UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2018

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission File No. 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)	(IRS Employer Identification No.)

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

Registrant's telephone number, including area code: **(818) 775-1624**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 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 at least 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

There were 163,784,225 shares of the Registrant's $0.001 par value common stock outstanding as of May 21, 2018.

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ITEM 1. FINANCIAL STATEMENTS

PROVISION HOLDING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2018	June 30, 2017
	Unaudited	
ASSETS		
CURRENT ASSETS		
Cash	$ 12	$ 310,749
Accounts receivable	6,700	-
Inventory, net	2,151,290	2,201,759
Prepaid expenses	296,240	196,240
Other current assets	3,000	3,000
TOTAL CURRENT ASSETS	2,457,242	2,711,748
PROPERTY AND EQUIPMENT, net of accumulated depreciation	2,942,749	17,569
INTANGIBLES, net of accumulated amortization	168,357	170,229
TOTAL ASSETS	$ 5,568,348	$ 2,899,546
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 3,680,094	$ 2,753,444
Payroll taxes, interest and penalties	833,777	663,840
Accrued interest	3,128,035	2,557,435
Unearned revenue	-	2,057,607
Warrants and Derivative liability	973,864	408,286
Current portion of convertible debt, net of unamortized debt discount of $468,955 and $660,141 and net of unamortized warrant discount of $6,110 and $79,783 and net of financing costs of $125,561 and $322,229, respectively	8,124,415	7,216,032
Notes payable, net of unamortized debt discount of $-0- and $74,821, respectively	865,000	220,179
Nonconvertible Series B Preferred Stock, related party	10	-
TOTAL CURRENT LIABILITIES	17,605,195	15,876,823
Convertible debt, net of current portion, net of unamortized debt discount of $121,378 and $-0- and net of unamortized share discount of $16,015 and $-0, respectively	12,607	-
TOTAL LIABILITIES	17,617,802	15,876,823
STOCKHOLDERS' DEFICIT		
Preferred stock, par value $0.001 per share Authorized – 4,000,000 shares Designated 1,000 Series A preferred stock, Issued and outstanding – Nil and Nil shares, respectively	-	-
Designated 1,000 Series B preferred stock, Issued and outstanding – 1,000 and Nil shares, respectively	-	-
Common stock, par value $0.001 per share Authorized –400,000,000 shares - issued and outstanding – 152,671,220 and 134,431,613, respectively	152,672	134,432
Common stock to be issued for services and cash, par value $0.001 per share, 2,165,789 and 475,000, respectively	93,000	34,250
Additional paid-in capital	30,736,678	28,987,431
Less receivable for stock	(50,000)	(50,000)
Accumulated deficit	(42,981,804)	(42,083,390)
TOTAL STOCKHOLDERS' DEFICIT	(12,049,454)	(12,977,277)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 5,568,348	$ 2,899,546

See accompanying notes to these unaudited condensed consolidated financial statements

PROVISION HOLDING, INC. AND SUBSIDIARIES
CONDENDSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

	Three Months Ended March,		Nine Months Ended March 31,	
	2018	**2017**	**2018**	**2017**
REVENUES				
Advertising revenues	$ -	$ 185,317	$ -	$ 344,017
Hardware revenues	17,223	-	32,973	110,195
Hardware revenues – related party	-	-	-	1,196,552
Software revenues – related party	-	-	-	66,456
TOTAL REVENUES	17,223	185,317	32,973	1,717,220
COST OF REVENUES	38,858	55,272	294,971	1,896,255
GROSS (LOSS) PROFIT	(21,635)	130,045	(261,998)	(179,035)
EXPENSES				
General and administrative	621,486	833,681	2,317,285	2,350,220
Research and development	31,037	37,934	120,148	257,838
TOTAL OPERATING EXPENSES	652,523	871,615	2,437,433	2,608,058
LOSS FROM OPERATIONS	(674,158)	(741,570)	(2,699,431)	(2,787,093)
OTHER INCOME (EXPENSE)				
Change in fair value of warrant and derivative liability	28,919	(18,584)	189,689	43,834
Debt modification expense	-	-	(40,000)	-
Gain on debt extinguishment	10,267	-	10,267	-
Loss on settlement of debt	-	-	-	(48,000)
Gain on settlement	4,189,808	-	4,189,808	-
Gain on sale of fixed assets	410,605	-	410,605	-
Amortization of debt and warrant discount and financing costs	(795,189)	(690,998)	(2,041,466)	(1,608,708)
Interest expense	(252,922)	(204,120)	(917,886)	(756,442)
TOTAL OTHER INCOME (EXPENSE)	3,591,488	(913,702)	1,801,017	(2,369,316)
INCOME (LOSS) BEFORE INCOME TAXES	2,917,330	(1,655,272)	(898,414)	(5,156,409)
Income tax expense	-	-	-	-
NET INCOME (LOSS)	$ 2,917,330	$ (1,655,272)	$ (898,414)	$ (5,156,409)
NET INCOME (LOSS) PER COMMON SHARE				
Basic and diluted	$ 0.20	$ (0.02)	$ (0.01)	$ (0.05)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic and diluted	146,861,920	106,217,807	141,310,545	99,364,166

See accompanying notes to these unaudited condensed consolidated financial statements

PROVISION HOLDING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED MARCH 31, 2018
UNAUDITED

	Preferred A Stock		Common Stock		Additional Paid-in	Shares to be	Receivable for	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Issued	Stock	Deficit	Deficit
Balance, June 30, 2017	-	$ -	134,431,613	$134,432	$28,987,431	$34,250	$ (50,000)	$ (42,083,390)	$ (12,977,277)
Issuance of common stock on conversion of debt and accrued interest	-	-	8,810,122	8,810	220,600	-	-	-	229,410
Issuance of common stock for services received	-	-	1,879,485	1,880	99,370	8,750	-	-	110,000
Issuance of warrants for services received	-	-	-	-	6,726	-	-	-	6,726
Issuance of common stock for cash, net	-	-	6,200,000	6,200	39,665	50,000		-	95,865
Relative fair value of warrants issued with stock for cash	-	-	-	-	164,135	-	-	-	164,135
Relative fair value of warrants issued with promissory note	-	-	-	-	258,250	-	-	-	258,250
Issuance of options for services received	-	-	-	-	554,184	-	-	-	554,184
Issuance of common stock for finance fees	-	-	1,350,000	1,350	66,150	-	-	-	67,500
Derivative liability reclass to additional paid in capital upon notes conversion	-	-	-	-	120,495	-	-	-	120,495
Derivative liability reclass to additional paid in capital upon notes repayment	-	-	-	-	219,672	-	-	-	219,672
Net loss for the nine months ended March 31, 2018	-	-	-	-	-	-	-	(898,414)	(898,414)
Balance, March 31, 2018	-	$ -	152,671,220	$152,672	$30,736,678	$93,000	$ (50,000)	$ (42,981,804)	$ (12,049,454)

