**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the quarterly period ended December 31, 2010**

**OR**

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from __________ to __________**

**COMMISSION FILE NUMBER 333-127347**

# PROVISION HOLDING, INC.

(Exact Name of registrant as specified in its charter)

| Nevada | 20-0754724 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

9253 Eton Avenue, Chatsworth, California 91311
(Address of principal executive offices) (Zip Code)

Registrant's telephone Number: (818) 775-1624

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ | Non-accelerated filer ☐ (do not check if smaller reporting company) | Smaller reporting company ☒ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The number of shares outstanding of the registrant's common equity was 45,105,914 shares at January 14, 2011.

## TABLE OF CONTENTS

**PROVISION HOLDING, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**

| | December 31, 2010 (Unaudited) | June 30, 2010 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash | $ 623 | $ 161,962 |
| Inventory, net | 84,423 | 130,168 |
| Prepaid expenses | 101,727 | 160,704 |
| Other current assets | 4,350 | 4,050 |
| **TOTAL CURRENT ASSETS** | 191,123 | 456,884 |
| **EQUIPMENT**, net of accumulated depreciation | 303,334 | 313,445 |
| **PREPAID FINANCING COSTS** | 549,330 | 498,223 |
| **INTANGIBLES**, net of accumulated amortization | 206,846 | 208,094 |
| **TOTAL ASSETS** | $ 1,250,633 | $ 1,476,646 |
| **LIABILITIES AND STOCKHOLDERS' DEFICIT** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 629,716 | $ 523,302 |
| Payroll taxes, interest and penalties | 362,192 | 277,867 |
| Accrued interest | 720,986 | 881,208 |
| Unearned revenue | 84,807 | 94,640 |
| Loss contingency payable | 592,312 | 592,312 |
| Current portion of convertible debt, net of debt discount | 568,343 | 2,277,489 |
| Current portion notes payable | 50,000 | 103,000 |
| **TOTAL CURRENT LIABILITIES** | 3,008,356 | 4,749,818 |
| **CONVERTIBLE DEBT,** net of current portion and debt discount | 2,764,719 | 882,168 |
| **TOTAL LIABILITIES** | 5,773,075 | 5,631,986 |
| **STOCKHOLDERS' DEFICIT** | | |
| Preferred stock, par value $0.001 per share | | |
| Authorized – 4,000,000 shares | | |
| Issued and outstanding – 0 shares | - | - |
| Common stock, par value $0.001 per share | | |
| Authorized – 100,000,000 shares | | |
| Issued and outstanding – 45,520,914 and 39,097,845, respectively | 45,521 | 39,098 |
| Additional paid-in capital | 15,943,742 | 14,992,205 |
| Less receivable for stock | (50,000) | (50,000) |
| Accumulated deficit | (20,461,705) | (19,136,643) |
| **TOTAL STOCKHOLDERS' DEFICIT** | (4,522,442) | (4,155,340) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT** | $ 1,250,633 | $ 1,476,646 |

The accompanying notes are an integral part of the financial statements

PROVISION HOLDING, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2010 AND 2009
(UNAUDITED)

| | For the Three Months Ended December 31, 2010 | For the Three Months Ended December 31, 2009 | For the Six Months Ended December 31, 2010 | For the Six Months Ended December 31, 2009 |
|---|---|---|---|---|
| **REVENUES** | $ 186,788 | $ 80,995 | $ 222,499 | $ 135,459 |
| **COST OF REVENUES** | 101,177 | 35,436 | 122,316 | 57,483 |
| **GROSS PROFIT** | 85,611 | 45,559 | 100,183 | 77,976 |
| **EXPENSES** | | | | |
| General and administrative | 610,919 | 579,594 | 875,134 | 1,053,306 |
| Research and development | 57,523 | 38,381 | 83,676 | 84,961 |
| **TOTAL EXPENSES** | 668,442 | 617,975 | 958,810 | 1,138,267 |
| **(LOSS) FROM OPERATIONS** | (582,831) | (572,416) | (858,627) | (1,060,291) |
| **OTHER INCOME (EXPENSE)** | | | | |
| Gain on debt conversion | 77,261 | - | 60,635 | - |
| Loss on debt extinguishment | (35,612) | - | (35,612) | - |
| Interest expense | (261,107) | (456,137) | (491,458) | (1,060,487) |
| **TOTAL OTHER INCOME (EXPENSE)** | (219,458) | (456,137) | (466,435) | (1,060,487) |
| **(LOSS) BEFORE INCOME TAXES** | (802,289) | (1,028,553) | (1,325,062) | (2,120,778) |
| Income tax expense | - | - | - | - |
| **NET (LOSS)** | $ (802,289) | $ (1,028,553) | (1,325,062) | (2,120,778) |
| **NET (LOSS) PER COMMON SHARE** | | | | |
| Basic and diluted | $ (0.02) | $ (0.04) | (0.03) | (0.08) |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING** | | | | |
| Basic and diluted | 44,028,900 | 28,734,789 | 41,366,966 | 28,128,057 |

