



HPIL Holding
(a Nevada Corporation)

Annual Report
For the fiscal year ended December 31, 2015

HPIL Holding
2015 Annual Report

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Note: HPIL Holding (the "Company") made regular filings with the Securities and Exchange Commission ("SEC") as a voluntary filer until April 14, 2016. The public may read and copy any materials the Company filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, which can be found at <http://www.sec.gov>.

FORWARD-LOOKING STATEMENTS

The information contained in this 2015 Annual Report should be considered carefully in evaluating us and our prospects. This 2015 Annual Report and other publicly available documents, contain, and our officers and representatives may from time to time make, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). These forward-looking statements include, without limitation, statements regarding: proposed new operations or enhancements in technology; our statements concerning litigation or other matters; statements concerning projections, predictions, expectations, estimates or forecasts for our business, financial and operating results and future economic performance; statements of management’s goals and objectives; trends affecting our financial condition, results of operations or future prospects; our financing plans or growth strategies; possible changes in legislation; and other similar expressions concerning matters that are not historical facts. Words such as “expects,” “anticipates,” “intends,” “plans,” “goals,” “believes,” “projects,” “estimates,” “strategies,” “future,” “likely,” “may,” “should,” “will,” and similar expressions or variations of such words, as well as statements in future tense, are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this report.

Forward-looking statements are neither historical facts nor assurances of future performance or results, and will not necessarily be accurate indications of the times at, or by which, that performance or those results will be achieved. Instead, forward-looking statements are the good faith beliefs, expectations and assumptions of our management based on facts and factors as we currently know them. Because forward-looking statements related to the future, they are subject to risks, inherent uncertainties, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results, outcomes, and financial condition may differ materially from those discussed in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, but are not limited to, the following:

- our inability to raise additional funds to support operations and capital expenditures;
- our inability to achieve greater and broader market acceptance of our products and services in existing and new market segments;
- our inability to achieve manufacturing and distribution of our products and scaling and delivery of our services in efficient manners;
- our inability to successfully compete against existing and future competitors;
- our inability to manage and maintain the growth of our business;
- our inability to protect our intellectual property rights; and
- other factors discussed throughout this Annual Report, including, without limitation, in Item 6.

Readers are urged not to place undue reliance on these forward-looking statements. Forward-looking statements speak only as of the date of this report. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, including, without limitation, actual results or changes in assumptions or other factors affecting forward-looking statements, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Item 1. Name of the issuer and its predecessors

The exact name of the issuer is HPIL Holding (herein referred to as “we”, “us”, “our”, or the “Company”). The Company is an early stage company originally incorporated on February 17, 2004 in the state of Delaware under the name TNT Designs, Inc. On October 7, 2009, the Company merged with and into Trim Nevada, Inc., a Nevada corporation, for the purpose of changing the Company’s domicile from Delaware to Nevada. As part of the merger, the Company changed its name to Trim Holding Group. On May 22, 2012, the Company changed its name to HPIL Holding to more fully reflect its current business operations. The Company has used no other names in the past five years.

Item 2. Address of the issuer’s principal executive officesCompany Headquarters:

HPIL Holding
5 Appleshire CT
Freeland, Michigan 48623
Phone: (248)750-1015
Email: info@hpilholding.com
Website: www.hpilholding.com

Item 3. Security Information

Trading Symbol:	HPIL
Exact title and class of securities outstanding:	Common Stock
CUSIP:	40432Y109
Total authorized shares:	400 million shares of Common Stock, par value \$0.0001
(as of December 31, 2015, and April 14, 2016)	
	100 million shares of Preferred Stock:
	- 25,000,000 shares, par value \$8.75 (Series 1, Class P-1)
	- 75,000,000 shares, par value \$7.00 (Series 1, Class P-2)
Total shares issued and outstanding:	47,308,000 shares of Common Stock
(as of December 31, 2015, and April 14, 2016)	
	Nil shares of Preferred Stock, Series 1, Class P-1
	Nil shares of Preferred Stock, Series 1, Class P-2

Transfer Agent

Bay City Transfer Agency and Registrar, Inc.
4580 State Street, #377
Saginaw, Michigan 48603
Phone: (989) 891-9720

Bay City Transfer Agency and Registrar, Inc., is registered under the Security Exchange Act of 1934, as amended, and is an approved transfer agent by the U.S. Security Exchange Commission.

As of December 31, 2015, 43,983,600 outstanding shares of the Company common stock are restricted under Rule 144 of the Security Act of 1933, as amended.

The Company is not aware of any trading suspension orders issued by the SEC in the past 12 months in relation to the Company’s stock.

No stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization has occurred in the past twelve (12) months nor are any anticipated, except for a Plan of Merger (the “Plan of Merger”) entered on May 27, 2015, by and between the Company and its six wholly owned subsidiaries (collectively, the “Subsidiaries” and, each individually a “Subsidiary”), HPIL HEALTHCARE Inc., HPIL ENERGYTECH Inc., HPIL WORLDFOOD Inc., HPIL REAL ESTATE Inc., HPIL GLOBALCOM Inc., and HPIL ART&CULTURE Inc. in an effort to consolidate and simplify the Company’s operations and accounting practices. In accordance with the Plan of Merger, Articles of Merger were completed, executed, and filed with the Nevada Secretary of State making the merger effective as of May 28, 2015 (the “Merger Effective Date”). Pursuant to the terms of the Plan of Merger, as of the Merger Effective Date, all shares of each Subsidiary were canceled and each Subsidiary merged with and into the Company and ceased to exist, with the Company remaining as the sole surviving entity. As a result of the merger, the Company is the successor to all rights and obligations of each of the Subsidiaries. We do not expect the merger to materially affect our business plan or the Company’s continued pursuit thereof.

Item 4. Issuance History

On June 12, 2014, the Company entered into a Stock Purchase Agreement (the “Stock Purchase Agreement”) with an accredited investor (the “Investor”), pursuant to which Company agreed to sell and Investor agreed to purchase 50,000 shares of Convertible Preferred Stock Series 1 Class P-2 of the Company at the par value of \$7.00 each for a total purchase price of \$350,000. On June 24, 2014, the Company issued the shares to the Investor in exchange for the purchase price. As provided in the articles of incorporation of the Company, the holders of the Convertible Preferred Stock Series 1 Class P-2 may convert, at any time, their preferred stock in whole or part, into shares of Common Stock. Each one (1) share of Preferred Stock Series 1 Class P-2 is convertible into one (1) share of Common Stock. This beneficial conversion feature (“BCF”) has an intrinsic value at the issuance date of \$66,000, and is recorded as a preferred dividend to the preferred stockholder. On December 15, 2014, the Company entered into an Amendment Agreement (the “Amendment”) with the Investor amending the Stock Purchase Agreement. The Amendment adjusted the purchase price set forth in the Stock Purchase Agreement upward by the amount of \$66,000, to a total purchase price of \$416,000. The Company has received the additional \$66,000 of the purchase price from the Investor. No additional shares were issued as a result of the Amendment. During 2014, the Preferred Shares were converted into 50,000 share of common stock of the Company in accordance with the conversion rights of the Convertible Preferred Stock Series 1 Class P-2.

