

**Imperial Holding Corp.**  
**Consolidated Financial Statements**

**Years Ended December 31, 2016 and 2015**

**IMPERALIS HOLDING CORP.****Consolidated Balance Sheets****December 31, 2016 and 2015**

	2016	2015
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash	\$ 883	\$ 5,007
Accounts Receivable	3,000	659
Other Receivables	5,500	18,717
<b>Total Current Assets</b>	<b>9,383</b>	<b>24,383</b>
<b>Non Current Assets:</b>		
Cost of Acquired Business Assets	116,081	144,751
Organizational Cost	500	500
<b>Total Non Current Assets</b>	<b>116,581</b>	<b>145,251</b>
<b>TOTAL ASSETS</b>	<b>\$ 125,964</b>	<b>\$ 169,634</b>
<b><u>LIABILITIES</u></b>		
<b>Short Term Liabilities:</b>		
Accounts Payable and Accruals	\$ 4,388	\$ 6,455
Other Liabilities	-	17,138
<b>Total Short Term Liabilities</b>	<b>4,388</b>	<b>23,593</b>
<b>Long Term Liabilities:</b>		
Notes Payable to Shareholders	254,949	251,000
<b>Total Long Term Debt</b>	<b>254,949</b>	<b>251,000</b>
<b>TOTAL LIABILITIES</b>	<b>259,337</b>	<b>274,593</b>
<b><u>SHAREHOLDERS' EQUITY</u></b>		
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
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	(5,587,452)	(5,559,038)
<b>Total Equity (Deficit)</b>	<b>(133,373)</b>	<b>(104,959)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 125,964</b>	<b>\$ 169,634</b>

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

**IMPERALIS HOLDING CORP.**  
**Consolidated Statements of Operations**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Sales	\$ 42,821	\$ 139,668
Cost of Revenues	<u>287</u>	<u>53,711</u>
Gross Profit	42,534	85,957
Operating Expenses	<u>68,651</u>	<u>214,107</u>
<b>Loss from Operations</b>	<b>(26,117)</b>	<b>(128,150)</b>
Gain on Sale Of Startup Subsidiaries	14,815	32,438
Write-Off of Advances and Investments	<u>(17,113)</u>	<u></u>
Total Other Income (Expense)	<u>(2,298)</u>	<u>32,438</u>
Loss Before Income Taxes	(28,415)	(95,712)
Provision for Income Taxes	<u>-</u>	<u>-</u>
<b>Net Loss</b>	<b><u>\$ (28,415)</u></b>	<b><u>\$ (95,712)</u></b>
Net Loss to common share holders per common share- Basic and Diluted	<u>-</u>	<u>-</u>
Common Shares used in Calculation per share data- Basic and Diluted	<u>25,119,044</u>	<u>25,119,044</u>

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**IMPERALIS HOLDING CORP.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Activities:</b>		
Net Loss	\$ (28,415)	\$ (95,712)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in Operating Assets and Liabilities		
Accounts and Other Receivables	10,876	29,356
Inventory	-	16,185
Notes Receivable	-	87,522
Other Assets	-	10,567
Accounts Payable and Accrued Expenses	(19,204)	(61,882)
Total Adjustments	<u>(8,328)</u>	<u>81,748</u>
<b>Net Cash used in Operating Activities</b>	<u>(36,743)</u>	<u>(13,964)</u>
<b>Investing Activities:</b>		
Sale of Assets in Business Combination	<u>28,670</u>	<u>17,438</u>
<b>Net Cash provided by Investing Activities</b>	<u>28,670</u>	<u>17,438</u>
<b>Financing Activities:</b>		
Proceeds from Notes Payable	<u>3,949</u>	<u>-</u>
<b>Net Cash provided by Financing Activities</b>	<u>3,949</u>	<u>-</u>
<b>Net Decrease in Cash</b>	(4,124)	3,474
<b>Cash at Beginning of Period</b>	<u>5,007</u>	<u>1,533</u>
<b>Cash at End of Period</b>	<u><u>\$ 883</u></u>	<u><u>\$ 5,007</u></u>
<b>Supplemental Cash Flow Information:</b>		
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**  
**Years Ended December 31, 2015 and 2016**

	<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 <b>December 31, 2014</b>	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 <b>December 31, 2015</b>	25,119,044	\$ 25,119	2,000	\$ 2	\$ 5,428,958	\$ (5,559,037)	\$ (104,958)
Net Income (loss) for year ended December 31, 2016						\$ (28,415)	\$ (28,415)
Balance at <b>December 31, 2016</b>	<u>25,119,044</u>	<u>\$ 25,119</u>	<u>2,000</u>	<u>\$ 2</u>	<u>\$ 5,428,958</u>	<u>\$ (5,587,452)</u>	<u>\$ (133,373)</u>

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

# IMPERALIS HOLDING CORP.

## Notes to Consolidated Financial Statements

December 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. 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** – Coloured (US) Inc. (“COUS”), incorporated in the State of Nevada on April 5, 2005, entered into a stock exchange agreement on December 1, 2010 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 Imperialis 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 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 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.

## IMPERALIS HOLDING CORP.

Notes to Consolidated Financial Statements (Continued)

December 31, 2016

### **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 year ended December 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 enactment date. If it is more likely than not that some portion of a deferred tax asset will not be realized, a valuation allowance is recognized.



## IMPERALIS HOLDING CORP.

### Notes to Consolidated Financial Statements (Continued)

December 31, 2016

#### NOTE 2 – Notes Payable

The Company's notes payable to financial institutions and third parties consist of the following as of December 31, 2016 and December 31, 2015:

	<u>12/31/16</u>	<u>12/31/15</u>
Notes Payable to a Shareholder	\$238,949	\$235,000
Note Payable to an Individual	<u>16,000</u>	<u>16,000</u>
Total Long Term Debt	<u>\$254,949</u>	<u>\$251,000</u>

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 3 – 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, 2016.

#### NOTE 4 – 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.