The accompanying notes are an integral part of the financial statements

**PROVISION HOLDING, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 AND 2009**
**(UNAUDITED)**

| | 2010 | 2009 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Net (loss) | $ (1,325,062) | $ (2,120,778) |
| Adjustments to reconcile net (loss) to net cash | | |
| (used) by operating activities: | | |
| Forbearance fee | 69,860 | - |
| Gain on debt conversion | (60,635) | - |
| Loss on extinguishment of debt | 35,612 | - |
| Non-cash compensation | 184,004 | - |
| Stock issued for services | - | 545,149 |
| Depreciation expense | 13,706 | 30,843 |
| Amortization | 1,248 | 1,248 |
| Amortization of debt discount | 277,207 | 823,447 |
| Changes in operating assets and liabilities: | | |
| Inventory | 44,140 | 63,412 |
| Other current assets | (300) | - |
| Prepaid financing costs | (51,107) | 72,701 |
| Accounts payable and accrued liabilities | 190,739 | 181,005 |
| Accrued interest | 185,573 | 158,661 |
| Unearned revenue | (9,833) | 30,391 |
| **NET CASH (USED) BY OPERATING ACTIVITIES** | (444,848) | (213,921) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Purchase of equipment | (1,991) | - |
| **NET CASH (USED) BY INVESTING ACTIVITES** | (1,991) | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Proceeds from note payable, net of fees | 285,500 | 274,500 |
| **NET CASH PROVIDED BY FINANCING ACTIVITES** | 285,500 | 274,500 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | (161,339) | 60,579 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD** | 161,962 | 19,339 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | $ 623 | $ 79,918 |

The accompanying notes are an integral part of the financial statements

**PROVISION HOLDING, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED**
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2010 AND 2009**
**(UNAUDITED)**

| | 2010 | 2009 |
|---|---|---|
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest paid | $ - | $ - |
| Taxes paid | $ - | $ - |
| Issuance of 4,663,269 shares of common stock for debt and accrued interest conversion | $ 477,221 | $ - |
| Issuance of 1,760,000 shares of common stock for services | $ 120,200 | $ - |
| Issuance of 116,667 warrants for services | $ 4,827 | $ - |

The accompanying notes are an integral part of the financial statements

**PROVISION HOLDING, INC.**
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2010**
**(UNAUDITED)**

**NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION**

*Business Description and Presentation*

The Company is focused on the development and distribution of Provision's patented three-dimensional, holographic interactive displays focused at grabbing and holding consumer attention particularly and initially in the advertising and product merchandising markets. The systems display a moving 3D image size to forty inches in front of the display, projecting a digital video image out into space detached from any screen, rendering truly independent floating images featuring high definition and crisp visibility from far distances. The nearest comparable to this technology can be seen in motion pictures such as Star Wars and Minority Report, where objects and humans are represented through full-motion holograms.

Provision's proprietary and patented display technologies and software, and innovative solutions aim to attract consumer attention. Currently the Company has multiple contracts to place Provision's products into large California grocery stores, independent Hispanic grocery stores, as well as signed agreements with advertising agents to sell ad space to Fortune 500 customers. Given the technology's potential in the advertising market, the Company is focused on creating recurring revenue streams from the sale of advertising space on each unit.

Preparation of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements for the periods ended December 31, 2010 and 2009 have been prepared by the Company's management, without audit in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). In the opinion of management, these interim condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments, unless otherwise noted) necessary to present fairly the Company's financial position, results of operations and cash flows for the fiscal periods presented. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in these interim financial statements pursuant to the SEC's rules and regulations, although the Company's management believes that the disclosures are adequate to make the information presented not misleading. The financial position, results of operations and cash flows for the interim periods disclosed herein are not necessarily indicative of future financial results. These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements and the notes thereto included in the Company's most recent Annual Report on Form 10K for the fiscal year ended June 30, 2010. The balance sheet at June 30, 2010 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

*Going Concern and Management Plans*

These financial statements are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. The Company has incurred a year to date loss of approximately $1,325,000 in the current period and has negative working capital of approximately $2,817,000. These matters raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing or refinancing as may be required and, ultimately, to attain profitable operations. Management's plan to eliminate the going concern situation include, but are not limited to, the raise of additional capital through issuance of debt and equity, improved cash flow management, aggressive cost reductions, and the creation of additional sales and profits across its product lines.

*Principles of Consolidation and Reporting*

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiary. All significant inter-company balances and transactions have been eliminated in consolidation. The Company uses a fiscal year end of June 30.

*Basis of Comparison*

Certain prior-year amounts have been reclassified to conform to the current year presentation.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and timing of revenues and expenses, the reported amounts and classification of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions.

*Significant Customers*

During the six month period ended December 31, 2010 two customers accounted for more than 10% of the Company's revenues (42% and 27%). During the six month period ended December 31, 2009 three customers accounted for more than 10% of the Company's revenues (21%, 12% and 10%).

*Fair Value of Financial Instruments*

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2010 and 2009. The respective carrying value of certain on-balance-sheet financial instruments, approximate their fair values. These financial instruments include cash, accounts receivable, accounts payable, accrued expenses and notes payable. Fair values were assumed to approximate carrying values for these financial instruments because they are short term in nature and their carrying amounts approximate fair values or they are receivable or payable on demand.

*Fair Value of Financial Instruments*

The Company uses fair value measurements under the three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure for fair value measures. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

| | Carrying Value December 31, 2010 | Fair Value Measurements December 31, 2010 Using Fair Value Hierarchy | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| Convertible notes (net of discount) | $ 3,333,062 | $ -- | $ -- | $ 3,333,062 |

The following table provides a summary of the changes in fair value of the Company's Promissory Notes, which are both Level 3 liabilities as of December 31, 2010:

| | Promissory Notes |
|---|---|
| Balance at June 30, 2010 | $ 3,159,657 |
| Issuance of notes– net | 229,051 |
| Notes converted | (129,000) |
| Accretion of debt discount | 73,354 |
| Balance December 31, 2010 | $ 3,333,062 |

The Company determined the value of its convertible notes using a market interest rate and the value of the warrants and beneficial conversion feature issued at the time of the transaction less the accretion. There is no active market for the debt and the value was based on the delayed payment terms in addition to other facts and circumstances at the end of December 2010.