On December 29, 2014, the Company, entered into a Brand License Agreement (the “Brand License Agreement”) with World Traditional Fudokan Shotokan Karate-Do Federation, a worldwide karate federation based in Switzerland (“WTFSKF”). Pursuant to the Brand License Agreement, WTFSKF has granted to the Company the License to use the Marks of WTFSKF and manufacture and sell the Products bearing the Marks. Pursuant to the Brand License Agreement, in consideration for the License, beginning in 2018, HPIL will pay to WTFSKF an ongoing the License Fee. Additionally, the Company issued to WTFSKF 752,000 shares of treasury Common Stock of the Company in accordance with the Brand License Agreement. WTFSKF has agreed to provide to the Company annual projected sales forecasts based on its membership and their expected needs for Products (the “Projected Sales”). The Brand License Agreement requires the License Consideration to be subject to renegotiation by the parties in the event that Projected Sales exceed actual sales of the Products by more than an agreed upon deviation percentage. Additionally, pursuant to the Brand License Agreement, HPIL may require WTFSKF to either return the Shares or pay to the Company the market value of the Shares at the time of the execution of the Brand License Agreement (approximately \$6,805,600), if the Company terminates the Brand License Agreement as a result of such deviations within the first 52 months after the execution of the Brand License Agreement. The initial term of the Brand License Agreement lasts until December 31, 2042, at which time the Brand License Agreement will automatically renew for successive 25 year terms unless and until either party provides notice of non-renewal or terminates the Brand License Agreement. The Brand License totaling \$6,805,600 is recorded based on the value of the stock issued on the Balance Sheet as of December 31, 2014, and will be amortized over the life of the license agreement of 25 years.

On October 26, 2012, the Company, through HPIL REAL ESTATE Inc. (formerly a wholly owned subsidiary of the Company that has been merged with and into the Company effective as of May 28, 2015), entered into a Quota Purchase Agreement with Daniel Haesler (“Haesler”), pursuant to which the Company acquired from Haesler 32 quotas of Haesler Real Estate Management SA (“HREM”) representing 32% of the outstanding ownership in HREM, in exchange for 350,000 shares of common stock of the Company, which was valued at \$297,500 at the time of the Quota Purchase Agreement. On September 17, 2015, the Company and Haesler entered into an Amendment Agreement, pursuant to which the Company agreed to return to Haesler 16 quotas of HREM, representing 16% of the outstanding ownership in HREM. In exchange for the 16 quotas of HREM, Haesler agreed to return to the Company 175,000 shares of common stock of the Company, which was valued at \$175,000 at the time of the Amendment Agreement, based on the trading price of the Company’s stock on September 17, 2015. On September 17, 2015, the Company returned the quotas to Haesler, and on September 22, 2015, Haesler returned the common stock of the Company to the treasury of the Company. As a result of the closing of the Amendment Agreement, the Company’s ownership in HREM was reduced from 32% of the outstanding ownership of HREM to 16% of the outstanding ownership of HREM. The Company recorded a gain of \$169,547 on the disposition of its 16% ownership in HREM included in profit or loss. On November 15, 2015, the Company and Haesler entered into a Second Amendment Agreement, pursuant to which the Company agreed to return to Haesler 16 quotas of HREM, representing 16% of the outstanding ownership in HREM. In exchange for the 16 quotas of HREM, Haesler agreed to return to the Company 175,000 shares of common stock of the Company, which was valued at \$183,750 at the time of the Second Amendment Agreement, based on the trading price of the Company’s stock on November 15, 2015. On December 2, 2015, the Company returned the quotas to Haesler, and on December 8, 2015, Haesler returned the common stock of the Company to the treasury of the Company. As a result of the closing of the Second Amendment Agreement, the Company’s ownership in HREM was reduced from 16% of the outstanding ownership of HREM to 0% of the outstanding ownership of HREM. The Company recorded a gain of \$178,297 on the disposition of its 16% ownership in HREM included in profit or loss. The Company recorded a total gain of \$347,844 on the disposition of its 32% ownership in HREM included in profit or loss.

On December 9, 2015, the Company entered into an Asset Purchase and Sale Agreement (the “Asset Agreement”) with GIOTOS Limited, a private limited company organized in the United Kingdom (“GIOTOS”). Pursuant to the Asset Agreement, the Company sold, assigned, conveyed and delivered certain patent rights and other related business processes and know-how related to the IFLOR Device (collectively, the “IFLOR Business”) and certain additional assets related to the IFLOR Business (collectively, the “Additional IFLOR Business”; the Additional IFLOR Business together with the IFLOR Business and Intellectual Property, the

“IFLOR Asset”) to GIOTOS, in consideration for 10,040,000 shares of the Company common stock (the “Purchase Price”) transferred from GIOTOS to the Company. The portion of the Purchase Price allocated as consideration for the IFLOR Business was 9,615,500 shares, and the portion of the Purchase Price allocated as consideration for the Additional IFLOR Business was 424,500 shares. The Asset Agreement was closed on December 9, 2015, at which time, pursuant to the Asset Agreement, the Company executed and delivered an assignment of the IFLOR Asset to GIOTOS, and GIOTOS transferred the full amount of the Purchase Price to the Company and complete cancellation of the shares composing the Purchase Price on December 16, 2015. Immediately prior to the transaction consummated by the Asset Agreement, GIOTOS owned 50,000,000 shares of the Company common stock. Additionally, GIOTOS is majority owned and operated by Louis Bertoli, who is the Company’s Chairman of the Board and the President and Chief Executive Officer. As of the date of the Asset Agreement, the shares of the company common stock were quoted at \$1.30 per share (the “Current Stock Price”), making the total value of the Purchase Price equal to \$13,052,000. The Company determined the amount of the Purchase Price by adding the fair value of the IFLOR Business as of the date was acquired by the Company in 2012 (\$12,500,000), as determined by a third-party valuation of the IFLOR Business conducted in 2013 divided by the Current Stock Price, plus the total amount of funds actually expended by the Company in developing the Additional IFLOR Assets (\$551,850) divided by the Current Stock Price (the portion of the Purchase Price allocated to each of the IFLOR Business and Additional IFLOR Assets was determined in the same manner). Mr. Bertoli, as an interested director, did not participate in the approval of the Asset Agreement and the Purchase Price by the Board of Directors of the Company.