See accompanying notes to these unaudited condensed consolidated financial statements

PROVISION HOLDING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

	Nine Months Ended March 31, 2018	Nine Months Ended March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (898,414)	$ (5,156,409)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on the sale of fixed assets	(410,605)	-
Gain on settlement	(4,189,808)	-
Gain on debt extinguishment	(10,267)	-
Non-cash compensation	110,000	424,390
Loss on debt settlement	-	48,000
Debt modification expense	40,000	-
Depreciation expense	36,640	6,875
Inventory reserve	130,000	-
Amortization	1,872	1,872
Amortization of prepaid financing cost	327,729	622,329
Amortization of prepaid expenses	-	396,529
Amortization of debt discount	1,258,647	669,136
Amortization of warrant discount	95,433	212,910
Fair value of options expense	554,184	4,496
Fair value of warrants expense	530	30,626
Change in the fair value of warrant and derivative liability	(189,689)	(43,834)
Non-cash interest expense	359,657	104,334
Non-cash interest expenses paid by promissory noteholder on behalf of the Company	87,485	-
Changes in operating assets and liabilities:		
Accounts receivable	(6,700)	(12,000)
Inventory	(498,545)	1,307,377
Prepaid expenses	(100,000)	-
Accounts payable and accrued liabilities	991,650	(188,771)
Preferred stock liability	10	(100)
Payroll taxes, interest and penalties	169,937	32,110
Accrued interest	588,221	234,520
Unearned revenue	-	(1,362,009)
NET CASH USED IN OPERATING ACTIVITIES	(1,552,033)	(2,667,619)
CASH FLOWS FROM INVESTING ACTIVITIES:		
NET CASH USED IN INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes payable, net of fees	882,801	355,000
Payments on debt settlement	-	(16,795)
Payments on promissory notes	(5,000)	61,500
Proceeds from promissory notes, net of fees	103,495	-
Proceeds from the sale of common stock, net of fees	260,000	730,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	1,241,296	1,129,705
NET DECREASE IN CASH AND CASH EQUIVALENTS	(310,737)	(1,537,914)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	310,749	2,175,543
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 12	$ 637,629

See accompanying notes to these unaudited condensed consolidated financial statements

PROVISION HOLDING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED
UNAUDITED

	Nine Months Ended March 31,			
		2018		2017
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid	$	146,232	$	521,923
Taxes paid	$	-	$	-
SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Issuance of shares of common stock for debt and accrued interest conversion	$	229,410	$	1,555,581
Fair value of warrant issued for debt discount and deferred financing cost	$	264,446	$	-
Common stock to be issued now issued	$	26,250	$	254,166
Derivative liability reclass into additional paid in capital upon notes conversion	$	120,495	$	125,710
Payment of promissory note with issuance of promissory note	$	500,000	$	-
Derivative liability reclass into additional paid in capital upon notes repayment	$	219,672	$	-
Initial warrant and derivative liability and debt discount at the issuance of notes	$	735,755	$	409,240
Debt discount on promissory note issuance	$	50,000	$	61,500
Convertible note reclassified into promissory notes	$	15,000	$	-
Proceeds from promissory notes directly paid to convertible notes, accrued payable and expenses on behalf of the Company	$	329,020	$	-
Proceeds from convertible notes directly paid to accounts payable and expenses on behalf of the Company	$	76,000	$	-
Debt discount on modified convertible note	$	80,000	$	-
Shares issued in conjunction with convertible note issuance accounted as debt discount on shares	$	17,500	$	-
Shares issued in conjunction with cashless warrant exercise	$	-	$	159

See accompanying notes to these unaudited condensed consolidated financial statements

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION

Business Description and Presentation

Provision Holding, Inc. ("Provision" or the "Company") 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 retail 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.

Corporate History

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.

Going Concern and Management Plans

These consolidated 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 had accumulated deficit at March 31, 2018 of $42,981,804. The Company has negative working capital of $15,147,953 as of March 31, 2018. Additionally, the Company has approximately $9,590,041 convertible debt and promissory notes currently due. 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.

Basis of presentation

Throughout this report, the terms "we", "us", "ours", "Provision" and "company" refer to Provision Holding, Inc., including its wholly-owned subsidiary. The condensed consolidated balance sheet presented as of June 30, 2017 has been derived from the Company's audited consolidated financial statements. The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission, (instructions to Form 10-Q and Article 8 of Regulation S-X). Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been omitted pursuant to those rules and regulations, but we believe that the disclosures are adequate to make the information presented not misleading. The unaudited condensed consolidated financial statements and notes included herein should be read in conjunction with the annual financial statements and notes for the fiscal year ended June 30, 2017 included in Provision's Annual Report on Form 10-K filed with the SEC on October 13, 2017. In the opinion of management, all adjustments, consisting of normal, recurring adjustments and disclosures necessary for a fair presentation of these interim statements have been included. The results of operations for the three and nine months ended March 31, 2018 are not necessarily indicative of the results for the fiscal year ending June 30, 2018.

Principles of Consolidation and Reporting

The condensed 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.

There have been no significant changes in the Company's significant accounting policies during the three and nine months ended March 31, 2018 compared to what was previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017.

Basis of comparison

Certain prior-period amounts have been reclassified to conform to the current period presentation. None of the reclassification had an impact on net loss or shareholder equity.

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.

Management makes estimates that affect certain accounts including, deferred income tax assets, estimated useful lives of property and equipment, accrued expenses, fair value of equity instruments and reserves for any other commitments or contingencies. Any adjustments applied to estimates are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents

The Company considers all highly liquid investments, with an original maturity of three months or less when purchased, to be cash equivalents. As March 31, 2018 and June 30, 2017, the Company's cash and cash equivalents were on deposit in federally insured financial institutions, and at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable are not collateralized and interest is not accrued on past due accounts. Periodically, management reviews the adequacy of its provision for doubtful accounts based on historical bad debt expense results and current economic conditions using factors based on the aging of its accounts receivable. After management has exhausted all collection efforts, management writes off receivables and the related reserve. Additionally, the Company may identify additional allowance requirements based on indications that a specific customer may be experiencing financial difficulties. Actual bad debt results could differ materially from these estimates.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market. The Company periodically reviews its inventories for indications of slow movement and obsolescence and records an allowance when it is deemed necessary.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Long-lived tangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on estimated fair values if the sum of expected future undiscounted cash flows of the related assets is less than their carrying values.