*Basic and Diluted Income (Loss) per Share*

Basic income (loss) per common share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding. Diluted income (loss) per common share is computed similar to basic income per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. As of December 31, 2010, the Company had debt instruments, options and warrants outstanding that can potentially be converted into approximately 53,281,000 shares of common stock. Inclusion of these shares is not incorporated in the computation as their effect would be anti-dilutive

*Recent Accounting Pronouncements*

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-06, an update that improves the requirements related to Fair Value Measurements and Disclosures Subtopic 820-10 of the FASB Accounting Standards Codification ("ASC") originally issued as FASB Statement 157. This update requires disclosures about transfers between Level 1, Level 2 and Level 3 assets and the disaggregated activity in the roll forward for level 3 Fair Value measurements. The Company adopted the measurement requirements of this guidance for the year ended June 30, 2010 with no impact to the consolidated financial statements.

There were no other recent pronouncements which would have an impact on the Company's consolidated financial statements.

**NOTE 2 INVENTORY**

Inventory consists of the following:

| | December 31, 2010 | June 30, 2010 |
|---|---|---|
| Raw materials | $ 153,733 | $ 186,447 |
| Work in process | 61,690 | 74,721 |
| | 215,423 | 261,168 |
| Less Inventory Reserve | (131,000) | (131,000) |
| Total | $ 84,423 | $ 130,168 |

**NOTE 3 EQUIPMENT, net**

Equipment consists of the following:

| | December 31, 2010 | June 30, 2010 |
|---|---|---|
| Furniture and fixtures | $ 17,018 | $ 17,018 |
| Computer equipment | 32,570 | 30,579 |
| Equipment | 166,602 | 166,602 |
| Demo units | 130,215 | 208,516 |
| 3DEO Kiosks | 276,580 | 196,672 |
| | 622,985 | 619,387 |
| Less accumulated depreciation | (319,651) | (305,942) |
| Total | $ 303,334 | $ 313,445 |

**NOTE 4 CONVERTIBLE DEBT**

Convertible debt consists of the following:

| | December 31, 2010 |
|---|---|
| Convertible notes payable, annual interest rate of 5% to 12%, due dates range from January 2011 to May 2014 and convertible into common stock at a rate of $0.06 to $1.00 per share. | $ 3,464,700 |
| Convertible note payable, annual interest rate of 10% to 12% convertible into common stock at a rate of $0.10 to $0.75 per share. Notes have matured and are now in default and are currently being renegotiated. | 465,000 |
| Unamortized debt discount | (596,638) |
| | $ 3,333,062 |
| Less current portion | 568,343 |
| Convertible debt, net of current portion and debt discount | $ 2,764,719 |

During July 2010, the Company issued $45,000 of convertible debt. The note is convertible into common stock at the option of the holder at a conversion price at the lesser of: a 30 percent discount to the average lowest bid price of the preceding ten trading days on the Over the Counter Bulletin Board or $0.07 per share. The note pays interest at a rate of 8 percent per annum and matures on July 1, 2011. During the quarter ended September 30, 2010 the note was subsequently converted into 1,285,714 shares of common stock at a conversion price of $0.04 per share.

In August 2010, the Company issued $70,000 of convertible debt. The note is convertible into common stock at the option of the holder at a conversion price of $0.06. The note pays interest at a rate of 8 percent. In connection with the note the Company issued 350,000 warrants with exercise prices of $0.20 per share and expire within four years of the date of issue.

The Company has valued the convertible note payable, related warrants and the beneficial conversion feature to convert the principal balance into shares, using the "Relative Fair Value" approach. Accordingly, the Company recognized a discount of $17,729 on the $70,000 principal value of the convertible note payable and is amortizing the debt discount over the 24 month life of the note.

In November 2010, the Company entered into a Forbearance Agreement with two of its lenders, which extended the maturity date of two convertible debentures to February 14, 2011. As consideration for its financial accommodations, the Company issued warrants to purchase 1,066,666 shares of its common stock at an exercise price of $0.06 per share. The warrants expire 3 years from the date of issuance. Using the Black Scholes pricing model, the warrants were valued at $69,860, which was recorded as a forbearance fee. The debentures are now in default and due on demand as of February 14, 2011.

On November 30, 2010, the Company and a note holder agreed to amend a total of four notes. The notes are comprised of a $50,000 Promissory Note dated March 13, 2009 ("Note 1"); $100,000 Convertible Promissory Note dated June 5, 2008 ("Note 2"), $500,000 Convertible Promissory Note dated May 16, 2008 ("Note 3"); and $1,000,000 Convertible Promissory Note dated May 7, 2007 ("Note 4"). The significant contractual terms of the amended Notes as of November 30, 2010 include the following: (i) Note 1 shall be converted into a "new convertible promissory note" convertible at $0.15 cents a share with 333,333 warrants at an exercise price of $0.20 and the maturity date extended to July 30, 2012, (ii) Note 2 shall extend the original due date of June 5, 2010 to July 30, 2012, (iii) Note 3 shall convert $250,000 into "new convertible promissory note" conversion price of $0.15 cents a share with 1,666,667 warrants at an exercise price of $0.20 and the maturity date extended to July 30, 2012 and the balance of $250,000 shall be converted into a "new promissory note" with an extended maturity date of July 30, 2012, (iv) Note 4 shall waive all interest from May 7, 2007 to December 31, 2009, issue to lender 1,000,000 warrants with an exercise price of $0.20 cents a share, convert $500,000 of Note 4 into "new convertible promissory note" convertible at $0.15 cents a share with 3,333,333 warrants with an exercise price of $0.20 cents a share and the balance of $500,000 of Note 4 shall be converted into a "new promissory note" to extend the maturity date to July 30, 2012.

The Company evaluated the application of ASC 470-50, Modifications and Extinguishments and concluded that the revised terms were substantial and qualified as a debt extinguishment. A loss was recognized as a result of the extinguishment of debt in the amount of $35,612. The convertible debt was recorded net of a discount amounting to $101,164. The discount is amortized to interest expense over the term of the extended maturity date using the effective interest rate method.