The transactions described above were exempt from registration pursuant to Section 4(2) and Rule 903 of Regulation S of the Securities Act of 1933, as amended (the “Securities Act”). Therefore, all shares of the Company’s Common Stock sold in these transactions is subject to the trading restrictions of Rule 144. All certificates evidencing the shares sold in these transactions contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Item 5. Financial Statements

HPIL Holding
Consolidated Balance Sheets
(Unaudited)

	As of December 31, 2015	As of December 31, 2014
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 5,466	\$ 445,069
Prepaid expenses (Note 5)	-	17,221
Total current Assets	<u>5,466</u>	<u>462,290</u>
Other Assets:		
Equipment (Note 3)	-	299,765
Investment in unconsolidated affiliate (Note 3)	-	15,933
Brand license (Note 6)	6,805,600	6,805,600
Patents (Note 3)	-	1
Advances to related parties (Note 5)	-	241,746
Total other Assets	<u>6,805,600</u>	<u>7,363,045</u>
Total Assets	<u>\$ 6,811,066</u>	<u>\$ 7,825,335</u>
<u>Liabilities and Stockholders' Equity</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 8,626	\$ 43,635
Total current Liabilities	<u>8,626</u>	<u>43,635</u>
Stockholders' Equity:		
Preferred stock, series 1, class P-1 par value \$8.75; 25,000,000 shares authorized; Nil issued and outstanding at December 31, 2015, and December 31, 2014.	<u>-</u>	<u>-</u>
Preferred stock, series 1, class P-2 par value \$7.00; 75,000,000 shares authorized; Nil issued and outstanding at December 31, 2015 and December 31, 2014.	<u>-</u>	<u>-</u>
Common stock par value \$0.0001; 400,000,000 shares authorized; 47,308,000 and 57,698,000 issued and outstanding at December 31, 2015 and December 31, 2014, respectively (Note 3)	4,731	5,770
Additional paid-in capital	9,429,001	10,314,563
Accumulated deficit	(2,631,292)	(2,538,633)
Total Stockholders' Equity	<u>6,802,440</u>	<u>7,781,700</u>
Total Liabilities and Stockholders' Equity	<u>\$ 6,811,066</u>	<u>\$ 7,825,335</u>
Going Concern (Note 1)		
The accompanying notes are an integral part of these unaudited consolidated financial statements.		

HPIL Holding
Consolidated Statements of Operations
(Unaudited)

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Consulting revenue (Note 4)	\$ 35,000	\$ 215,000
Expenses:		
General and administrative (Note 5)	421,895	585,907
Research and development (Note 5)	48,581	-
Equity loss in unconsolidated affiliate	5,027	19,682
Total expenses	<u>475,503</u>	<u>605,589</u>
Other income (expense):		
Disposition of unconsolidated affiliate (Note 3)	347,844	-
Preferred dividend from beneficial conversion feature	-	(66,000)
Net loss available to common shareholders	<u>\$ (92,659)</u>	<u>\$ (456,589)</u>
Common shares		
Outstanding - Basic and diluted	<u>56,991,986</u>	<u>56,905,874</u>
Net loss per common shares		
Outstanding - Basic and diluted	<u>\$ (0.002)</u>	<u>\$ (0.008)</u>
The accompanying notes are an integral part of these unaudited consolidated financial statements.		

HPIL Holding
STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock Series 1, Class P-1		Preferred Stock Series 1, Class P-2		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Value	Shares	Value	Shares	Value			
Balance as of December 31, 2013	-	\$ -	-	\$ -	56,896,000	\$ 5,690	\$ 3,027,068	\$ (2,082,044)	\$ 950,714
Sale preferred stock, private placement, at \$7.00 per share (June 12, 2014)	-	-	50,000	350,000	-	-	(25.00)	-	349,975
Beneficial conversion feature convertible preferred stock (June 12, 2014)	-	-	-	-	-	-	66,000	(66,000)	-
Additional proceeds for sale preferred stock (June 12, 2014)	-	-	-	66,000	-	-	-	-	66,000
Conversion preferred stock into common stock (November 20, 2014)	-	-	(50,000)	(416,000)	50,000	5	415,995	-	-
Issuance common stock, brand license (December 29, 2014)	-	-	-	-	752,000	75	6,805,525	-	6,805,600
Net income (loss) for 2014	-	-	-	-	-	-	-	(390,589)	(390,589)
Balance as of December 31, 2014	-	\$ -	-	\$ -	57,698,000	\$ 5,770	\$ 10,314,563	\$ (2,538,633)	\$ 7,781,700

The accompanying notes are an integral part of these unaudited consolidated financial statements.

HPIL Holding
STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Preferred Stock Series 1, Class P-1		Preferred Stock Series 1, Class P-2		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Value	Shares	Value	Shares	Value			
Balance as of December 31, 2014	-	\$ -	-	\$ -	57,698,000	\$ 5,770	\$ 10,314,563	\$ (2,538,633)	\$ 7,781,700
Cancellation common stock, disposition unconsolidated affiliate, at \$1.00 per share (September 17, 2015)	-	-	-	-	(175,000)	(17)	(174,983)	-	(175,000)
Cancellation common stock, disposition unconsolidated affiliate, at \$1.05 per share (November 15, 2015)	-	-	-	-	(175,000)	(18)	(183,732)	-	(183,750)
Cancellation common stock, disposition asset, at par value per share (December 9, 2015)	-	-	-	-	(10,040,000)	(1,004)	(526,847)	-	(527,851)
Net income (loss) for 2015	-	-	-	-	-	-	-	(92,659)	(92,659)
Balance as of December 31, 2015	-	\$ -	-	\$ -	47,308,000	\$ 4,731	\$ 9,429,001	\$ (2,631,292)	\$ 6,802,440

The accompanying notes are an integral part of these unaudited consolidated financial statements.

HPIL Holding
Consolidated Statements of Cash Flows
(Unaudited)

	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
OPERATING ACTIVITIES:		
Net loss	\$ (92,659)	\$ (456,589)
Adjustment for non-cash item:		
Equity loss from unconsolidated affiliate	5,027	19,682
Disposition of unconsolidated affiliate	(347,844)	-
Preferred dividend from beneficial conversion feature	-	66,000
Adjustments for changes in working capital:	.	
Inventory	(44,480)	-
Advances settled in exchange for inventory	58,141	-
Prepaid expenses	17,221	(17,221)
Accounts payable and accrued expenses	(35,009)	(5,565)
NET CASH USED IN OPERATING ACTIVITIES	<u>(439,603)</u>	<u>(393,693)</u>
INVESTING ACTIVITIES:		
Net Repayment from related parties	-	108,162
Expenditures for equipment:	-	(87,098)
NET CASH PROVIDED BY INVESTING ACTIVITIES:	<u>-</u>	<u>21,064</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of stock	-	415,975
NET CASH PROVIDED BY FINANCING ACTIVITIES:	<u>-</u>	<u>415,975</u>
NET (DECREASE) INCREASE IN CASH	(439,603)	43,346
CASH - BEGINNING OF YEAR	<u>445,069</u>	<u>401,723</u>
CASH - END OF YEAR	<u><u>\$ 5,466</u></u>	<u><u>\$ 445,069</u></u>
Non-Cash Transaction:		
HPIL Holding common shares issued as consideration in investment of brand license	\$ -	\$ 6,805,600
HPIL Holding common shares received as consideration in disposition of interest in unconsolidated affiliate	\$ 358,750	\$ -
HPIL Holding common shares received as consideration in disposition of patents and related other assets	\$ 527,851	\$ -

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Notes to Consolidated Financial Statements
For the Year Ended December 31, 2015 And 2014
(Unaudited)