Intangibles

Intangibles represent primarily costs incurred in connection with patent applications. Such costs are amortized using the straight-line method over the useful life of the patent once issued, or expensed immediately if any specific application is unsuccessful.

Revenue Recognition

The Company recognizes gross sales when persuasive evidence of an arrangement exists, title transfer has occurred, the price is fixed or readily determinable, and collection is probable. It recognizes revenue in accordance with Accounting Standards Codification ("ASC") 605, Revenue Recognition ("ASC 605"). Revenue from licensing, distribution and marketing agreements is recognized over the term of the contract. Revenue from the sale of hardware is recognized when the product is complete and the buyer has accepted delivery. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

Cost of Revenue

Cost of revenue in respect to sale of hardware consists of costs associated with manufacturing of 3D displays, Kiosk machine, transportation, and other costs that are directly related to a revenue-generating. Such expenses are classified as cost of revenue in the corresponding period in which the revenue is recognized in the accompanying income statement.

Depreciation and Amortization

The Company depreciates its property and equipment using the straight-line method with estimated useful lives from three to seven years. For federal income tax purposes, depreciation is computed using an accelerated method.

The Company amortizes is intangible assets using the straight-line method with estimated useful lives of 80 years. For federal income tax purposes, amortization is computed using the straight-line method.

Shipping and Handling Costs

The Company's policy is to classify shipping and handling costs as a component of Costs of Revenues in the Statement of Operations.

Unearned Revenue

The Company bills customers in advance for certain of its services. If the customer makes payment before the service is rendered to the customer, the Company records the payment in a liability account entitled customer prepayments and recognizes the revenue related to the services when the customer receives and utilizes that service, at which time the earnings process is complete. The Company recorded $-0- and $2,057,607 as of March 31, 2018 and June 30, 2017, respectively as unearned revenue.

Significant Customers

During the three months ended March 31, 2018, the Company had two customers which accounting for more than 10% of the Company's revenues (58% and 39%). During the nine months ended March 31, 2018, the Company had four customers which accounted for more than 10% of the Company's revenues (36%, 30%, 20% and 10%). During the three months ended March 31, 2017, the Company had one customer which accounting for more than 10% of the Company's revenues (94%). During the nine months ended March 31, 2017, the Company had two customers which accounted for more than 10% of the Company's revenues (74% and 19%). As of March 31, 2018, the Company had one customer which represented 100% of the accounts receivable balance. As of June 30, 2017, the Company had no accounts receivable balance.

Research and Development Costs

The Company charges all research and development costs to expense when incurred. Manufacturing costs associated with the development of a new process or a new product are expensed until such times as these processes or products are proven through final testing and initial acceptance by the customer.

For the three and nine months ended March 31, 2018 and 2017, the Company incurred $31,037 and $120,148, and $37,934 and $257,838 respectively for research and development expense which are included in the consolidated statements of operations.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2018 and June 30, 2017. 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.

The following table provides a summary of the carrying value of the Company's Convertible Promissory Notes, as of March 31, 2018:

Balance at June 30, 2017	$ 7,216,032
Issuance of notes – net of financing costs	882,801
Extension of notes, increase in principal of $80,000 net of debt discount of $80,000	-
Payments on convertible notes payable by promissory holders	(283,500)
Re-class convertible note to notes payable	(15,000)
Gain on debt extinguishment	(10,267)
Payments of accounts payable from note proceeds	30,000
Debt discount on convertible notes due to beneficial conversion feature	(715,501)
Debt discount on convertible notes due to warrants	(20,275)
Debt discount on convertible notes due to shares issued	(17,500)
Accretion of debt and warrant discount and share discount and prepaid financing costs	1,298,738
Issuance of warrants for financing cost	(6,196)
Issuance of shares of common stock for convertible debt	(222,310)
Balance March 31, 2018	$ 8,137,022

There is no active market for the debt and the fair value was based on the delayed payment terms, the warrants issued as consideration of the debt issuance, the interest rate and the common stock issued as consideration of the debt issuance in addition to other facts and circumstances at the end of March 31, 2018 and June 30, 2017. The Company recognized a gain on the valuation of debt during the three and nine months ended March 31, 2018 and 2017 of $10,267 and $10,267, respectively, related to the debt extinguishment.

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	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Warrants and Derivative liability – March 31, 2018	$ 973,864	$ -	$ -	$ 973,864
Derivative liability – June 30, 2017	$ 408,286	$ -	$ -	$ 408,286

Derivative Financial Instruments

The Company evaluates our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses the Black-Scholes-Merton pricing model to value the derivative instruments. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Certain of the Company's embedded conversion features on debt and outstanding warrants are treated as derivative liabilities for accounting purposes under ASC 815 due to insufficient authorized shares to settle these outstanding contracts, or due to other rights connected with these contracts, such as registration rights. In the case of insufficient authorized share capital available to fully settle outstanding contracts, the Company utilizes the latest maturity date sequencing method to reclassify outstanding contracts as derivative instruments. These contracts are recognized currently in earnings until such time as the warrants are exercised, expire, the related rights have been waived and/or the authorized share capital has been amended to accommodate settlement of these contracts. These instruments do not trade in an active securities market.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company estimates the fair value of these instruments using the Black-Scholes option pricing model and the intrinsic value if the convertible notes are due on demand.

We have determined that certain convertible debt instruments outstanding as of the date of these financial statements include an exercise price "reset" adjustment that qualifies as derivative financial instruments under the provisions of ASC 815-40, Derivatives and Hedging - Contracts in an Entity's Own Stock ("ASC 815-40"). Certain of the convertible debentures have a variable exercise price, thus are convertible into an indeterminate number of shares for which we cannot determine if we have sufficient authorized shares to settle the transaction with. Accordingly, the embedded conversion option is a derivative liability and is marked to market through earnings at the end of each reporting period. Any change in fair value during the period recorded in earnings as "Other income (expense) - gain (loss) on change in derivative liabilities."

The following table represents the Company's derivative liability activity for the period ended:

Balance at June 30, 2017	$ 408,286
Derivative liability reclass into additional paid in capital upon notes conversion	(120,495)
Derivative liability reclass into additional paid in capital upon notes repayment	(219,672)
Warrants and Derivative liability on new debt issuance	1,095,434
Change in fair value of warrants and derivative liability	(189,689)
Balance March 31, 2018	$ 973,864

Commitments and Contingencies:

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations, environment liability and tax matters. An accrual for a loss contingency is recognized when it is probable that an asset had been impaired or a liability had been incurred and the amount of loss can be reasonably estimated.

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 March 31, 2018, the Company had debt instruments, options and warrants outstanding that can potentially be converted into approximately 193,847,586 shares of common stock.

