Imperalis Holding Corp.

Consolidated Financial Statements
Quarter Ended September 30, 2015

Imperalis Holding Corp
Consolidated Balance Sheets

	September 30, 2015	June 30, 2015
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 4,717	$ 22,622
Marketable Securities	-	
Accounts Receivable	30,582	28,090
Inventory	15,603	15,660
Note Receivables	107,365	107,365
Other Recievables	59,859	46,141
Total Current Assets	218,126	219,878
Long Term Assets:		
Investments		
Cost of Aquired Buisness Assets	167,217	167,217
Other Intangible Assets	4,707	4,707
Total Assets	$ 390,050	$ 391,802
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts Payable and Accruals	$ 96,747	$ 95,516
Other Liabilities	55,720	48,470
Total Current Liabilities	152,467	143,986
Long Term Liabilities:		
Notes Payable	263,397	263,396
Total Liabilities	415,864	407,382
Shareholders' Equity		
Common Stock: par value $0.001; 200,000,000 shares authorized; 25,119,044 shares issued at June 30, 2015 and March 30,2015	25,119	25,119
Series A Preffered Stock: par value $0.001; 1,042,650 shares authorized; 0 shares issued and outstanding		
Series B Preffered Stock: par value $0.001; 500,000 shares authorized; 0 shares issued and outstanding		
Series E Preffered Stock: par value $0.001; 20,000 shares authorized; 2,000 shares issued	2	2
Additional Paid in Capital	5,428,958	5,428,958
Retained Earnings	(5,479,893)	(5,469,659)
Total Equity	(25,814)	(15,580)
Total Liabilities and Equity	$ 390,050	$ 391,802

Imperalis Holding Corp
Consolidating Income Statements

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Sales	$ 1,875	$ 139,879
Cost of Revenues	1,082	53,767
Gross Profit	793	86,112
Operating Expenses	11,027	102,680
Income from Operations	(10,234)	(16,568)
Gain on Liquidation of Long- term Liabilites	-	-
Total other Income (Expense)	-	-
Income before Income Taxes	(10,234)	(16,568)
Provision for Income Taxes		
Net Income (Loss)	$ (10,234)	$ (16,568)
Net Income (Loss) to common share holders per common share- Basic and Diluted	-	-
Common Shares used in Calculation per share- Basic and Diluted	25,119,044	25,119,044

Imperalis Holding Corp
Consolidated Statements of Cash Flows

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Operating Activities		
Net Income (Loss)	$ (10,234)	$ (16,568)
Adjustments to reconcile net loss to net cash in operating activities		
Depreciation and Amortization		
Change in Operating Assets and Liablities		
Accounts Recievable	(5,641)	567
Inventory	(698)	(582)
Marketable Securities		
Other Receivables	(11,090)	(49,292)
Notes Recievable	(340)	(1,126)
Other Assets		
Accounts Payable and Accrued Expenses	29,315	66,991
Total Adjustments	11,546	16,558
Net Cash Used in Operating Activities	(21,780)	(33,126)
Investing Activities		
Purchase Propert and Equipment	-	
Purchase of Assets in Buisness Combination	1,152	9,233
Net Cash provided by (used in) Investing Activities	(1,152)	(9,233)
Financing Activities		
Net Increase (Decrease) in:		
Liquidation of Long Term Debt		
Proceeds from sale of Common Stock		
Proceeds from Notes Payable	8,387	12,397
Net Cash Provided by Financing Activities	8,387	12,397
Net Increase (Decrease) in Cash and Cash Equivalents	10,098	3,184
Cash and Cash Equivalents- Beginning of Period	12,524	1,533
Cash and Cash Equivalents- End of Period	$ 22,622	$ 4,717
Supplemental Cash Flow Information		
Interest Paid	$ -	$ -
Income Taxes Paid	$ -	$ -

IMPERALIS HOLDING CORP.
Consolidated Statements of Changes in Equity

	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			$ 29,960		$ 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	$ 5,428,958	$ (5,463,325)	$ (9,246)
Net Income (Loss) for quarter						$ 4,653	$ 4,653
Balance at March 31, 2015	25,119,044	$ 25,119	2,000	$ 2	$ 5,428,958	$ (5,458,672)	$ (4,593)
Net income (loss) for quarter						$ (10,987)	$ (10,987)
Balance at June 30, 2015	25,119,044	$ 25,119	2000	$ 2	$ 5,428,958	$ (5,469,659)	$ (15,580)
Net income (loss) for quarter						$ (10,234)	$ (10,234)
Balance at September 30, 2015	25,119,044	$ 25,119	2000	$ 2	$ 5,428,958	$ (5,479,893)	$ (25,814)

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements

September 30, 2015

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.

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., a GPS tracking services provider, acquired on June 1, 2014, and Comlink GPS Tracking Systems, LLC, acquired November 1, 2014. 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)

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).

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 three months ended June 30, 2015 and the six months ended.

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.

IMPERALIS HOLDING CORP.

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 being forgiven by the Court.

NOTE 3 –NOTES PAYABLE

The notes consist of a two demand notes to a shareholder totaling $ 217,396, and

two convertible promissory notes with balances of $ 30,000 and $ 16,000.

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 Receiver did not accept the Series A and B Preferred Stock obligations and did not reissue the certificates.

No preferred shares were issued during the three months ended September 30, 2015 or six months ended June 30, 2015.