Note 1 – Nature of Business, Basis of Presentation and Going Concern

Nature of Operations and Going Concern

HPIL Holding (referred to in this report as “HPIL” or the “Company”) (formerly Trim Holding Group) was incorporated on February 17, 2004 in the state of Delaware under the name TNT Designs, Inc. A substantial part of the Company’s activities were involved in developing a business plan to market and distribute fashion products. On June 16, 2009, the majority interest in the Company was purchased in a private agreement by Mr. Louis Bertoli, an individual, with the objective to acquire and/or merge with other businesses. On October 7, 2009, the Company merged with and into Trim Nevada, Inc., which became the surviving corporation. The merger did not result in any change in the Company’s management, assets, liabilities, net worth or location of principal executive offices. However, this merger changed the legal domicile of the Company from Delaware to Nevada where Trim Nevada, Inc. was incorporated. Each outstanding share of TNT Designs, Inc. was automatically converted into one share of the common stock of Trim Nevada, Inc. Pursuant to the merger, the Company changed its name from TNT Designs, Inc. to Trim Holding Group and announced the change in the Company’s business focus to health care and environmental quality sectors. Afterwards the Company determined it no longer needed its inactive subsidiaries, and as such, all three subsidiaries were dissolved. On May 21, 2012, the Company changed its name to HPIL Holding.

HPIL Holding intends that its main activity will be in the business of providing consulting services and of investing in differing business sectors. To begin the implementation of the business plan, on September 10, 2012, the Company organized six new subsidiary companies. Each of these subsidiary companies was wholly (100%) owned by the Company. The names of the new subsidiary companies were HPIL HEALTHCARE Inc., HPIL ENERGYTECH Inc., HPIL WORLDFOOD Inc., HPIL REAL ESTATE Inc., HPIL GLOBALCOM Inc. and HPIL ART&CULTURE Inc. (collectively, the “Subsidiaries” and, each individually a “Subsidiary”). These companies were organized to implement the various growth strategies of the Company.

On May 27, 2015, the Company entered into a Plan of Merger (the “Plan of Merger”) with its Subsidiaries in an effort to consolidate and simplify the Company’s operations and accounting practices. In accordance with the Plan of Merger, Articles of Merger were completed, executed, and filed with the Nevada Secretary of State making the merger effective as of May 28, 2015 (the “Merger Effective Date”). Pursuant to the terms of the Plan of Merger, as of the Merger Effective Date, all shares of each Subsidiary were canceled and each Subsidiary merged with and into the Company and ceased to exist, with the Company remaining as the sole surviving entity. As a result of the merger, the Company is the successor to all rights and obligations of each of the Subsidiaries. The Company does not expect the merger to materially affect the business plan or the Company’s continued pursuit thereof.

The concentration of the Company has become the consulting services and the development of products related to the brand license agreement (see Notes 3 and 6), after the disposition of the IFLO Asset (see Note 3 for further discussion of the disposition of the IFLO Asset). As of December 31, 2015, the Company has yet to commence substantial operations. Expenses incurred from February 17, 2004 (date of inception) through December 31, 2015 relate to the Company’s formation and general administrative activities. In the course of its start-up activities, the Company has sustained operating losses and expects to incur operating losses in 2016. The Company has generated a limited amount of revenue and has not achieved profitable operations or positive cash flows from operations. These factors and uncertainties raise substantial doubt about the Company’s ability to continue as a going concern.

The Company will continue targeting sources of additional financing and opportunities to produce profitable revenue streams, whether through sole or joint ventures, to provide for the continuation of its operations. The Company is also prepared to re-evaluate its expense load, if necessary, to determine whether any efficiency can be achieved prior to the commencement of substantial operations related to the Brand License Agreement or other potential operations identified by the Company. Additionally, the Company’s majority stockholder has indicated his ability to provide financial support to the Company for the continuation of its operations, should it be necessary.

Note 2 – Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

These consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States (“GAAP”), and are expressed in United States dollars. These consolidated financial statements include the accounts of HPIL Holding and HPIL HEALTHCARE Inc., HPIL ENERGYTECH Inc., HPIL WORLDFOOD Inc., HPIL REAL ESTATE Inc., HPIL GLOBALCOM Inc., and HPIL ART AND CULTURE Inc. (formerly wholly owned subsidiaries of the Company that have been merged with and into the Company effective as of May 28, 2015). All inter-company balances and transactions have been eliminated on consolidation.

Investment in Unconsolidated Affiliate

The equity method of accounting, as prescribed by ASC Topic 323 “Investments – Equity Method and Joint Ventures”, is used when a company is able to exercise significant influence over the entity’s operations, which generally occurs when a company has an ownership interest of between 20% and 50% in an entity. The cost method of accounting is used when a company does not exercise significant influence, generally when a company has an ownership interest of less than 20%. As of September 17, 2015, the Company’s 32% investment in Haesler Real Estate Management SA (“HREM”) was accounted for under the equity method of accounting. As of September 17, 2015, the carrying amount of the investment was equal to the Company’s equity interest of the carrying amount of the net assets of HREM. On September 17, 2015, the Company entered into an Amendment Agreement (“Amendment Agreement”) with Daniel Haesler (“Haesler”), pursuant to which the Company agreed to return 16% of the outstanding ownership in HREM. As a result of the closing of the Amendment Agreement, the Company’s ownership in HREM was reduced from 32% of the outstanding ownership of HREM to 16% of the outstanding ownership of HREM. Starting from September 17, 2015, the Company utilizes the cost method of accounting due to the fact that HREM is a private company and it is therefore not practicable to estimate the fair value of the investment. On November 15, 2015, the Company entered into a Second Amendment Agreement (“Second Amendment Agreement”) with Haesler, pursuant to which the Company agreed to return 16% of the outstanding ownership in HREM. As a result of the closing of the Second Amendment Agreement, the Company’s ownership in HREM was reduced from 16% of the outstanding ownership of HREM to 0% of the outstanding ownership of HREM.

Use of Estimates

The preparation of consolidated financial statements, in conformity with US GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates these estimates and assumptions on a regular basis. Actual results could differ from these estimates.

Income Taxes

The Company accounts for income taxes whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. 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. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company accounts for uncertain tax positions in accordance with ASC Topic 740-10, “Accounting for Uncertainty in Income Taxes”. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all federal or state income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The Company’s tax returns are not currently under examination by the Internal Revenue Service (“IRS”) or state authorities. All of the Company’s tax returns from inception to December 31, 2014, have been filed to the Internal Revenue Service (“IRS”) on June 3, 2015, and will be subject to examination by the IRS for up to three years after they are filed, and up to four years for the respective states. As of December 31, 2015, and December 31, 2014, there were no amounts that are required to be accrued in respect to uncertain tax positions.

Impairment of Long-Lived Assets

The Company follows the ASC 360, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the assets’ carrying amount may not be recoverable. In performing the review for recoverability, if future discounted cash flows (excluding interest charges) from the use of ultimate disposition of the assets are less than their carrying values, an impairment loss represented by the difference between its fair value and carrying value, is recognized.