Anti-dilutive securities not included in diluted loss per share relating to:	
Warrants outstanding	2,363,553
Convertible debt and notes payable including accrued interest	61,713,891

Material Equity Instruments

The Company evaluates stock options, stock warrants and other contracts (convertible promissory note payable) to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for under the relevant sections of *ASC 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity ("ASC 815").* The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative financial instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or other expense. Upon conversion or exercise of a derivative financial instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC 815 are reclassified to a liability account at the fair value of the instrument on the reclassification date.

Certain of the Company's embedded conversion features on debt and outstanding warrants are treated as derivative liabilities for accounting purposes under ASC 815-40 due to insufficient authorized shares to settle these outstanding contracts. Pursuant to SEC staff guidance that permits a sequencing approach based on the use of ASC 840-15-25 which provides guidance for contracts that permit partial net share settlement. The sequencing approach may be applied in one of two ways: contracts may be evaluated based on (1) earliest issuance date or (2) latest maturity date. In the case of insufficient authorized share capital available to fully settle outstanding contracts, the Company utilizes the earliest maturity date sequencing method to reclassify outstanding contracts as derivative instruments. These contracts are recognized currently in earnings until such time as the convertible notes or warrants are exercised, expire, the related rights have been waived and/or the authorized share capital has been amended to accommodate settlement of these contracts. These instruments do not trade in an active securities market.

Recent Accounting Pronouncements

In September 2017, the FASB issued ASU 2017-13, Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842). The effective date for ASU 2017-13 is for fiscal years beginning after December 15, 2018. Management has evaluated the impact of adopting ASU 2017-13 and does not anticipate significant changes.

In January 2016, the FASB issued an accounting standard update which requires, among other things, that entities measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value, with changes in fair value recognized in earnings. Under the standard, entities will no longer be able to recognize unrealized holding gains and losses on equity securities classified today as available for sale as a component of other comprehensive income. For equity investments without readily determinable fair values the cost method of accounting is also eliminated, however subject to certain exceptions, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment and plus or minus adjustments for observable price changes, with all such changes recognized in earnings. This new standard does not change the guidance for classifying and measuring investments in debt securities and loans. The standard is effective for us on July 1, 2018 (the first quarter of our 2019 fiscal year). The Company is currently evaluating the anticipated impact of this standard on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease, with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For public companies, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of adopting ASU No. 2016-02 on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* that clarifies how to apply revenue recognition guidance related to whether an entity is a principal or an agent. ASU 2016-08 clarifies that the analysis must focus on whether the entity has control of the goods or services before they are transferred to the customer and provides additional guidance about how to apply the control principle when services are provided and when goods or services are combined with other goods or services. The effective date for ASU 2016-08 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company has not yet determined the impact of ASU 2016-08 on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation, or ASU No. 2016-09. The areas for simplification in this Update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, the amendments in this Update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. Amendments related to the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement should be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term should be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. We are currently evaluating the impact of adopting ASU No. 2016-09 on our consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which provides further guidance on identifying performance obligations and improves the operability and understandability of licensing implementation guidance. The effective date for ASU 2016-10 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company has not yet determined the impact of ASU 2016-10 on its consolidated financial statements.

In June 2016, the FASB Issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients" and clarifies the objective of the collectability criterion, presentation of taxes collected from customers, non-cash consideration, contract modifications at transition, completed contracts at transition and how guidance in Topic 606 is retrospectively applied. The amendments do not change the core principle of the guidance in Topic 606. The effective dates are the same as those for Topic 606. The Company has not yet determined the impact of ASU 2016-12 on its consolidated financial statements.

There have been four new ASUs issued amending certain aspects of ASU 2014-09, ASU 2016-08, "Principal versus Agent Considerations (Reporting Revenue Gross Versus Net)" was issued in March 2016 to clarify certain aspects of the principal versus agent guidance in ASU 2014-09. In addition, ASU 2016-10, "Identifying Performance Obligations and Licensing," issued in April 2016, amends other sections of ASU 2014-09 including clarifying guidance related to identifying performance obligations and licensing implementation. ASU 2016-12, "Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients" provides amendments and practical expedients to the guidance in ASU 2014-09 in the areas of assessing collectability, presentation of sales taxes received from customers, noncash consideration, contract modification and clarification of using the full retrospective approach to adopt ASU 2014-09. Finally, ASU 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers" was issued in December 2016, and provides elections regarding the disclosures required for remaining performance obligations in certain cases and also makes other technical corrections and improvements to the standard. With its evaluation of the impact of ASU 2014-09, the Company will also consider the impact on its financial statements related to the updated guidance provided by these four new ASUs.

In January 2017, the FASB issued ASU 2017-04 which removes Step 2 from the goodwill impairment test. It is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted for an interim or annual goodwill impairment test performed with a measurement date after January 1, 2017. The Company does not anticpate any material impact from the adoption of ASU 2017-04 on its results of operations, statement of financial position or financial statement disclosures.

In May 2017, the FASB issued ASU No. 2017-09 "Compensation-Stock Compensation (Topic 718) Scope of Modification Accounting (ASU 2017-09)." ASU 2017-09 clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The standard is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of its adoption of this standard on its financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception". ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity's own stock. As a result, financial instruments (or embedded conversion features) with down round features may no longer be required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to common shareholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The guidance in ASU 2017-11 can be applied using a full or modified retrospective approach. The Company has not yet determined the effect that ASU 2017-11 will have on its results of operations, statement of financial position or financial statement disclosures.

FASB ASU 2014-12, "Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. This update did not have a significant impact upon early adoption.

FASB ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not have any significant impact upon adoption.

FASB ASU 2015-11, "Simplifying the Measurement of Inventory" was issued in July 2015. This requires entities to measure most inventory "at the lower of cost and net realizable value," thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. The ASU will not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. For public business entities, the ASU is effective prospectively for annual periods beginning after December 15, 2016, and interim periods therein. Upon transition, entities must disclose the nature of and reason for the accounting change. The Company does not anticipate a significant impact upon adoption.

FASB ASU No. 2015-15, Interest—Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements" was issued in August 2015 which permits an entity to report deferred debt issuance costs associated with a line-of-credit arrangement as an asset and to amortize such costs over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings under the credit line. The ASU applies to all entities and is effective for public business entities for annual periods beginning after December 15, 2015, and interim periods thereafter, with early adoption permitted. The guidance should be applied on a retrospective basis. The Company did not have any significant impact upon adoption.

