Imperalis Holding Corp.

Consolidated Financial Statements

Quarter Ended September 30, 2016

IMPERALIS HOLDING CORP.
Consolidated Balance Sheets

	Sept. 30, 2016	June 30, 2016
ASSETS		
Current Assets:		
Cash	$ 1,042	$ 78,289
Accounts Receivable	-	-
Other Receivables	5,500	5,500
Note Receivable - TMMI	150,000	50,000
Total Current Assets	156,542	133,789
Non Current Assets:		
Cost of Aquired Buisness Assets	116,081	116,082
Organizational Cost	500	500
Total Non Current Assets	116,581	116,582
TOTAL ASSETS	**$ 273,123**	**$ 250,371**
LIABILITIES		
Short Term Liabilities:		
Accounts Payable and Accruals	$ 4,388	$ 5,039
Other Liabilities	2,616	2,616
Total Short Term Liabilities	7,004	7,655
Long Term Liabilities:		
Notes Payable to Shareholders	254,949	260,449
Convertible Promisory Notes	170,000	120,000
Total Long Term Debt	424,949	380,449
TOTAL LIABILITIES	**431,953**	**388,104**
SHAREHOLDERS' EQUITY		
Common Stock: par value $0.001 a share; 200,000,000 shares authorized; 25,119,044 shares issued at September 30, 2016 and June 30, 2016	25,119	25,119
Sereis E Preferred Stock: par value $0.001; 20,000 shares authorized; 2,000 shares issued and outstanding	2	2
Additional Paid in Capital	5,428,958	5,428,958
Retained Earnings	(5,612,909)	(5,591,812)
Total Equity (Deficit)	(158,830)	(137,733)
TOTAL LIABILITIES AND EQUITY	**$ 273,123**	**$ 250,371**

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

IMPERALIS HOLDING CORP
Consolidated Statements of Operations

	Three Months Ended Sept. 30, 2016	Nine Months Ended Sept. 30, 2016
Sales	$ 6,351	$ 19,821
Cost of Revenues	-	287
Gross Profit	6,351	19,534
Operating Expenses	27,448	68,492
Gain (Loss) from Operations	**(21,097)**	**(48,958)**
	-	
Gain on Sale Of Startup Subsidiaries	-	14,815
Purchase Expenses with Locate1	-	(12,526)
Write Off Expense for Advances/Bad Debt	-	(7,203)
Total Other Income (Expense)	-	(4,914)
Income (Loss) Before Income Taxes	(21,097)	(53,872)
Provision for Income Taxes	-	-
Net Income	**$ (21,097)**	**$ (53,872)**
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 Fnancial Statements.

IMPERALIS HOLDING CORP.

Consolidated Statements of Cash Flows

	Three Months Ended Sep. 30, 2016	Nine Months Ended Sep. 30, 2016
Operating Activities:		
Net Loss	$ (21,097)	$ (53,872)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in Operating Assets and Liablities		
Accounts and Other Receivables	-	13,876
Notes Receivable	(100,000)	(150,000)
Accounts Payable and Accrued Expenses	(650)	(16,588)
Total Adjustments	(100,650)	(152,712)
Net Cash used in Operating Activities	(121,747)	(206,584)
Investing Activities:		
Sale of Assets in Business Combination		28,670
Net Cash provided by Investing Activities	-	28,670
Financing Activities:		
Net Increase (Decrease) in:		
(Payments to) Proceeds from Notes Payable	(5,500)	3,949
Proceeds from Convertible Promisory Notes	50,000	170,000
Net Cash provided by Financing Activities	44,500	173,949
Net Decrease in Cash	(77,247)	(3,965)
Cash at Beginning of Period	78,289	5,007
Cash at End of Period	$ 1,042	$ 1,042
Supplemental Cash Flow Information:		
Interest Paid	$ -	$ -
Income Taxes Paid	$ -	$ -
	-	-

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

IMPERALIS HOLDING CORP
Consolidated Statement of Changes in Equity

	Common Stock		Series E Preferred Stock		Paid- in Capital	Accumulated Deficit	Total Equity
	Shares	Amount	Shares	Amount			
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 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	$ (5,559,037)	$ (104,958)
Net Income (Loss) for quarter						$ 209	$ 209
Balance at **March 31, 2016**	25,119,044	$ 25,119	2,000	$ 2	$ 5,428,958	$ (5,558,828)	$ (104,749)
Net Income (Loss) for quarter						$ (32,984)	$ (32,984)
Balance at **June 30, 2016**	25,119,044	$ 25,119	2,000	$ 2	$ 5,428,958	$ (5,591,812)	$ (137,733)
Net Income (Loss) for quarter						$ (21,097)	$ (21,097)
Balance at **September 30, 2016**	25,119,044	$ 25,119	2,000	$ 2	$ 5,428,958	$ (5,612,909)	$ (158,830)

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

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements

September 30, 2016

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. The Company seeks to acquire businesses with high growth potential in diverse industries to multiply rates of return through synergism and consolidating management and accounting information systems.

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"), incorporate 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.

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.

Basis of Consolidation – The consolidated financial statements include 100% of the assets, liabilities, revenues, expenses, and cash flows of the 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 the 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 - 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.

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 quarter and nine months ended September 30, 2016.

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 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 – Note Receivable TMMI

TMM, Inc. is a publicly traded company engaged in the development and marketing of proprietary compression and decompression algorithms to permanently convert low resolution video to higher resolution. The $150,000 note provides for a confidential review of the propriety technology to determine if there is an investment potential for IMHC.

NOTE 3 – Notes Payable

The Company's notes payable to financial institutions and third parties consist of the following as of September 30, 2016 and June 30, 2016:

	09/30/16	06/30/16
Notes Payable to a shareholder	$238,949	$244,449
Note Payable to an individual	16,000	16,000
Convertible 7% Notes	170,000	120,000
Total Long Term Debt	$424,949	$380,449

The future maturities of the notes payable are all in 2017.

Convertible Promissory Notes - The Company issued 7% convertible notes to investors which are convertible into common stock at the conversion price of $0.10 per share. The holder has the option to convert the note prior to the maturity date. The maturity date is one year from the issue date.

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. 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.

Common Stock - No common stock was issued during the nine months ended September 30, 2016.

NOTE 5 – Commitments and Contingencies

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

Going Concern Disclosure - These financial statements are prepared on a going concern basis. The company has just begun operations and incurred losses since inception September 3, 2015. Its ability to continue is dependent upon raising additional funds and achieving profitable operations. The financial statements do not include any adjustment that might be necessary if the Company is not able to continue as a going concern.