During December 2010, the Company issued $14,000 in convertible debt. The notes are convertible into common stock at the option of the holder at a conversion price of $0.07. The notes bear interest at 8 percent and mature in December 2012. In connection with the notes, the Company issued 200,000 warrants with an exercise price of $0.07 per share which expire 5 years from the date of issue.

The Company has valued the convertible note payable, related warrants and the beneficial conversion feature to convert the principal balance into shares, using the "Relative Fair Value" approach. Accordingly, the Company recognized a discount of $11,994 on the $14,000 principal value of the convertible notes payable and is amortizing the debt discount over the 24 month life of the note.

During the 3 and 6 months ending December 31, 2010, the Company issued $148,500 in convertible debt. The notes are convertible into common stock at the option of the holder at a conversion price of $0.07. The notes bear interest at 8 percent and mature at various dates through December 2012. During the quarter ended December 31, 2010, notes aggregating $15,500 were converted into 221,429 shares of common stock at a conversion price of $0.07 per share.

**NOTE 5 NOTES PAYABLE**

At December 31, 2010, $50,000 of debt was outstanding with an interest rate 10%.

**NOTE 6 COMMITMENTS**

Lease Agreement - The Company leases its office space under a month-to-month lease. Rent expense for the six months ending December 31, 2010 and 2009 was $36,912 and $36,912, respectively.

Royalty Fees - The Company has entered into a royalty agreement with another company. The other entity's technology has certain characteristics and properties used in conjunction with the Company's products. The agreement requires royalties to be paid at 4% of applicable sales. The Company is currently in contract negotiations to purchase the other entity's patent. Royalty expense for the six months ending December 31, 2010 and 2009 was $378 and $1,054 respectively.

The Company is delinquent in remitting its payroll taxes to the applicable governmental authorities. Total due at December 31, 2010, including estimated penalties and interest is $399,392.

**NOTE 7 EQUITY**

**Common Stock**

During July 2010, the Company issued 160,000 shares of its common stock to note holders in connection with a Promissory Note Extension Agreement in which the note holders agreed to extend the maturity date of the notes for an additional six months. As a result the Company recorded non cash compensation expense of $11,200 during the three months ending September 30, 2010.

On August 30, 2010 in consideration for consulting services, the Company issued a warrant to purchase 116,667 shares of its common stock at an exercise price of $0.06. The warrant expires four years from the date of issuance. Using the Black Scholes pricing model, the warrant was valued at $4,827.

During the three months ending September 30,, 2010 the Company issued 1,937,622 shares of its common stock to note holders for the relief of outstanding debt. The shares had a fair market value of $115,759 on the date of issuance. As such the Company recorded a loss on the settlement of debt of $16,625

During the three months ending September 30, 2010, the Company issued 1,600,000 shares of its common stock to consultants for services. The shares had a fair market value of $109,000 on the date of issuance. As a result the company recorded non- cash compensation expense of $109,000.

During the six months ending December 31, 2010, the Company converted debt and accrued interest of $361,462 into 2,725,647 shares of its common stock. As a result, the Company recorded a gain on the settlement of debt in the amount of $77,262

**Warrants**

In connection with a Forbearance Agreement discussed above, the Company issued 1,066,666 warrants to purchase shares of its common stock at an exercise price of $.06 per share. The warrants expire in 2014.

On November 30, 2010, in connection with the issuance of certain convertible notes disclosed in Note 5, the Company issued to the note holders, 6,333,333 warrants to purchase shares of its common stock at an exercise price of $0.20 cents per share. The warrants expire four years from the date of issuance.

In December 2010, in connection with the issuance of a convertible note discussed above, the Company issued 200,000 warrants to purchase shares of its common stock at an exercise price of $.07 cents a share. The warrants expire in 2015.

**Stock Option Plan**

The Company has one stock option plan: The Provision Interactive Technologies, Inc. 2002 Stock Option and Incentive Plan, (the "Plan"). As of December 31, 2010, there were 3,334,149 shares available for issuance under the Plan. The Plan is administered by the Company's Board of Directors, (the "Board").

As of December 31, 2010, the Plan provides for the granting of non-qualified and incentive stock options to purchase up to 5,000,000 shares of common stock. Options vest at rates set by the Board, not to exceed five years and are exercisable up to ten years from the date of issuance. The option exercise price is set by the Board at time of grant. Options and restricted stock awards may be granted to employees, officers, directors and consultants.

During the six months ended December 31, 2010, no new options were granted to employees or consultants. Employee options outstanding as of December 31, 2010 were 665,851. The weighted average grant-date fair value of options granted under the Company's Option Plan during 2010 and 2009 was $0 and $0, respectively.

**NOTE 8 SUBSEQUENT EVENTS**

During January, 2011, the Company received $60,000 in proceeds from the issuance of a convertible note payable. The convertible note bears interest at 8%, matures on September 20, 2011 and has a variable conversion price equal to a discount rate of 40% of the average of the lowest three trading prices for the Company's common stock during the ten trading period ending the latest complete trading day prior to the conversion date.

## ITEM 1. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

*Forward-Looking Statements*

Some of the statements contained in this Form 10-Q that are not historical facts are "forward-looking statements" which can be identified by the use of terminology such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We urge you to be cautious of the forward-looking statements, that such statements, which are contained in this Form 10-Q, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors affecting our operations, market growth, services, products and licenses. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of the risks we face, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

· Our ability to attract and retain management, and to integrate and maintain technical information and management information systems;
· Our ability to raise capital when needed and on acceptable terms and conditions;
· The intensity of competition; and
· General economic conditions.