FASB ASU 2015-17, "Income Taxes Balance Sheet Classification of Deferred Taxes" was issued in November 2015. This requires entities to classify deferred tax liabilities and assets as noncurrent in a classified statement of financial position and applies to all entities that present a classified statement of financial position. For public entities, this update is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326)" was issued in June 2016. This ASU amends the Board's guidance on the impairment of financial instruments. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. This ASU is effective for fiscal years beginning after December 15, 2019. Early adoption will be permitted. The Company does not anticipate a significant impact upon adoption.

NOTE 2 INVENTORY

Inventory consists of raw materials; work in process and finished goods. The Company's inventory is stated at the lower of cost or market on a First-in-First out basis.

The carrying value of inventory consisted of the following:

	March 31, 2018	June 30, 2017
Raw materials	$ 259,326	$ 30,227
Finished goods	2,179,329	2,328,897
	2,438,655	2,359,124
Less Inventory reserve	(287,365)	(157,365)
Total	$ 2,151,290	$ 2,201,759

During the nine months ended March 31, 2018, the inventory reserve increased $130,000. During the year ended June 30, 2017, the inventory reserve remained unchanged.

On February 21, 2018, the Company received inventory valued at $42,527 in consideration of the full and final settlement of all claims and counterclaims DB transferred, assigned and conveyed the entirety of its membership interest in ProDava 3D, together with all obligations and liabilities of its as a member of ProDava 3D, to the Company (see Note 12).

NOTE 3 PREPAID EXPENSES

The Company prepaid certain expenses related to software licensing fees and investor related fees. At March 31, 2018 and June 30, 2017, $296,240 and $196,240, respectively, of these expenses remains to be amortized over the useful life through December 29, 2020.

NOTE 4 PROPERTY and EQUIPMENT, net

Property and equipment consists of the following:

	March 31, 2018	June 30, 2017
Equipment on location	$ 2,961,820	$ -
Furniture and fixtures	12,492	12,492
Computer equipment	39,180	39,180
Equipment	4,493	4,493
	3,017,985	56,165
Less accumulated depreciation	(75,236)	(38,596)
Total	$ 2,942,749	$ 17,569

The aggregate depreciation charge to operations was $32,057 and $2,292 and $36,640 and $6,875 for three and nine months ended March 31, 2018 and 2017, respectively. The depreciation policies followed by the Company are described in Note 1.

On February 21, 2018, the Company received 659 kiosk units valued at $2,890,674 as the result of the settlement and release agreement. See Note 12.

During the nine months ended March 31, 2018, the Company sold 89 kiosk units, valued at $390,395 for $801,000 and recognized a gain on the sale of fixed assets in the amount of $410,605.

NOTE 5 PREPAID FINANCING COSTS

The Company pays financing costs to consultants and service providers related to certain financing transactions. The financing costs are then amortized over the respective life of the financing agreements. As such, the Company has unamortized prepaid financing costs of $125,561 and $322,229 at March 31, 2018 and June 30, 2017, respectively. Prepaid financing costs are presented with the net convertible debt as appropriate.

The aggregate amortization of prepaid financing cost charged to operations was $83,838 and $209,958 and $327,729 and $622,328 for three and nine months period ended March 31, 2018 and 2017, respectively.

NOTE 6 INTANGIBLES, net of accumulated amortization

Intangibles consist of the following:

	March 31, 2018	June 30, 2017
Patents in process	$ 142,116	$ 142,116
Patents issued	58,037	58,037
	200,153	200,153
Less accumulated amortization	(31,796)	(29,924)
Total	$ 168,357	$ 170,229

The aggregate amortization expense charged to operations was $624 and $624 and $1,872 and $1,872 for three and nine months ended March 31, 2018 and 2017, respectively. The amortization policies followed by the Company are described in Note 1.

As of March 31, the estimated future amortization expense related to finite-lived intangible assets was as follows:

Fiscal year ending,	
June 30, 2018 (remaining months)	$ 624
June 30, 2019	2,496
June 30, 2020	2,496
June 30, 2021	2,496
June 30, 2022	2,496
Thereafter	157,749
Total	$ 168,357

NOTE 7 CONVERTIBLE DEBT

Convertible debt consists of the following:

	March 31, 2018	June 30, 2017
Convertible notes payable, annual interest rate of 10% to 12%, due dates range from May 2010 to December 2020 and convertible into common stock at a rate of $0.04 to $1.00 per share. (a) (b) (c).	$ 8,125,041	$ 7,528,185
Convertible note payable, annual interest rate of 10%, convertible into common stock at a rate of $1.00 per share and due July 2017. The note is in default.	750,000	750,000
Unamortized prepaid financing costs	(125,561)	(322,229)
Unamortized warrants discount to notes	(6,110)	(79,783)
Unamortized share discount to notes	(16,015)	-
Unamortized debt discount	(590,333)	(660,141)
	8,137,022	7,216,032
Less current portion	(8,124,415)	(7,216,032)
Convertible debt, net of current portion and debt discount	$ 12,607	$ -

(a) Out of above, $8,725,041 of these notes are in default

(b) On August 29, 2017, the Company, The collateral agent (“Collateral Agent”) for the holders (the “Noteholders”) of the 12% Series A Senior Secured Convertible Promissory Notes (the “Notes”); and Alexander Capital, L.P., representative for the Noteholders entered into the settlement agreement. WHEREAS, the Noteholders hold $4,887,800 in Notes, secured by the assets of the Company and convertible into shares of the Company’s Common Stock at a conversion price of $0.10 per share, with due dates from August 28, 2017 to May 11, 2018 and the Company desires an extension of the Notes.

(c) Out of above, $269,356 is valued at fair value

All Notes shall be extended for one year by Alexander Capital L.P. as they come due. If Notes are extended for one year, the extended Notes shall be on the same terms as the original Notes. The principal balance of each Note, however, shall be increased by 20%. For any Note that is extended for one year, Alexander Capital L.P. shall receive a 10% corporate structuring fee on the original Note principal balance less any Initial Payments received by Alexander Capital L.P. No additional compensation shall be requested by the Collateral Agent for the Noteholders or by Alexander Capital, L.P. for any future extensions beyond one year.

As of March 31, 2018, only $400,000 of notes have been extended and no others. The Company determined this settlement as a debt modification and was accounted $80,000 as a debt discount on modified convertible debt. The Company recorded $19,726 and $-0- and $43,178 and $-0- as amortization of debt discount for the three and nine months ended March 31, 2018 and 2017, respectively, as per the effective interest rate method. The Company recorded $14,023 and $-0- and $31,088 and $-0- as interest expense for the three and nine months ended March 31, 2018 and 2017, respectively, as per the effective interest rate method.

The Company is not paying a fee unless notes are extended. During the three and nine months ended March 31, 2018, the Company paid $0 and $40,000 fee and accounted as debt modification expenses.