Research and Development

The Company is engaged in research and development in respect to the Company’s Brand License Agreement with World Traditional Fudokan Shotokan Karate-Do Federation, a worldwide karate federation based in Switzerland (“WTFSKF”), and in respect to the Company’s asset disposed, the IFLO Asset (Note 3). Research and development costs are charged as an operating expense as incurred.

Intangible Assets

The Company entered into a brand license agreement (the “Brand License Agreement”) with WTFSKF. Pursuant to the Brand License Agreement, WTFSKF has granted to the Company an exclusive, worldwide, transferrable license (the “License”) to use certain logos, names, and marks of WTFSKF (the “Marks”) and manufacture and sell certain products (clothing, accessories and sporting goods) bearing the Marks (see Notes 3 and 6 for further discussion of the Brand License Agreement). The Company will amortize the License over the contractual life of the asset of 25 years. No amortization has been recognized as of December 31, 2015 and 2014, as the Brand License Agreement does not commence until 2018.

Revenue Recognition

Revenue is recognized when persuasive evidence that an arrangement or contract exists, delivery has occurred, the fees are fixed and determinable, and collectability is probable or certain. Revenue from consulting services is recognized upon delivery of consulting services when persuasive evidence of an arrangement exists and collection of the related receivable is reasonably assured.

Net Loss Per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares of common stock outstanding for the year. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the year and the number of shares of common stock issuable upon assumed exercise of preferred stock provided the result is not anti-dilutive.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers. This new standard provides guidance for the recognition, measurement and disclosure of revenue resulting from contracts with customers and will supersede virtually all of the current revenue recognition guidance under GAAP. The standard is effective for the first interim period within annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the impact of the provisions of this new standard on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements - Going Concern: Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern. This new standard provided guidance for the presentation of the disclosure of uncertainties about an Entity’s Ability to Continue as a Going Concern. This standard is effective for annual periods beginning after December 15, 2016. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation: Amendments to the Consolidation Analysis. This new standard provided guidance regarding the consolidation of certain legal entities. All legal entities are subject to revaluation under the revised consolidation method. The standard is effective for fiscal periods beginning after December 15, 2015. The Company is currently evaluating the impact of the new standard on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Inventory: Simplifying the Measurement of Inventory. This new standard was issued to more closely align the measurement of inventory in U.S. GAAP with the measurement of inventory in International Financial Reporting Standards. The core principle of this updated guidance is that an entity should measure inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments in ASU 2015-11 apply to inventory that is measured using the first-in, first-out or average cost methods. ASU 2015-11 amends some of the guidance to more clearly articulate the requirements for the measurement and disclosure of inventory, but the clarifications are not intended to result in any changes in practice other than the change in the subsequent measurement guidance from the lower of costs or market to the lower of costs or net realizable value for inventory. This standard is effective for the first interim period within annual reporting periods beginning after December 15, 2016. Company is currently evaluating the impact of the new standard on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting, which amends ASC Topic 718, Compensation – Stock Compensation. The ASU simplifies several aspects of the accounting for employee share-based payment transaction. This standard is effective for annual reporting periods beginning after December 15, 2016, and interim periods within that that reporting period. Early adoption is permitted.

None of the other recently issued accounting pronouncements are expected to significantly affect the Company.

Note 3 – Capital Stock

On June 12, 2014, the Company entered into a Stock Purchase Agreement with an accredited investor, pursuant to which the Company agreed to sell and the investor agreed to purchase 50,000 shares of Convertible Preferred Stock Series 1 Class P-2 of the Company at the par value of \$7.00 each for a total purchase price of \$350,000. On June 24, 2014, the Company issued the shares to the investor in exchange for the purchase price. As provided in the articles of incorporation of the Company, the holders of the Convertible Preferred Stock Series 1 Class P-2 may convert, at any time, their preferred stock in whole or part, into shares of common stock of the Company. Each one (1) share of Preferred Stock Series 1 Class P-2 is convertible into one (1) share of common stock of the Company. This beneficial conversion feature (“BCF”) has an intrinsic value at the issuance date of \$66,000, and is recorded as a preferred dividend to the preferred stockholder. On December 15, 2014, the Company entered into an Amendment Agreement with an accredited investor amending the Stock Purchase Agreement entered into by the Company and Investor on June 12, 2014. The Amendment Agreement adjusted the purchase price set forth in the Stock Purchase Agreement upward by the amount of \$66,000, to a total purchase price of \$416,000. The Company has received the additional \$66,000 of the purchase price from the Investor. No additional shares were issued as a result of the Amendment Agreement. During 2014, the Preferred Shares were converted into 50,000 shares of common stock of the Company in accordance with the conversion rights of the Convertible Preferred Stock Series 1 Class P-2.

On December 29, 2014, the Company entered into a Brand License Agreement with WTFSKF. Pursuant to the Brand License Agreement, WTFSKF has granted to the Company an exclusive, worldwide, transferrable license to use certain logos, names, and marks of WTFSKF, and manufacture and sell certain products (clothing, accessories and sporting goods) bearing the Marks. Pursuant to the Brand License Agreement the Company will pay WTFSKF a license fee equal to 5% of the net selling price for the licensed products sold in accordance with the Brand License Agreement, and in addition as a partial consideration for the License, the Company issued to WTFSKF 752,000 shares of its treasury common stock on December 30, 2014 (see Note 6 for further discussion of the Brand License Agreement).

On October 26, 2012, the Company entered into a Quota Purchase Agreement with Haesler, pursuant to which the Company acquired from Haesler 32 quotas of HREM representing 32% of the outstanding ownership in HREM, in exchange for 350,000 shares of common stock of the Company, which was valued at \$297,500 at the time of the Quota Purchase Agreement. On September 17, 2015, the Company and Haesler entered into an Amendment Agreement, pursuant to which the Company agreed to return to Haesler 16 quotas of HREM, representing 16% of the outstanding ownership in HREM. In exchange for the 16 quotas of HREM, Haesler agreed to return to the Company 175,000 shares of common stock of the Company, which was valued at \$175,000 at the time of the Amendment Agreement, based on the trading price of the Company’s stock on September 17, 2015. On September 17, 2015, the Company returned the quotas to Haesler, and on September 22, 2015, Haesler returned the common stock of the Company to the treasury of the Company. As a result of the closing of the Amendment Agreement, the Company’s ownership in HREM was reduced from 32% of the outstanding ownership of HREM to 16% of the outstanding ownership of HREM. The Company recorded a gain of \$169,547 on the disposition of its 16% ownership in HREM included in profit or loss. On November 15, 2015, the Company and Haesler entered into a Second Amendment Agreement, pursuant to which the Company agreed to return to Haesler 16 quotas of HREM, representing 16% of the outstanding ownership in HREM. In exchange for the 16 quotas of HREM, Haesler agreed to return to the Company 175,000 shares of common stock of the Company, which was valued at \$183,750 at the time of the Second Amendment Agreement, based on the trading price of the Company’s stock on November 15, 2015. On December 2, 2015, the Company returned the quotas to Haesler, and on December 8, 2015, Haesler returned the common stock of the Company to the treasury of the Company. As a result of the closing of the Amendment Agreement, the Company’s ownership in HREM was reduced from 16% of the outstanding ownership of HREM to 0% of the outstanding ownership of HREM. The Company recorded a gain of \$178,297 on the disposition of its 16% ownership in HREM included in profit or loss. During the fiscal year ended December 31, 2015, the Company recorded a total gain of \$347,844 on the disposition of its 32% ownership in HREM included in profit or loss.