All written and oral forward-looking statements made in connection with this Form 10-K that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

*Business Overview*

On February 14, 2008, MailTec, Inc. (now known as Provision Holding, Inc.) (the "Company") entered into an Agreement and Plan of Merger, which was amended and restated on February 27, 2008 (as amended and restated, the "Agreement"), and closed effective February 28, 2008, with ProVision Merger Corp., a Nevada corporation and wholly owned subsidiary of the Company (the "Subsidiary") and Provision Interactive Technologies, Inc., a California corporation ("Provision"). Pursuant to the Agreement, the Subsidiary merged into Provision, and Provision became a wholly owned subsidiary of the Company. As consideration for the merger of the Subsidiary into Provision, the Company issued 20,879,350 shares of the Company's common stock to the shareholders, creditors, and certain warrant holders of Provision, representing approximately 86.5% of the Company's aggregate issued and outstanding common stock, and the outstanding shares and debt, and those warrants whose holders received shares of the Company's common stock, of Provision were transferred to the Company and cancelled.

The Company and Provision are focused on the development and distribution of Provision's patented three-dimensional, holographic interactive displays focused at grabbing and holding consumer attention particularly and initially in the advertising and product merchandising markets. The systems display a moving 3D image size to forty inches in front of the display, projecting a digital video image out into space detached from any screen, rendering truly independent floating images featuring high definition and crisp visibility from far distances. The nearest comparable to this technology can be seen in motion pictures such as Star Wars and Minority Report, where objects and humans are represented through full-motion holograms.

We are also developing and marketing several new point-of-purchase, and other devices, tailored to specific industries that are currently in Pilot Programs with major international companies or readying to begin shortly; including the medical, entertainment, government and home markets. In addition to selling the hardware for our patented three-dimensional, holographic interactive video displays, we are building our business into a digital media company offering advertising on a network of our 3D holographic video displays.

One of our new products is known as the "HL40 Diamond", an extraordinary 3D holographic video display system, to the retailing and advertising industries is smaller and lighter than its predecessor, the HL40C. Used to promote all type of products and services, the HL40D is a powerful tool to break through the clutter of traditional in store advertising and merchandising. Our other powerful 3D products can be used for a wide variety of interactive applications including order-taking and information retrieval.

*Significant Events and Trends*

The Company believes that the calendar year 2010 will be characterized as the 'tipping point' for 3D technology in the marketplace, and for Provision itself. Beginning in early 2010, the consumer industry was changed forever by two major events. The first event was the successful launch of the Hollywood blockbuster, "*Avatar*", produced by icon, James Cameron. The financial success of this movie, reaching close to $3 Billion in a very short period of time, demonstrated that 3D (with glasses) technology at the movie theater has finally 'made it' in the eyes of the consumer. Now, every major motion picture production company has a slate of 3D movies on the calendar for the next 5 years. The second major event was seen at the 2010 Consumer Electronics Show (CES) in Las Vegas, where the 'buzz' was nothing but 3D. Major consumer electronics companies like Sony, Samsung, LG, and Panasonic have all launched significant campaigns for 3D TV sets for the consumers' living room – all requiring 3D glasses. Complementing the 3D TV sets, major networks like ESPN and Discovery have announced 3D networks dedicated to providing programming for the 3D TV sets for our living rooms. As a result of these two events, the Company is well positioned with its 3D Holographic Display technology (requiring NO special glasses) in the Digital Out-Of-Home (DOOH) market place.

Our 3D holographic, floating image display technologies have multiple market applications across a broad spectrum of industries. Extensive audience migration across and within media categories is driving major shifts in advertising spending, benefiting captive, auditable media vehicles. Traditional media vehicles like radio, TV, newspapers and magazines continue to lose audience share and advertising dollars to new media vehicles, which include the point-of-purchase or wherever there might be a captive audience. The current media and traditional displays (TV, LCD and Plasma screens) are stale and ubiquitous resulting in significant ineffectiveness.

Launching our first products into grocery stores, we have developed a new patent pending application. Known as the "3DEO Rewards Center" or "3DEO", this device projects 3D video advertisements and allows consumers to print coupons as well as receive non-cash awards. The 3DEO device provides consumer products goods companies and other advertisers with a new way of promoting their products at the point of purchase, where consumers are making 70% (seventy percent) of their buying decisions. In November 2010 the Company announced that they've been granted the patent for 3D kiosks and vending machines in the U.S.

We plan to build, own, and operate networks of 3DEO Rewards Centers. In March 2008 we signed three-year agreements with several independent Hispanic grocery store chains to install 3DEO Reward Centers in 47 locations in southern California. The term of these agreements do not begin until we have fully installed according to the terms of the contract. The Company has begun to install the first of these 3D Rewards Centers in Los Angeles in late 2010.

In June 2008, we announced our signed three-year agreement with Fred Meyer Stores, a division of The Kroger, Co., to install Fred Meyer 3DEO Centers in 127 locations in the Pacific Northwest. This agreement has concluded and the Company is in the process of redeploying the 3DEO Rewards Centers in the Los Angeles grocery network of their Hispanic stores as stated elsewhere herein.

In September 2008, we signed an agreement with the Long Island Gasoline Retailers Association ("LIGRA") to install its patented 3D holographic displays in up to 800 member stores throughout New York. Provision's displays will be located inside the independent convenience stores of major franchise gasoline retailers including Shell, ExxonMobil, Citgo, Sunoco, BP, Amoco and Gulf. The term of this agreement does not begin until we have fully installed according to the terms of the contract. The Company plans to install this network following the installation of the first 500 convenience stores as part of the Circle K agreement.

In December 2008, we signed an agreement with ADCENTRICITY Inc. to sell advertising on its revolutionary 3D digital signage network. ADCENTRICITIY's advertisers will be able to feature their messaging on the Company's extraordinary network in a variety of forms, including 3D holographic videos and digital coupons.