During the three and nine months ended March 31, 2018 holders of the Notes converted $129,410 and $100,000 into 5,814,153 and 8,810,122 shares of the Company’s common stock. The determined fair value of the debt derivatives of $45,017 and $120,495 was reclassified into equity during the three and nine months ended March 31, 2018.

During the three and nine months ended March 31, 2018, the Company repaid $-0- and $283,500 of principal to holders of the Notes. The determined fair value of the debt derivatives of $45,017 and $219,672 was reclassified into equity during the three and nine months ended March 31, 2018.

The Company entered into a convertible promissory note (the "Note") on July 20, 2017 to obtain funding for working capital purposes. The Note is issued as a convertible promissory note in the principal amount of $50,000 (the "Note"). The principal amount under the Note accrues interest at a rate of 12% per annum and is due on July 20, 2018. The conversion price of the common stock into which the principal amount, or the then outstanding interest due thereon, of this note is convertible shall be the lesser of (i) $0.06 per share or (ii) 70% of the price per share of the Company's next equity or convertible debt issuance greater than $250,000. The note holder also received a warrant to purchase the Company's common stock equal to 50% of the shares of common stock issuable upon conversion of the note with the exercise price per share of common stock of the lesser of $0.06 per share or 70% of the price per share of the Company's next equity or convertible debt issuance greater than $250,000. The Company valued the debt discount due to the beneficial conversion feature at $29,725. The Company valued the debt discount due to the warrants at $20,275.

On October 26, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $128,000. The principal amount under the Note accrues interest at a rate of 12% per annum and is due on July 30, 2018. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion. The Note accrues interest at a rate of 12% per annum and matures on July 30, 2018.

On November 22, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $150,000. The principal amount under the Note accrues interest at a rate of 10% per annum and is due on December 22, 2018. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading prices during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on December 22, 2018.

On December 11, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $53,000. The principal amount under the Note accrues interest at a rate of 12% per annum and is due on September 20, 2018. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion. The Note accrues interest at a rate of 12% per annum and matures on September 20, 2018.

On December 29, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $150,000. The principal amount under the Note accrues interest at a rate of 0% per annum and is due on December 29, 20120 The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible at the following price: (i) if no Event of Default (as defined herein) has occurred and the date of conversion is prior to the date that is one hundred eighty (180) days after the Issuance Date, $0.05, or (ii) if an Event of Default has occurred or the date of conversion is on or after the date that is one hundred eighty (180) days after the Issuance Date, the lesser of (a) $0.05 or (b) Sixty Five percent (65%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of the date of conversion of the Debentures (provided, further, that if either the Company is not DWAC Operational at the time of conversion or the Common Stock is traded on the OTC Pink ("OTCP") at the time of conversion, then Sixty Five percent (65%) shall automatically adjust to Sixty percent (60%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of conversion of the Debentures). The Note accrues interest at a rate of 0% per annum and matures on December 29, 2020.

On December 12, 2017, the Company entered into agreements, effective January 8, 2018, with an investor pursuant to which the Company reissued convertible promissory notes ("Reissued Notes") from selling investors in the principal amount of for up to $150,000. Such Reissued Notes are convertible into shares of common stock at an initial conversion price subject to adjustment. The conversion price is the 70% of the current fair market price and accrues interest at a rate of 5% per annum and matures on December 12, 2018.

The term of the Reissued Notes agree with the Notes as the Reissued Notes would not have been issued without, and were contingent upon, the Company receiving the Principal. Otherwise, there would have been no business reason for the Company to enter into any agreement for the Reissued Notes. As such, no rights for the Reissued Notes were granted to the lenders that forwarded the Principal to the Company until January 8, 2018. As a result, there were no conversions, nor could there be any conversions until January 8, 2018. Since the Reissued Notes, nor the rights to the Reissued Notes, were not transferred until January 8, 2018, the effective dates for the Reissued Notes shall be January 8, 2018.

The Company determined this settlement as a debt extinguishment and recognized a $10,267 gain on debt extinguishment. The Company recorded $40,972 and $-0- and $-0- and $-0- as the change in the fair value during the three and nine months ended March 31, 2018 and 2017, respectively.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company's common stock at a discount to market. The fair value of the warrants is $10,271.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company's common stock at a discount to market. The fair value of the warrants is $10,271

On January 30, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $65,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the lowest trading prices during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on January 30, 2019.

On February 13, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $200,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 65% of the lowest trading prices during the period of twenty days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on February 13, 2019.

For the three and nine months ended March 31, 2018 and 2017, $6,268 and $70,970 and $93,948 and $212,910 were expensed in the statement of operation as amortization of warrant discount and shown as interest expenses, respectively. For the three and nine months ended March 31, 2018 and 2017, $336,205 and $243,674 and $858,452 and $669,136 was amortized of debt discount and shown as interest expenses, respectively.

The aggregate amortization of prepaid financing cost charged to operations was $83,838 and $209,959 and $327,729 and $622,329 for the three and nine months ended March 31, 2018 and 2017, respectively.

Accrued and unpaid interest for convertible notes payable at March 31, 2018 and June 30, 2017 was $2,141,957 and $1,678,992, respectively.

For the three and nine months ended March 31, 2018, $270,084 and $273,071 and $725,316 and $723,567, was charged as interest on debt and shown as interest expenses, respectively.

NOTE 8 DERIVATE LIABILITY

On February 7, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of for up to $158,500. The Note is convertible into shares of common stock at an initial conversion price subject to adjustment as contained in the Note. The Conversion Price is the 61% of the average closing price of the prior ten days. The Note accrues interest at a rate of 12% per annum and matures on November 12, 2017.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $158,670 was allocated as a debt discount $101,336 was determined using intrinsic value with the remainder $57,334 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	149%,
(3) risk-free interest rate of	0.79%,
(4) expected life of	9 months
(5) fair value of the Company’s common stock of	$0.09 per share.

On August 8, 2017, the holder converted the principal of $50,000 into 1,428,571 shares of the Company’ common stock. On August 18, 2017, the holder converted the principal of $50,000 into 1,567,398 shares of the Company’ common stock. On August 31, 2017, the Company paid the remaining principal of $58,500.

On March 2, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of for up to $225,000. The Note is convertible into shares of common stock at an initial conversion price subject to adjustment as contained in the Note. The Conversion Price is the 60% of the average of the lowest three intra-day trading prices in the twenty days immediately preceding the applicable conversion. The Note accrues interest at a rate of 0% per annum and matures on September 2, 2017.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $250,570 was allocated as a debt discount $203,571 was determined using intrinsic value with the remainder $46,999 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	134%,
(3) risk-free interest rate of	0.84%,
(4) expected life of	6 months
(5) fair value of the Company’s common stock of	$0.08 per share.