On December 9, 2015, the Company entered into an Asset Purchase and Sale Agreement (the “Asset Agreement”) with GIOTOS Limited, a private limited company organized in the United Kingdom (“GIOTOS”). Pursuant to the Asset Agreement, the Company sold, assigned, conveyed and delivered certain patent rights and other related business processes and know-how related to the IFLOR Device (collectively, the “IFLOR Business”) and the patents, inventory and equipment related to the IFLOR Business (collectively, the “Additional IFLOR Business”; the Additional IFLOR Business together with the IFLOR Business and Intellectual Property, the “IFLOR Asset”) to GIOTOS, in consideration for 10,040,000 shares of the Company common stock (the “Purchase Price”) transferred from GIOTOS to the Company. The portion of the Purchase Price allocated as consideration for the IFLOR Business was 9,615,500 shares, and the portion of the Purchase Price allocated as consideration for the Additional IFLOR Business was 424,500 shares. The Asset Agreement was closed on December 9, 2015, at which time, pursuant to the Asset Agreement, the Company executed and delivered an assignment of the IFLOR Asset to GIOTOS, and GIOTOS transferred the full amount of the Purchase Price to the Company and completed the cancellation of the shares composing the Purchase Price on December 16, 2015. Immediately prior to the transaction consummated by the Asset Agreement, GIOTOS owned 50,000,000 shares of the Company common stock. Additionally, GIOTOS is majority owned and operated by Louis Bertoli, who is the Company’s Chairman of the Board and the President and Chief Executive Officer. As Louis Bertoli is majority owner of GIOTOS the transfer of the IFLOR Business and the Additional IFLOR Business represents a common control transaction and therefore the 10,040,000 shares received as consideration have been valued at \$527,851, based on the carrying value of the equipment, inventory and patents given up.

Note 4 – Revenue

On June 10, 2014, HPIL ENERGYTECH Inc. (formerly a wholly owned subsidiary of the Company that has been merged with and into the Company effective as of May 28, 2015) entered into a Service and Consulting Agreement (the “O.R.C. Consulting Agreement”) with O.R.C. SRL, a private company focused on investing in the energy sector. Pursuant to the O.R.C. Consulting Agreement, HPIL ENERGYTECH Inc. began providing to O.R.C. SRL certain consulting and other services on June 10, 2014, for a monthly fee in the amount of \$30,000 per month. The term of the O.R.C. Consulting Agreement was two (2) years unless terminated earlier by either party pursuant to the terms and conditions of the O.R.C. Consulting Agreement. HPIL ENERGYTECH Inc. and O.R.C. SRL terminated the O.R.C. Consulting Agreement, effective March 10, 2015. The O.R.C. Consulting Agreement was terminated because the parties determined that O.R.C. SRL no longer required the services to be delivered thereunder, and no services were provided in the month of February 2015. The termination was mutual and without recourse or the incurrence of penalty by either party thereto.

On December 5, 2014, HPIL GLOBALCOM Inc. (formerly a wholly owned subsidiary of the Company that has been merged with and into the Company effective as of May 28, 2015) entered into a Service and Consulting Agreement (the “ET Consulting Agreement”) with ECOLOGY TRANSPORT SRL, a private company focused on investing in the communication and ecology sectors. Pursuant to the ET Consulting Agreement, HPIL GLOBALCOM Inc. began providing to ECOLOGY TRANSPORT SRL certain consulting and other services on December 5, 2014, for a monthly fee in the amount of \$5,000 per month. The term of the ET Consulting Agreement was two (2) years unless terminated earlier by either party pursuant to the terms and conditions of the ET Consulting Agreement. HPIL GLOBALCOM Inc. and ECOLOGY TRANSPORT SRL terminated the O.R.C. Consulting Agreement, effective March 4, 2015. The ET Consulting Agreement was terminated because the parties determined that ECOLOGY TRANSPORT SRL no longer required the services to be delivered thereunder and no services were provided in the month of February 2015. The termination was mutual and without recourse or the incurrence of penalty by either party thereto.

Note 5 – Related Party Transactions and Balances

HPIL HEALTHCARE Inc. (formerly a wholly owned subsidiary of the Company that has been merged with and into the Company effective as of May 28, 2015) used the service of MB Ingenia SRL (“MB Ingenia”) for the production of the “Massage Vibrator for the Relief of Aches and Pain”. HPIL HEALTHCARE Inc. made equipment purchases from MB Ingenia totaling \$Nil for the fiscal year ended December 31, 2015, and \$87,098 for fiscal year ended December 31, 2014. Mr. Bertoli was the President and CEO of MB Ingenia until November 28, 2013, at which time Mr. Bertoli’s brother became President and CEO of MB Ingenia. Mr. Bertoli also serves as an executive officer and director of the Company.

The Company had advances to MB Ingenia of \$Nil as of December 31, 2015 and \$241,746 as of December 31, 2014, for the production of the IFLOR Device - Standard Version units. During the year ended December 31, 2015, \$241,746 (2014 - \$Nil) of the advance was settled upon delivery of IFLOR Device - Standard Version units and components.

The Company uses MB Ingenia for various corporate business services, including technical support and engineering services, and use of office space by Mr. Bertoli. For the fiscal year ended December 31, 2015 and 2014, the Company incurred expenses of \$36,357 and \$48,431, respectively, in relation to these services. For the fiscal year ended December 31, 2015, and 2014, the Company incurred reimbursements for handling and storage expense of \$8,158 and \$Nil, respectively, in relation to these services provided by MB Ingenia to HPIL HEALTHCARE Inc. which are included in general and administrative expense. For the fiscal year ended December 31, 2015, and 2014 the Company incurred research and developments costs of \$23,576 and \$Nil, respectively, in relation to these services provided by MB Ingenia to HPIL HEALTHCARE Inc.

On July 20, 2009, the Company entered into a two-year consulting agreement with Amersey Investments LLC (“Amersey”), a company controlled by a director and the CFO of the Company, Mr. Nitin Amersey. Although the consulting agreement expired, Amersey continued to provide office space, office identity and assist the Company with corporate, financial, administrative and management records on the same terms until July 31, 2015. Mr. Amersey, as a director and officer, continues to provide and offer corporate office and records. For the fiscal year ended December 31, 2015 and 2014, the Company incurred expenses of \$35,000 and \$60,000, respectively, in relation to these services which are included in general and administrative expense.

The Company uses Bay City Transfer Agency & Registrar Inc. (“BCTAR”) to do its stock transfers and corporate services. Mr. Amersey is listed with the Securities and Exchange Commission as a control person of BCTAR. For the fiscal year ended December 31, 2015 and 2014, the Company incurred expenses of \$11,382 and \$12,494, respectively, in relation to these services which are included in general and administrative expense. As at December 31, 2015, and 2014, \$Nil and \$1,700, respectively, are recorded as prepaid expenses in the unaudited consolidated balance sheets.