In May 2010 we signed an agreement with Circle K Stores, Inc. to install our patented 3D holographic displays in up to 483 Circle K convenience stores throughout the western region of the United States. The Agreement is for three years with an option to extend the contract for an additional three years upon mutual agreement. The term of this agreement does not begin until we have fully installed according to the terms of the contract.

In June 2010 the Company signed a new agreement with KODAK (NASDAQ: EK), Service and Support, to provide installation services of the Company's 3DEO Rewards Centers beginning in Los Angeles. Kodak's involvement will include set-up, installation, and sign-off, providing total accountability to the retailers assuring total customer satisfaction. Working with Kodak provides our customers with professional expertise, speed-to-market and high levels of support throughout the entire installation process. Users of Provision's 3D digital networks receive a single source provider to quickly and effortlessly implement 3D digital signage as appropriate for the environment of each retailer. We see this as a long term relationship, beginning in Los Angeles with our grocery store network, and expanding into convenience stores and other retailers coming on line in the future.

On November 22, the Company announced that it has signed an advertising contract with Hip Hop Beverage Corporation, maker of award winning Pit Bull Energy Drinks. The one year agreement covers Pit Bull's use of both 3D holographic advertising and promotional coupons inside Provision's 3DEO Rewards Centers. The Centers are part of Provision's 3D Grocery Store Network, which launched in July in Los Angeles.

We also have continued hardware sales of our patented three-dimensional, holographic interactive video displays

*Research and Development Activities*

At present, the Company's patents and patent applications are supplemented by substantial intellectual property we are currently protecting as trade secrets and proprietary know-how. This includes matter related to all three product lines. We expect to file additional patent applications on a regular basis in the future.

We believe that the Company's intellectual property and expertise constitutes an important competitive resource, and we continue to evaluate the markets and products that are most appropriate to exploit this expertise. In addition, we maintain an active program of intellectual property protection, both to assure that the proprietary technology developed by us is appropriately protected and, where necessary, to assure that there is no infringement of the Company's proprietary technology by competitive technologies.

In September 2010 the Company filed six (6) new patent applications in Canada. The new patents boost the Company's intellectual property protection in Canada through the international PCT (Patent Cooperation Treaty) process recognized by countries around the world. Canada clearly represents a huge opportunity for the Company. These six patents will protect Provision, its technology and product line, as Canada continues to develop the digital media marketplace following the U.S.

On October 14, 2010 the Company announced that it had partnered with MAKO Games, LLC to develop proprietary interactive software for Provision's 3D holographic displays (no special glasses required), enabling consumers to directly interact with 3D images floating in the air through touchless gesture recognition.

In November 2010 the Company announced that they've been granted the patent for 3D kiosks and vending machines in the U.S. Management believes that this new patent will give the company a very strong market position in the Self Service industry as they begin to expand the integration of their 3D holographic displays into a multitude of applications beyond their 3D Rewards Centers, including ATM machines, DVD rental kiosks, etc.

On November 17, 2010 Provision announced today that it had been named the recipient of Frost & Sullivan's 2010 North American 3D New Product Innovation of the Year Award for 3D Holographic Displays. The Award was presented at the 2010 Best Practices Awards banquet on November 16 in San Antonio, Texas.

The Frost & Sullivan Best Practices team of industry experts presents awards to companies demonstrating best practices in a variety of regional and global markets. For the New Product Innovation Award, the following criteria were used to benchmark Provision's performance against key competitors:

Innovative Element of the Product
Leverage Leading Edge Technologies in the Product
Value Added Features and Benefits
Increased Customer ROI
Customer Acquisition/Penetration Potential

Companies that are commended as Best Practices Award recipients are those with the diligence, perseverance, and dedication required to develop a successful business plan and excel in the increasingly competitive global marketplace. Frost & Sullivan does not accept solicitations, nominations, or submissions for the awards. The award selection is based entirely on the findings of independent, primary market research, which is fully funded and conducted by Frost & Sullivan's industry analyst team. Previous award recipients include Kodak, AT&T, IBM, Samsung, Intel, and Phillips.

On November 30, the Company announced that it had enhanced the capability of its 3D holographic display platform to be fully interactive with Mobile Mouse, an Apple iPhone application. With an enabled Provision 3D holographic display located inside retail grocery stores, consumers can instantly transform their iPhone or iPod Touch into an air mouse and wireless interface. They will be able to interact with floating 3D holograms by 'clicking' to get more information, print a coupon, see the product from another viewpoint, or learn more about 3D from Provision's 3D Rewards Center.

*Results of Operation – Three Months Ended December 31, 2010 as Compared to the Three Months Ended December 31, 2009*

| Select Financial Information | December 31, 2010 | December 31, 2009 |
|---|---|---|
| Total Assets | $ 1,250,633 | $ 1,177,429 |
| Total Liabilities | $ 5,773,075 | $ 4,437,147 |
| Total Stockholders' Deficit | $ 4,522,442 | $ 3,259,718 |
| | | |
| Revenues | $ 186,788 | $ 80,995 |
| Cost of Revenues | 101,177 | 35,436 |
| Gross Profit (Loss) | 85,611 | 45,559 |
| Expenses | 668,442 | 617,975 |
| Loss from Operations | (582,831) | (572,416) |
| Other Income (Expense) | (219,458) | (456,137) |
| Net Loss | $ (802,289) | $ (1,028,553) |
| | | |
| Net Loss per Common Share | $ (0.02) | $ (0.04) |

*Revenue and Cost of Revenue*

Revenues for the three month period ended December 31, 2010 increased 130% to $186,788 from $80,995 for the three month period ended December 31, 2009. The increase in sales is due to economic recovery and increased marketing and sale of products.

Our cost of revenues was $101,177 for the three month period ended December 31, 2010 as compared to $35,436 for the three month period ended December 31, 2009.

