
Long Term Assets:		
Investments	30,790	
Cost of Aquired Buisness Assets	132,691	162,691
Other Intangible Assets		
Total Assets	$ 355,492	$ 327,230
Liabilities		
Current Liabilities:		
Accounts Payable and Accruals	$ 82,549	$ 67,331
Other Liabilities	32,122	18,145
Total Current Liabilities	114,671	85,476
Long Term Liabilities:		
Notes Payable	255,009	251,000
Total Liabilities	369,680	336,476
Shareholders' Equity		
Common Stock: par value $0.001; 200,000,000 shares authorized; 25,079,044 and 24,897,044 shares issued at September 30, 2014 and June 30,2014	25,119	25,119
Sereis A Preffered Stock: par value $0.001; 1,042,650 shares authorized; 0 shares issued at September 30, 2014 and June 30, 2014		
Sereis B Preffered Stock: par value $0.001; 500,000 shares authorized; 0 shares issued at September 30, 2014 and June 30, 2014		
Sereis E Preffered Stock: par value $0.001; 2000 shares authorized; 0 shares issued at September 30, 2014 and June 30, 2014	2	2
Additional Paid in Capital	5,428,958	5,428,958
Retained Earnings	(5,468,267)	(5,463,325)
Total Equity	(14,188)	(9,246)
Total Liabilities and Equity	$ 355,492	$ 327,230

Imperalis Holding Corp
Consolidating Income Statements
For Three Months Ended March 31, 2015

	Three Months Ended March 31, 2015	Year Ended December 31, 2014
Sales	$ 88,268	$ 208,392
Cost of Revenues	42,776	115,203
Gross Profit	45,492	93,189
Operating Expenses	95,038	156,579
Income from Operations	(49,546)	(63,390)
Loss on Sale of Start-up Subsidiaries		(41,238)
Gain on Liquidation of Long- term Liabilites	54,199	96,937
Total other Income (Expense)	-	55,699
Income before Income Taxes	4,653	(7,691)
Provision for Income Taxes		
Net Income	$ 4,653	$ (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	25,079,044

IMPERALIS HOLDING CORP.
Consolidated Statements of Changes in Equity
(Unaudited)

	Common Stock		Series E Preferred Stock		Paid-In	Accumulated	Total
	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance at December 31, 2013 (adjusted for control transfer)	24,879,044	$ 24,879	2,000	$ 2	$5,349,198	$ (5,471,016)	$ (96,937)
Sale of common stock in July, 2014	200,000	$ 200			$ 49,800		$ 50,000
Issued common stock in October 2014	40,000	$ 40			$ 2,960		$ 30,000
Net Income (Loss) for year ended December 31, 2014						$ 7,691	$ 7,691
Balance at December 31, 2014	25,119,044	$ 25,119	2,000	$ 2	$5,401,958	$ (5,463,325)	$ 25,084,798
Net Income (Loss) for quarter						$ 4,653	$ 4,653
Balance at March 31, 2015	25,119,044	$ 25,119	2,000	$ 2	$5,401,958	$ (5,458,672)	25,089,451

Imperalis Holding Corp
Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2014	Year Ended December 31, 2014
Operating Activities		
Net Income	$ 4,653	(7,691)
Adjustments to reconcile net loss to net cash in operating activities		
Depreciation and Amortization		
Change in Operating Assets and Liablities		
Accounts Recievable	22,449	30,015
Inventory	14,962	16,185
Marketable Securities		
Notes Recievable	106,239	105,000
Other Assets	35,051	14,194
Accounts Payable and Accrued Expenses	(82,549)	(85,475)
Total Adjustments	96,152	79,919
Net Cash Used in Operating Activities	100,805	(87,610)
Investing Activities		
Purchase Propert and Equipment		
Purchase of Assets in Buisness Combination		
Net Cash provided by (used in) Investing Activities	100,805	
Financing Activities		
Net Increase (Decrease) in:		
Liquidation of Long Term Debt	54,199	(425,294)
Proceeds from sale of Common Stock		80,000
Proceeds from Notes Payable	255,009	251,000
Net Cash Provided by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(195,961)	(181,904)
Cash and Cash Equivalents- Beginning of Period	183,437	183,437
Cash and Cash Equivalents- End of Period	$ 12,524	$ 1,533
Supplemental Cash Flow Information		
Interest Paid	0	0
Income Taxes Paid	0	0

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"), Locate 1 Plus, Inc. and Comlink GPS Tracking Systems, LLC.. 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.

Notes to Consolidated Financial Statements (Continued)

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 and the quarter ended March 31, 2015.

Notes to Consolidated Financial Statements (Continued)

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.

Notes to Consolidated Financial Statements (Continued)

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.

Notes to Consolidated Financial Statements (Continued)

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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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:

	2015	2014
Notes to Receiver Notes payable to individuals	$255,009	$251,000
Less current portion	0	0
Long term Debt	$255,009	$251,000

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 Preferre 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 Preferre Stock. The Series E Preferred Stock is preferred as to dividends and liquidation over common stock, has a liquidation value of $1,00 per share, and has a dividend rate of 12% of liquidation value per year. The Series A Preferred Stock is preferred as to dividends an liquidation value over common stock, has a liquidation value of $ 1.00 per share, has a dividend rate of 8% of liquidation value pe year, and is convertible into common stock at the rate of $.20 per common share. The Series B Preferred Stock is preferred as t dividends and liquidation value of $ 1.00 per share, has a dividend rate of 8% of liquidation value per year, and is convertible int 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 Cour Receiver.

No preferred shares were issued during the years ended December 31, 2014 and quarter ended March 31, 201

Notes to Consolidated Financial Statements (Continued)

NOTE 4 -EQUITY (Continued)

Common Stock

During the year ended December 31, 2014, the Company issued 240,000 shares of common stock. No stock was issued in the quarter ended March 31, 2015

NOTE 5 -COMMITMENTS AND CONTINGENCIES

Litigation

The Company is not currently involved in any litigation.