The Company uses the services of Freeland Venture Resources LLC, for Edgar filings and consulting services. Mr. Amersey is a control person in Freeland Venture Resources LLC. For the fiscal year ended December 31, 2015, and 2014, the Company incurred expenses of \$8,040 and \$13,045, respectively, in relation to these services which are included in general and administrative expense.

The Company uses the services of Cheerful Services International Inc. (“Cheerful”) for corporate press releases and consulting services. Cheerful is owned by Mr. Amersey’s children. For the fiscal year ended December 31, 2015 and 2014, the Company incurred expenses of \$10,294 and \$9,810, respectively, in relation to these services which are included in general and administrative expense. As at December 31, 2015, and 2014, \$Nil and \$545, respectively, are recorded as prepaid expenses in the unaudited consolidated balance sheets.

Note 6 – Brand License

On December 29, 2014, the Company, entered into a Brand License Agreement with WTFSKF. Pursuant to the Brand License Agreement, WTFSKF has granted to HPIL the License to use the Marks of WTFSKF and manufacture and sell the Products bearing the Marks. Pursuant to the Brand License Agreement, in consideration for the License, beginning in 2018, HPIL will pay to WTFSKF an ongoing License Fee. Additionally, HPIL issued to WTFSKF 752,000 shares of treasury common stock (the “Shares”) of HPIL in accordance with the Brand License Agreement. WTFSKF has agreed to provide to HPIL annual projected sales forecasts based on its membership and their expected needs for Products (the “Projected Sales”). The Brand License Agreement requires the License Consideration to be subject to renegotiation by the parties in the event that Projected Sales exceed actual sales of the Products by more than an agreed upon deviation percentage. Additionally, pursuant to the Brand License Agreement, HPIL may require WTFSKF to either return the Shares or pay to HPIL the market value of the Shares at the time of the execution of the Brand License Agreement (approximately \$6,805,600), if HPIL terminates the Brand License Agreement as a result of such deviations within the first 52 months after the execution of the Brand License Agreement. The initial term of the Brand License Agreement lasts until December 31, 2042, at which time the Brand License Agreement will automatically renew for successive 25 year terms unless and until either party provides notice of non-renewal or terminates the Brand License Agreement. The Brand License totaling \$6,805,600 was measured based on the fair value of the stock issued.

The Company will amortize the license over the contractual life of the asset of 25 years. No amortization has been recognized as of December 31, 2015, as the Brand License Agreement does not commence until 2018.

Note 7 – Income Taxes

The Company’s effective income tax rate of 0.0% differs from the federal statutory rate of 34% for the reason set forth below for the years ended December 31:

	2015	2014
Income Taxes at the Statutory Rate	\$ (31,500)	\$ (155,200)
State and City Income Taxes	(3,700)	(18,200)
Change in Valuation Allowance	(35,200)	(173,400)
Total Income Tax	-	-

The following presents the components of the Company total income tax provision:

	2015	2014
Current Expense	\$ -	\$ -
Deferred Benefit	(35,200)	(173,400)
Change in Valuation Allowance	35,200	173,400
Total	-	-

Deferred tax assets and liabilities reflect the net effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amounts used for income tax purposes. The tax effect of primary temporary differences giving rise to the Company’s deferred tax assets for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Net Operating Losses	\$ 999,800	\$ 964,600
Valuation Allowance	(999,800)	(964,600)
Total	-	-

The Company has recorded a valuation allowance to fully offset the net deferred assets based on the fact that the Company has not recognized taxable income since its inception. At December 31, 2015, the Company has deferred operating loss carry forwards totaling \$2,509,643 that may be used to reduce future taxable income. The start-up expenses will begin to be amortized when the Company commences operations, and written off over a fifteen year period.

Note 8 – Product Reseller Agreement

On December 5, 2015, the Company entered into a Mutual Termination Agreement (the “Mutual Termination Agreement”) with WTFSKF. Pursuant to the Mutual Termination Agreement, the parties terminated a certain Product Reseller Agreement (the “Product Reseller Agreement”) entered into between HPIL HEALTHCARE Inc. and WTSKF on October 9, 2014, pursuant to which, beginning in 2017, the HPIL HEALTHCARE Inc. was to supply its IFLOR Stimulating Massage Device - Standard Version to WTFSKF for resale exclusively at WTFSKF-sanctioned events and through the WTFSKF members and their official affiliates. The termination of the Product Reseller Agreement was mutual, without recourse or the incurrence of penalty by either party thereto, and effective on December 5, 2015. HPIL HEALTHCARE Inc., formerly a wholly owned subsidiary of the Company, was merged with and into the Company effective as of May 28, 2015, as a result of which the Company succeeded to and assumed all rights and obligations of HPIL HEALTHCARE Inc., including those arising from the Product Reseller Agreement. The preceding descriptions of the Mutual Termination Agreement and Product Reseller Agreement are incomplete and qualified in their entirety by reference to the complete text of the Mutual Termination Agreement and Product Reseller Agreement, respectively.

Item 6. Issuer’s Business, Products and Services

HPIL Holding is a worldwide holding company. The Company is focused on investing in both private and public companies in differing business sectors. The Company does not restrict its potential candidate target companies to any specific business, industry or geographical location and, thus, acquires various types of business. Also The Company evaluates the acquisition of intellectual properties and technologies, with a particular interest in the healthcare and environmental quality sectors.

Despite the recent termination of various investments and supply agreements and divestment of the IFLOR Asset (as discussed in Item 4 above), the Company intends to continue to pursue its business plan of making investments in companies and providing consulting service, and expects that it will continue on that business plan for the foreseeable future.

The Company was incorporated on February 17, 2004 in the state of Delaware under the name TNT Designs, Inc. On October 7, 2009, the Company merged with and into Trim Nevada, Inc., a Nevada corporation, redomiciling to Nevada as a result.

The Company’s primary SIC Code is 8742 - Management consulting services.

The Company’s fiscal year end is December 31.

The Company has continued to pursue its business plan of making investments in companies and it will continue on that business plan for the foreseeable future. Moreover, the Company will continue to concentrate on the development of the Brand License Agreement, as defined in Item 4, until it will commence in 2018. The Company is currently exploring potential manufacturing, distribution, and other strategic partnerships in connection with the Brand License Agreement. The Company is not currently actively marketing any services or products, but is actively seeking investment opportunities.

Item 7. Issuer’s Facilities

The Company does not currently lease or own any real property. The Company currently maintains its corporate offices at 5 Appleshire CT, Freeland, Michigan 48623, a space provided by Nitin Amersey, our Chief Financial Officer and director, at no cost. The Company believes that this property is adequate for our current and immediately foreseeable operating needs.