*Expenses*

General and administrative expenses for the three month period ended December 31, 2010 were $610,919 as compared to $579,594 for the three month period ended December 31, 2009.

During the three month period ended December 31, 2010 our Accounting expense increased $77,522 from $85,141 to $162,663 during the three month period ended December 31, 2009. The increase is due to year end and quarter ending audits and reviews by outside audit firm.

During the three month period ended December 31, 2010 our Consulting expense decreased $47,325 from $47,325 to $0 during the three month period ended December 31, 2009. The decrease is due to a reduced use of consultants.

During the three month period ended December 31, 2010 our Salaries & Wages expense increased $52,453 from $93,612 to $146,065 during the three month period ended December 31, 2009. The increase is due to two additional sales positions.

During the three month period ended December 31, 2010 our Travel/Auto expense increased $10,897 from $15,309 to $26,206 during the three month period ended December 31, 2009. The increase is due to more business travel, trade shows, and additional sales efforts with increased staff of one person. The Company did one more trade show than last year.

During the three month period ended December 31, 2010 our Non-cash compensation expense decreased $375,447 from $495,019 to $119,572 during the three month period ended December 31, 2009. The decrease is due to a reduction in stock issued, or consulting fees paid by stock in lieu of payment.

During the three month period ended December 31, 2010 our State & Local Taxes expense increased $19,728 from $1,079 to $20,807 during the three month period ended December 31, 2009. The increase is due to additional payroll tax penalties.

*Other Income (Expense)*

During the three month period ended December 31, 2010 our Interest expense decreased $195,030 from $456,137 to $261,107 during the three month period ended December 31, 2009. The decrease is due a reduction in debt discount amortization as the related notes mature.

During the three month period ended December 31, 2010 our net Gain/Loss on Debt Conversion expense increased $41,649 from $0 to $41,649 during the three month period ended December 31, 2009. The increase is due to the increased number of convertible notes converted to stock.

*Net Loss*

As a result of the aforementioned, our net loss decreased 22% or $227,145 to $802,289 during the three month period ended December 31, 2010 from $1,029,434 during the three month period ended December 31, 2009.

*Results of Operation – Six Months Ended December 31, 2010 as Compared to the Six Months Ended December 31, 2009*

| Select Financial Information | December 31, 2010 | December 31, 2009 |
|---|---|---|
| Total Assets | $ 1,250,633 | $ 1,177,429 |
| Total Liabilities | $ 5,773,075 | $ 4,437,147 |
| Total Stockholders' Deficit | $ 4,522,442 | $ 3,259,718 |
| | | |
| Revenues | $ 222,499 | $ 135,459 |
| Cost of Revenues | 122,316 | 57,483 |
| Gross Profit (Loss) | 100,183 | 77,976 |
| Expenses | 958,810 | 1,138,267 |
| Loss from Operations | (858,627) | (1,060,291) |
| Other Income (Expense) | (466,435) | (1,060,487) |
| Net Loss | $ (1,325,062) | $ (2,120,778) |
| | | |
| Net Loss per Common Share | $ (0.03) | $ (0.08) |

*Revenue and Cost of Revenue*

Revenues for the six month period ended December 31, 2010 increased 64% to $222,499 from $135,459 for the six month period ended December 31, 2009. The increase in sales is due to economic recovery and increased marketing and sale of products.

Our cost of revenues was $122,316 for the six month period ended December 31, 2010 as compared to $57,483 for the six month period ended December 31, 2009.

*Expenses*

General and administrative expenses for the six month period ended December 31, 2010 were $875,134 as compared to $1,053,306 for the six month period ended December 31, 2009.

During the six month period ended December 31, 2010 our Accounting expense increased $59,247 from $108,741 to $167,988 during the six month period ended December 31, 2009. The increase is due to year end and quarter ending audits and reviews by outside audit firm.

During the six month period ended December 31, 2010 our Consulting expense decreased $82,950 from $82,950 to $0 during the six month period ended December 31, 2009. The decrease is due to a reduced use of consultants.

During the six month period ended December 31, 2010 our Marketing expense increased $24,371 from $4,266 to $28,637 during the six month period ended December 31, 2009. The increase is a result of increased marketing efforts.

During the six month period ended December 31, 2010 our Depreciation expense decreased $17,137 from $30,843 to $13,706 during the six month period ended December 31, 2009. The decrease is due to the increased number of fixed assets that are fully depreciated.

During the six month period ended December 31, 2010 our State & Local Taxes expense increased $19,728 from $1,079 to $20,807 during the six month period ended December 31, 2009. The increase is due to additional payroll tax penalties.

During the six month period ended December 31, 2010 our Travel & Auto expense increased $22,375 from $26,387 to $48,762 during the six month period ended December 31, 2009. The increase is due to more business travel, trade shows, and additional sales efforts with increased staff of one person. The Company did one more trade show than last year.

During the six month period ended December 31, 2010 our Non-cash Compensation expense decreased $307,215 from $495,019 to $187,804 during the six month period ended December 31, 2009. The decrease is due to a reduction stock issued, or consulting fees paid by stock in lieu of payment.

*Other Income (Expense)*

During the six month period ended December 31, 2010 our Interest expense decreased $569,029 from $1,060,487 to $491,458 during the six month period ended December 31, 2009. The decrease is due a reduction in debt discount amortization as the related notes mature.

During the six month period ended December 31, 2010 our net Gain/Loss on Debt Conversion expense increased $25,023 from $0 to $25,023 during the six month period ended December 31, 2009. The increase is due to the increased number of convertible notes converted to stock.

*Net Loss*

As a result of the aforementioned, our net loss decreased 38% or $795,716 to $1,325,062 during the six month period ended December 31, 2010 from $2,120,778 during the six month period ended December 31, 2009.

*Financial Condition, Liquidity and Capital Resources*

Management remains focused on controlling cash expenses. We have limited cash resources and plan our expenses accordingly.