On August 31, 2017, the Company paid the principal of $225,000.

On July 20, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $50,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible shall be the lesser of (i) $0.06 per share or (ii) 70% of the price per share of the Company’s next equity or convertible debt issuance greater than $250,000. The Note accrues interest at a rate of 12% per annum and matures on July 20, 2017.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $69,389 was allocated as a debt discount due to the beneficial conversion feature $29,725 and a debt discount due to the warrants $20,275 and was determined using intrinsic value with the remainder $19,389 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	130%,
(3) risk-free interest rate of	1.22%,
(4) expected life of	12 months
(5) fair value of the Company's common stock of	$0.06 per share.

On October 26, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $128,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion. The Note accrues interest at a rate of 12% per annum and matures on July 30, 2018.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $123,588 was allocated as a debt discount due to the beneficial conversion feature $81,836 and was determined using intrinsic value with the remainder $41,752 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	138%,
(3) risk-free interest rate of	1.43%,
(4) expected life of	9 months
(5) fair value of the Company's common stock of	$0.05 per share.

On November 22, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $150,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading prices during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on December 22, 2018.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $129,673 was allocated as a debt discount due to the beneficial conversion feature $117,857 and was determined using intrinsic value with the remainder $11,816 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	135%,
(3) risk-free interest rate of	1.61%,
(4) expected life of	13 months
(5) fair value of the Company's common stock of	$0.05 per share.

On December 11, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $53,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion. The Note accrues interest at a rate of 12% per annum and matures on September 20, 2018.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $70,045 was allocated as a debt discount due to the beneficial conversion feature $53,000 and was determined using intrinsic value with the remainder $17,045 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	137%,
(3) risk-free interest rate of	1.69%,
(4) expected life of	9 months
(5) fair value of the Company's common stock of	$0.05 per share.

On December 29, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $150,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible at the following price: (i) if no Event of Default (as defined herein) has occurred and the date of conversion is prior to the date that is one hundred eighty (180) days after the Issuance Date, $0.05, or (ii) if an Event of Default has occurred or the date of conversion is on or after the date that is one hundred eighty (180) days after the Issuance Date, the lesser of (a) $0.05 or (b) Sixty Five percent (65%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of the date of conversion of the Debentures (provided, further, that if either the Company is not DWAC Operational at the time of conversion or the Common Stock is traded on the OTC Pink ("OTCP") at the time of conversion, then Sixty Five percent (65%) shall automatically adjust to Sixty percent (60%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of conversion of the Debentures). The Note accrues interest at a rate of 0% per annum and matures on December 29, 2020.

In conjunction with above note, the holder received 350,000 shares as well. The fair value of shares considered $17,500 and accounted as a debt discount due to shares issued.

Further, due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $260,160 was allocated as a debt discount due to the beneficial conversion feature $132,500 and was determined using intrinsic value with the remainder $127,660 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	131%,
(3) risk-free interest rate of	1.98%,
(4) expected life of	36 months
(5) fair value of the Company's common stock of	$0.05 per share.

On December 12, 2017, the Company entered into agreements, effective January 8, 2018, with an investor pursuant to which the Company reissued convertible promissory notes ("Reissued Notes") from selling investors in the principal amount of for up to $150,000. Such Reissued Notes are convertible into shares of common stock at an initial conversion price subject to adjustment. The conversion price is the 70% of the current fair market price and accrues interest at a rate of 5% per annum and matures on December 12, 2018.

The term of the Reissued Notes agree with the Notes as the Reissued Notes would not have been issued without, and were contingent upon, the Company receiving the Principal. Otherwise, there would have been no business reason for the Company to enter into any agreement for the Reissued Notes. As such, no rights for the Reissued Notes were granted to the lenders that forwarded the Principal to the Company until January 8, 2018. As a result, there were no conversions, nor could there be any conversions until January 8, 2018. Since the Reissued Notes, nor the rights to the Reissued Notes, were not transferred until January 8, 2018, the effective dates for the Reissued Notes shall be January 8, 2018.

The initial fair value of the embedded debt derivative of $64,286 was allocated as a debt discount due to the beneficial conversion feature $74,553 and was determined using intrinsic value with the remainder $10,267 charged to current period operations as gain on debt extinguishment. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	146%,
(3) risk-free interest rate of	2.09%,
(4) expected life of	12 months
(5) fair value of the Company's common stock of	$0.05 per share.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company's common stock at a discount to market. The fair value of the warrants is $10,271

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $51,785 was allocated as a debt discount due to the beneficial conversion feature $43,514 and was determined using intrinsic value with the remainder $8,271 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	130%,
(3) risk-free interest rate of	1.79%,
(4) expected life of	12 months
(5) fair value of the Company's common stock of	$0.05 per share.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company's common stock at a discount to market. The fair value of the warrants is $10,271

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $51,785 was allocated as a debt discount due to the beneficial conversion feature $43,514 and was determined using intrinsic value with the remainder $8,271 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	130%,
(3) risk-free interest rate of	1.79%,
(4) expected life of	12 months
(5) fair value of the Company's common stock of	$0.05 per share.

On January 30, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $65,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the lowest trading prices during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on January 30, 2019.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $66,879 was allocated as a debt discount due to the beneficial conversion feature $41,557 and was determined using intrinsic value with the remainder $25,322 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	136%,
(3) risk-free interest rate of	1.88%,
(4) expected life of	12 months
(5) fair value of the Company's common stock of	$0.04 per share.

On February 13, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $200,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 65% of the lowest trading prices during the period of twenty days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on February 13, 2019.

Due to the variable conversion price associated with this convertible promissory note, the Company has determined that the conversion feature is considered a derivative liability. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date.

The initial fair value of the embedded debt derivative of $187,301 was allocated as a debt discount due to the beneficial conversion feature $107,692 and was determined using intrinsic value with the remainder $79,609 charged to current period operations as interest expenses. The fair value of the described embedded derivative was determined using the Black-Scholes Model with the following assumptions:

(1) dividend yield of	0%;
(2) expected volatility of	135%,
(3) risk-free interest rate of	1.95%,
(4) expected life of	12 months
(5) fair value of the Company's common stock of	$0.04 per share.

During the three and nine months ended March 31, 2018 and 2017, the Company recorded the gain in fair value of derivative $127,442 and $(18,584) and $288,212 and $43,834, respectively.

For the three and nine months ended March 31, 2018, $606,244 and $314,732 and $1,218,720 and $882,046, respectively, was expensed in the statement of operation as amortization of debt and warrant discount and shares discount related to above convertible notes portion and shown as interest expenses, respectively.

