

Imperial Holding Corp.

Consolidated Financial Statements Quarter Ended March 31, 2016

IMPERALIS HOLDING CORP
Consolidated Balance Sheets

	March 31, 2016	December 31, 2015
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 3,600	\$ 5,007
Accounts Receivable	-	659
Other Receivables	5,000	18,717
Total Current Assets	8,600	24,383
Long Term Assets:		
Cost of Aquired Business Assets	116,082	144,751
Organizational Cost	500	500
	116,582	145,251
Total Assets	\$ 125,182	\$ 169,634
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable and Accruals	\$ 4,482	\$ 6,455
Other Liabilities	-	17,139
Total Current Liabilities	4,482	23,594
Long Term Liabilities:		
Notes Payable	225,449	251,000
Total Liabilities	229,931	274,594
<u>SHAREHOLDERS'S EQUITY</u>		
Common stock: par value \$0.0001 a share; 200,000,000 shares authorized; 25,119,044 shares issued at March 31, 2016 and December 31, 2015		
	25,119	25,119
Series 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	(5,558,828)	(5,559,038)
Total Equity	(104,749)	(104,959)
TOTAL LIABILITIES AND EQUITY	\$ 125,182	\$ 169,634

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

IMPERALIS HOLDING CORP
Consolidated Statement of Operations

	Quarter Ended March 31, 2016	Year Ended December 31, 2015
Sales	\$ 6,085	\$ 139,668
Cost of Revenues	287	53,711
Gross Profit	5,798	85,957
Operating Expenses	674	214,107
Income (Loss) from Operations	5,124	(128,150)
Gain on sale of assets	14,815	32,437
Write off advances and investments	(19,729)	-
Total other income (expense)	(4,914)	32,437
Income (loss) before income taxes	210	(95,712)
Provsion for Income Taxes	-	-
Net Income (Loss)	\$ 210	\$ (95,712)
Net income (loss) 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 Statements of Cash Flow

	<u>Quarter Ended</u> <u>March 31, 2015</u>	<u>Quarter Ended</u> <u>December 31, 2014</u>
<u>OPERATING ACTIVITIES:</u>		
Net Income (Loss)	\$ 210	\$ (95,712)
Adjustments to reconcile net loss to net cash in operating activities		
Depreciation and Amortization	-	-
Change in Operating Assets and Liabilities		
Accounts Receivable	659	29,356
Inventory	-	16,185
Notes Receivable	13,717	87,522
Other Assets	-	10,567
Accounts Payable and Accrued Expenses	(19,147)	61,882
Total Adjustments:	<u>(4,735)</u>	<u>81,748</u>
Net Cash Used in Operating Activities	(4,526.00)	(13,964.00)
<u>INVESTING ACTIVITIES:</u>		
Deposit of Assets from Business Acquired	<u>28,670</u>	<u>17,422</u>
Net Cash provided (used in) Investing Activities	28,670	(17,422)
<u>FINANCING ACTIVITIES:</u>		
Net Increase (Decrease) in:		
Notes Payable	<u>(25,553)</u>	<u>-</u>
Net Cash provided by Financial Activities	(25,553.00)	-
Net Increase (Decrease) in Cash	(1,407)	3,474
Cash - Beginning of Period	\$ 5,007	\$ 1,533
Cash - End of Period	\$ 3,600	\$ 5,007
<u>Supplemental Cash Flow Information</u>		
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

	<u>Common Stock</u>		<u>Series E Preferred Stock</u>		<u>Paid- in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>			
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)
Net Income (Loss)							
for quarter-ended March 31, 2016						\$ 210	\$ 210
	25,119,044	\$ 25,119	2,000	\$ 2	\$ 5,428,958	\$ 5,558,828	\$ (104,749)

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

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements

March 31, 2016

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

Description of Business - Imperialis 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 Imperialis Holding Corp.

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

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements (Continued)

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

Summary of Significant Accounting Policies

Cash - The Company considers all highly liquid accounts with an original maturity date of three months or less to be cash. 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 or quarter ended March 31, 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 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

IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements (Continued)

NOTE 2 – RECIEVERSHIP

On June 18, 2012 a Receiver was appointed to manage the Company's assets in connection with a lawsuit, SEC vs Allen et.al. Northern District of Texas, Civil Action 3:11 -CV-882-0, against the controlling shareholder of the Company and others. Subsequent to March 31, 2014 the Receiver sold the controlling interest in the Company and terminated the Receivership. In the process of terminating the Receivership, the Company's cash balances were applied against the Note Payable to the Receiver (See Note 3- Notes Payable), with the unpaid balance of the Note 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:

	<u>2016</u>	<u>2015</u>
Notes Payable to individuals	<u>\$225,449</u>	<u>\$251,000</u>
Long Term Debt	<u>\$225,449</u>	<u>\$251,000</u>

The future maturities of the notes payable to third parties are as follows: \$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. 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 year ended December 31, 2015 or the quarter ended March 31, 2016.

NOTE 5 -COMMITMENTS AND CONTINGENCIES

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