Imperalis Holding Corp.

Consolidated Financial Statements
Year Ended December 31, 2015 and 2014

IMPERALIS HOLDING CORP
Consolidated Balance Sheet

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash	$ 5,007	$ 1,533
Marketable Securities	-	-
Accounts Receivable	659	30,015
Inventory	-	16,185
Note Receivables	18,717	106,239
Other Receivables	-	10,567
Total Current Assets	24,383	164,539
Long Term Assets:		
Investments	-	
Cost of Acquired Business Assets	144,751	162,691
Other Intagible Assets	500	-
Total Long Term Assets	145,251	162,691
TOTAL ASSETS	$ 169,634	$ 327,230
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accruals	$ 6,455	$ 67,331
Other Liabilities	17,139	18,145
Total Current Liabilities	23,594	85,476
Long Term Liabilities:		
Notes Payable	251,000	251,000
Total Liabilities	274,594	336,476
SHAREHOLDERS'S EQUITY		
Common stock: par value $0.0001 a share; 200,000,000 shares authorized; 25,119,044 and 25,079,044 shares issued at December 31, 2014 and December 31, 2013	25,119	25,119
Series E Preferred Stock: par value $0.001; 2,000 shares authorized; 2,000 shares issued at December 31, 2015 and December 31, 2014	2	2
Additional Paid in Capital	5,428,958	5,428,958
Retained Earnings	(5,559,038)	(5,463,325)
Total (Deficit)	(104,959)	(9,246)
TOTAL LIABILITIES AND EQUITY	$ 169,634	$ 327,230

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

IMPERALIS HOLDING CORP
Consolidated Statement of Operations

	December 31, 2015	December 31, 2014
Sales	$ 139,668	$ 208,392
Cost of Revenues	53,711	115,203
Gross Profit	85,957	93,189
Operating Expenses	214,107	156,579
Loss from Operations	(128,150)	(63,390)
Other Income or Costs		
Loss on Sale of Start-up subsidiaries	32,437	(41,238)
Gain on Liquidation of Long-term Liabilities	-	96,937
Total other Income (Expense)	32,437	55,699
Income berfore Income taxes	(95,712)	(7,691)
Provsion for Income Taxes	-	-
Net Loss	$ (95,712)	$ (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	25,119,044	25,119,044

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

IMPERALIS HOLDING CORP
Consolidated Statement of Cashflow

	2015	2014
OPERATING ACTIVITIES:		
Net Income (Loss)	$ (95,712)	$ 96,683
Adjustments to reconcile net loss to net cash in operating activities		
Depreciation and Amortization	-	-
Change in Operating Assets and Liabilities		
Accounts Receivable	29,356	30,534
Inventory	16,185	15,803
Marketable Securities	-	24,000
Notes Receivable	87,522	105,000
Other Assets	10,567	6,391
Accounts Payable and Accrued Expenses	61,882	296,199
Total Adjustments:	81,748	477,207
Net Cash Used in Operating Activities	**$ (13,964)**	**$ (380,524)**
INVESTING ACTIVITIES:	-	-
Purchase (Sale) of Property and Equipment	17,442	42,412
Purchase of Assets in Business Combination		
Net Cash provided (used in) Investing Activities	17,422	**(47,096)**
FINANCING ACTIVITIES:		
Net Increase (Decrease) in:		
Liquidation of Long Term Debt	-	(425,294)
Proceeds from Sale of Common Stock	-	50,000
Proceeds from Notes Payable	-	205,000
Net Cash provided by Financial Activities	$ -	**$ 170,294**
Net Increase (Decrease) in Cash	3,474	(157,326)
Cash - Beginning of Period	$ 1,533	$ 183,437
Cash - End of Period	$ 5,007	$ 1,533
Supplemental Cash Flow Information		
Interest Paid	-	-
Income Taxes Paid	-	-

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

IMPERALIS HOLDING CORP
Consolidated Statement of Changes in Equity
For the Years Ended December 31, 2015

	Common Stock		Series E Preferred Stock		Paid- in Capital	Accumulated Deficit	Total Equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2015	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						$ 7,691.00	$ 7,691.00
Balance at December 31, 2014	25,119,044	$ 25,119	2,000	$ 2	$ 5,428,958	$ (5,463,325)	$ (9,246)
Net Income (loss) year ended December 31, 2015						$ (95,712)	$ (95,712)
Balance at December 31, 2015	25,119,044	$ 25,119	2,000	$ 2	$ 5,428,958	$ 5,559,038	$ (104,959)

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

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

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.

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

Summary of Significant Accounting Policies

Cash - 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, 2015 and 2014.

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.

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 enacted 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.

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
Note to Receiver	$251,000	$251,000
Notes Payable to individuals	0	0
Long Term Debt	$251,000	$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 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.

Common Stock - No common stock was issued during the year ended December 31, 2015.

NOTE 5 -COMMITMENTS AND CONTINGENCIES

Litigation - The Company is not currently involved in any litigation.