Item 8. Officers, Directors, and Control Persons

The Company's current executive officers and directors and their ages are as follows:

Name	Age	Position(s)
Louis Bertoli	41	Chairman of the Board, President and CEO
Nitin Amersey	64	Director, CFO, Corporate Secretary and Treasurer
John B. Mitchell	66	Director
John Dunlap, III	57	Director

Set forth below is information relating to the business experience of each of our directors and executive officers.

Louis Bertoli, age 41, was appointed Chairman of the Board, Chief Executive Officer and President of the Company in June 2009. He also serves as the Chairman of the Board, Chief Executive Officer and President of the Company's wholly owned subsidiaries. He serves as the Chief Executive Officer, President and Director of GIOTOS Ltd. (UK), a private company since February 2012. Mr. Bertoli served as the Chief Financial Officer of the Company from April 2011 to March 2012. He has over 11 years of experience in innovative technologies in the health care industries. He received a degree as a professional Surveyor in Brescia (Italy). Mr. Bertoli served as the Chief Executive Officer and President of MB Ingenia SRL (Italy), a private company until November 2013.

Nitin Amersey, age 64, was appointed Chief Financial Officer of the Company in March 2012, and serves as its Principal Accounting Officer. Mr. Amersey has been the Director, Corporate Secretary and Treasurer of the Company since June 2009. He also serves as the Chief Financial Officer and Director of the Company's wholly owned subsidiaries. He serves as the Chairman of TrueSkill Energen Pvt. Ltd. (India). He has over 42 years of experience in corporate management, international trade, marketing and corporate strategy. He is well versed in brand creation and management. Mr. Amersey has served in various capacities as an executive officer, director and chairman of companies operating in numerous industries. He continues to serve as a director of several companies, including OTC listed public companies. Additionally, he has extensive experience in textiles and fibers and has owned and managed farming operations, primarily focused in cotton. He has worked internationally in Canada, USA, India, the Caribbean and Japan. Mr. Amersey has a Master of Business Administration Degree from the University of Rochester (Rochester, N.Y.) and a Bachelor of Science in Business from Miami University (Oxford, Ohio). He graduated from Miami University as a member of Phi Beta Kappa and Phi Kappa Phi. Mr. Amersey also holds a Certificate of Director Education from the NACD Corporate Director's Institute.

John B. Mitchell, age 66, was appointed Director of the Company in May 2010. He is a Professor of Finance at Central Michigan University since 1975. Mr. Mitchell is also the Founder and President of the Chippewa Watershed Conservancy, a land trust operating in Clare, Isabella, Gratiot, Mecosta, and Montcalm counties of Michigan. Mr. Mitchell has authored or co-authored over 30 articles such as, "An Age-Based, Three-Dimensional Distribution Model Incorporating Sequence and Longevity Risks," Journal of Financial Planning, 2012; "Retirement Withdrawals: Preventive Reductions and Risk Management," Financial Services Review, 2011; "The Case for Flexible Retirement Planning," Journal of Personal Finance, 2009; "Financial Implications of Accounting for Human Resources Using a Liability Model," Journal of Human Resource Costing & Accounting, 2008; "Dynamic Retirement Withdrawal Planning," Financial Services Review, 2006; "Citation Patterns in the Finance Literature," Financial Management, 2001; and the "Stock Market Reaction to Plant Closings," American Journal of Business, 1993.

John Dunlap, III, age 57, was appointed Director of the Company in May 2010. He currently owns Dunlap Group, a California-based advocacy and consulting firm, which opened in 2007 and largely represents advanced environmental technology firms throughout the globe. Mr. Dunlap has served in various capacities in the public sector, including service for four California Governors over the course of his 35 year career. He presently serves on the Board of Directors of Environmental Solutions Worldwide, Inc., where he has served since 2007. He previously served as President and CEO of the 20,000 member California Restaurant Association from 1998 to 2004. In 2003, he was appointed by California Governor Gray Davis to serve as Chairman of the Board of the State Compensation Insurance Fund. Mr. Dunlap also served five years in California Governor Pete Wilson's Administration as Chairman of the Board of the California Air Resources Board from 1994 to 1999, as well as serving as the Chief Deputy Director of the California Department of Toxic Substances Control from 1993 to 1994. Prior to his state service, Mr. Dunlap worked for the South Coast Air Quality Management District for over 11 years serving as Public Advisor. He also worked for California Congressman Jerry Lewis (R-Redlands), former House Appropriations Committee Chairman. Additionally, Mr. Dunlap served as a Commissioner and Executive Committee member of the California Travel and Tourism Commission under both California Governor's Arnold Schwarzenegger and Gray Davis, where he was involved in the planning and implementation of the state's tourism marketing and advertising program. Mr. Dunlap has been active with the California Travel Industry Association (CALTIA) serving as Chairman in 2002 and serving as the long-time Chair of their CALTIA Political Action Committee. Mr. Dunlap also has served on the Boards of the National Restaurant Association, the California Taxpayer's Association and the American Red Cross, as well as several privately held environmental companies.

The following table lists, as of April 14, 2016, the number of shares of our common stock that are beneficially owned by (i) each person or entity known to us to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and director of our Company; and (iii) all officers and directors as a group. The percentages below are calculated based on 47,308,000 shares of our common stock and issued and outstanding as of April 14, 2016.

Name of Beneficial Owner	Amount of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Louis Bertoli (1)	43,220,000	91.36%
Nitin Amersey (2)	10,600	*
John B. Mitchell (3)	500	*
John Dunlap, III (4)	500	*
All directors and executive officers as a group (5 people)	43,231,600	91.38%

* Less than 1%

(1) Mr. Bertoli is our Chairman of the Board and the President and Chief Executive Officer of HPIL Holding.

(2) Mr. Amersey is a Director and the Chief Financial Officer, Corporate Secretary and Treasurer of HPIL Holding. 5,000 shares owned directly and 5,600 shares owned indirectly through Amersey Investments LLC.

(3) Mr. Mitchell is a Director of HPIL Holding.

(4) Mr. Dunlap is a Director of HPIL Holding.

During the past five (5) years, none of the following occurred with respect to one of our present or former directors or executive officers: (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

As of April 14, 2016, the Company's only shareholder that is known to beneficially own more than ten percent (10.0%) of the Company's outstanding capital stock is Louis Bertoli, 5 Appleshire CT, Freeland, Michigan 48623, the Company's Chairman of the Board, President and CEO. As of that date, Louis Bertoli owned 43,220,000 shares of Common Stock or 91.36% of the issued and outstanding shares of the Company's common stock.

Item 9. Third Party Providers

Legal Counsel

H. Grady Thrasher, IV
 Thrasher Worth LLC
 Five Concourse Parkway, Suite 3200
 Atlanta, Georgia 30328
 Phone: (404) 760-6016
 Email: gthrasher@thrasherworth.com

Item 10. Issuer Certification

I, Louis Bertoli, certify that:

1. I have reviewed this Annual Report of HPIL Holding;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 14, 2016

/s/ Louis Bertoli

Louis Bertoli

Chief Executive Officer

I, Nitin Amersey, certify that:

1. I have reviewed this Annual Report of HPIL Holding;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

April 14, 2016

/s/ Nitin Amersey

Nitin Amersey

Chief Financial Officer