We had cash of $623 at December 31, 2010 compared to cash of $161,692 at June 30, 2010. Our working capital deficit decreased to $2,817,234 at December 31, 2010 from a deficit of $4,292,934 at June 30, 2010. The reason for the decrease in the working capital deficit was the decrease in Prepaid Expenses and a decrease in our inventory of approximately $58,000 and $46,000, respectively, an increase in our Accounts Payable and Payroll Taxes of approximately $113,000 and $69,000 respectively. The current portion of long term debt decreased approximately $1,709,000.

During the six month period ended December 31, 2010, we used $444,848 of cash for operating activities versus $213,921 during the six months ended December 31, 2009. The primary difference was the amortization of debt discount and stock issued for services in 2009.

Cash used in investing activities during the six months ended December 31, 2010 and 2009 was $1,991 and $0, respectively. During the six months ended December 31, 2010, we used $1,991 to purchase additional equipment to support our infrastructure.

Cash provided by financing activities during the six months ended December 31, 2010 was $285,500 as a result of the proceeds from notes payable, net of fees. Cash provided by financing activities during the six month period ended December 31, 2009 was $274,500 as a result of the proceeds from notes payable net of fees.

Given our plans and expectation that we will need additional capital, we will need to issue additional shares of capital stock or securities convertible or exercisable for shares of capital stock, including preferred stock, options or warrants. The issuance of additional capital stock may dilute the ownership of the current stockholders.

Based on the current cash run rate, approximately $600,000 will be needed to fund operations for an additional year. We are presently taking steps to raise additional funds to continue operations for the next 12 months and beyond. We will need to raise an additional $3,000,000 to $5,000,000 in the next year to complete our aggressive growth plans. We may, however, choose to modify our growth and operating plans to the extent of available funding, if any.

*Off Balance Sheet Arrangements*

We do not engage in any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, and liquidity or capital expenditures.

*Critical Accounting Policies*

**Use of Estimates —** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts and timing of revenues and expenses, the reported amounts and classification of assets and liabilities, and the disclosure of contingent assets and liabilities. These estimates and assumptions are based on the Company's historical results as well as management's future expectations. The Company's actual results could vary materially from management's estimates and assumptions.

**Revenue Recognition —** We recognize revenue when persuasive evidence of an arrangement exists, title transfer has occurred, the price is fixed or readily determinable, and collectability is probable. We recognize revenue in accordance with Staff Accounting Bulletin No. 104, "Revenue Recognition." Sales are recorded net of sales returns and discounts, which are estimated at the time of shipment based upon historical data.

**Impairment of Long-Lived Assets —** We review the recoverability of the carrying value of long-lived assets using the methodology prescribed in Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 360,, "Accounting for the Impairment and Disposal of Long-Lived Assets" whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Upon such an occurrence, recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows to which the assets relate, to the carrying amount. If the asset is determined to be unable to recover its carrying value, it is written down to fair value. Fair value is determined based on discounted cash flows, appraised values or other information available in the market, depending on the nature of the assets. Methodologies for determining fair value are inherently based on estimates that may change, such as the useful lives of assets and our cash flow forecasts associated with certain assets. A change in these estimates may result in impairment charges, which would impact our operating results.

**Going Concern**

These financial statements are presented on the basis that the Company is a going concern. Going concern contemplates the realization of assets and the satisfaction of liabilities in the normal course of business over a reasonable length of time. The Company has incurred a loss of approximately $1,325,000 in the current period and has negative working capital of approximately $2,817,000. These matters raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to generate sufficient cash flow to meet its obligations on a timely basis, to obtain additional financing or refinancing as may be required and, ultimately, to attain profitable operations. Management's plan to eliminate the going concern situation include, but are not limited to, the raise of additional capital through issuance of debt and equity, improved cash flow management, aggressive cost reductions, and the creation of additional sales and profits across its product lines.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

N/A

## ITEM 4T. CONTROLS AND PROCEDURES.

*Evaluation of Disclosure Controls and Procedures.* Internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) refers to the process designed by, or under the supervision of, our principal executive officer and principal financial officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management is responsible for establishing and maintaining adequate internal control over financial reporting.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Based upon this evaluation, our CEO has concluded that, without third-party specialists, our current disclosure controls and procedures are not effective to provide reasonable assurance that material information required to be included in our periodic SEC reports is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and accumulated and communicated to our senior management, including our CEO, to allow timely decisions regarding required disclosures. Management's report is not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Quarterly Report.

*Changes in Internal Control Over Financial Reporting.* During the most recent quarter ended December 31, 2010, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

# PART II

## ITEM 1. LEGAL PROCEEDINGS.

There are no material legal proceedings, to our knowledge, pending against us or being pursued by us.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

N/A

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

## ITEM 4. RESERVED

## ITEM 5. OTHER INFORMATION.

None

## ITEM 6. EXHIBITS.

| Exhibit Number | Description |
|---|---|
| 31.1 | Certification by Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act. |
| 32.1 | Certification by Chief Executive Officer and Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code. |

## SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PROVISION HOLDING, INC.**

February 22, 2011

By:/s/ Curt Thornton
Curt Thornton
Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer and Accounting Officer) and Director

**Exhibit 31.1**

Certifications

I, Curt Thornton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Provision Holding, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2011

By: /s/ Curt Thornton
Chief Executive Officer, Chairman of the Board,
President and Director
(Principal Executive Officer and Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of Provision Holding, Inc. (the "Company") on Form 10-Q filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Curt Thornton, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 22, 2011

By: /s/ Curt Thornton
Chief Executive Officer, Chairman of the Board,
President and Director
(Principal Executive Officer and Principal Financial Officer)

*A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Provision Holding, Inc. and will be retained by Provision Holding, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.*