The following table represents the Company's derivative liability activity for the period ended:

Balance at June 30, 2017	$	408,286
Derivative liability reclass into additional paid in capital upon notes conversion		(120,495)
Derivative liability reclass into additional paid in capital upon notes repayment		(219,672)
Derivative liability on new debt issuance		1,095,434
Change in fair value of derivative		(188,689)
Balance March 31, 2018	$	973,864

NOTE 9 NOTES PAYABLE

The following table provides a summary of the changes of the Company's Promissory Notes liabilities as of March 31, 2018:

Balance at June 30, 2017	$	220,179
Issuance of notes		1,060,000
Reclass notes payable from convertible notes		15,000
Debt discount / finance cost on notes		(308,250)
Repayments on promissory notes		(505,000)
Accretion of debt discount /financing costs		383,071
Balance March 31, 2018	$	865,000

On August 23, 2017, the Company entered into three promissory notes with investors pursuant to which the Company issued three promissory notes in the principal amount of $40,000. The notes accrue interest at a rate of 5% per annum and mature in 120 days. As additional consideration, the Company issued the investors 700,000 shares of common stock. The value of the stock consideration was limited to the value of the individual promissory notes, for a total of $35,000. The stock consideration will be recorded as a discount against the notes.

On August 25, 2017, the Company entered into a promissory note with an investor pursuant to which the Company issued a promissory note in the principal amount of $20,000. The note accrues interest at a rate of 5% per annum and mature in 120 days. As additional consideration, the Company issued the investor 300,000 shares of common stock. The value of the stock consideration was limited to the value of the individual promissory note, for a total of $15,000. The stock consideration will be recorded as a discount against the note.

On August 31, 2017, the Company entered into a bridge note with an investor pursuant to which the Company issued a promissory note in the principal amount of $500,000. The note does not accrue interest. The Company repaid the note on September 13, 2017.

The Company entered into a promissory note (the "Note") on September 13, 2017 to obtain funding for working capital purposes. The Note is issued as an unsecured, non-convertible promissory note in the principal amount of $500,000 (the "Note"). The principal amount under the Note accrues interest at a rate of 12% per annum and is due on May 13, 2018. The holder of the Note shall receive the right to buy 1.25 million shares of the Company's common stock on September 13, 2017 and an additional 1.25 million shares for each month that the Note is outstanding up to a maximum of 10 million shares, all at a purchase price of $0.06 per shares and expiring on September 13, 2019.

For the three and nine months ended March 31, 2018 and 2017, $208,323 and $20,938 and $383,071 and $20,938, respectively, was expensed in the statement of operations as amortization of debt discount related to the notes and show as interest expenses. The unamortized debt discount was $-0- and $74,821 at March 31, 2018 and June 30, 2017, respectively.

At March 31, 2018 and June 30, 2017, $865,000 and $295,000, respectively, of debt was outstanding with interest rates of 5% to 12%.

Accrued and unpaid interest for these notes payable at March 1, 2018 and June 30, 2017 were $87,746 and $32,074, respectively.

For the three and nine months ended March 31, 2018 and 2017, $19,620 and $1,349 and $46,648 and $3,393 was charged as interest on debt and shown as interest expenses, respectively.

NOTE 10 COMMITMENTS

Lease Agreement - The Company leases its office space under a month-to-month lease. Rent expense was $50,384 and $48,099 for the nine months ended March 31, 2018 and 2017, respectively. On March 2, 2016, the Company entered into an Amendment to Lease in order to extend the current lease through March 31, 2019. The lease calls for monthly rent of $6,719 per month for the period of April 1, 2016 through March 31, 2017. The monthly rent increases 4% for each of the next two years.

The future minimum payments under this lease are as follows:

Fiscal year ending, June 30:		
2018	$	21,384
2019		65,412
Total	$	86,796

The Company is delinquent in remitting its payroll taxes to the applicable governmental authorities. Total due, including estimated penalties and interest is $833,777 and $663,840 at March 31, 2018 and June 30, 2017, respectively.

On June 15, 2017, the Company entered into a five year Strategic Alliance Agreement (the "Agreement") with Coinstar, LLC ("Coinstar"). Coinstar owns and operates approximately 17,000 self-service coin counting kiosks at retailer store locations in the United States.

The Company and Coinstar will work jointly to develop and integrate the Company's free standing patented 3D holographic display systems, known as HoloVision™ (the "Systems") into Coinstar's kiosks, and will be installed and promoted at retailer store locations, the specifics of which will be mutually agreed to and summarized in a separate agreement (each a "Statement of Work"). The Systems will have a proprietary coupon/loyalty card software application and provide advertising and promotions through Coinstar kiosks. For all retailer store locations in which Coinstar kiosks are installed, Coinstar has been granted an exclusive first right of refusal to include such locations.

The Company shall pay to Coinstar, and Coinstar shall pay to participating retailers a specified percentage of monthly Net Advertising Revenues, per kiosk (the "Promotion Retailer Commission") included in a Statement of Work, which shall be determined by mutual agreement of Coinstar and Provision. "Net Advertising Revenues" is defined as gross advertising revenues from Systems less any operational expenses incurred in connection with such Systems (for example: cost of paper, service, network connectivity, network administration). The Company shall evenly divide the remaining monthly Net Advertising Revenues after deducting the Promotion Retailer Commission).

Under the agreement, Provision and Coinstar will integrate Provision's patented 3D "Holovision" display systems into Coinstar kiosks nationwide. The Provision 3D holographic display will "bolt-on" to the top of the existing Coinstar kiosk as a "topper". Our couponing and loyalty card system software will be integrated into the Coinstar touch-screen interface. The firms will evenly divide the monthly net advertising revenues, after deducting promotional retailer commissions. Provision believes that the monthly advertising revenue potential in this channel should exceed that of a retail pharmacy chain.

The Provision "topper" has been designed by an award winning industrial designer, and began assembling the prototype in August, 2017. The Company began to manufacture, ship and install toppers in December 2017. As of March 31, 2018, the Company has shipped a total of 199 toppers to grocery retailer Giant Eagle, located in Ohio and Pennsylvania, and installed a total of 199 toppers in these stores.

On August 28, 2017, the Company entered into a consulting agreement with a software services consultant. The Company agreed to issue 800,000 shares of common stock in payment of services under this agreement.

On September 18, 2017, the Company entered into an employment agreement with Mark Leonard providing for a salary of $144,000, the right to be reimbursed for health care and severance for termination without cause and resignation with cause.

NOTE 11 EQUITY

Preferred Stock

The Company is authorized to issue 4,000,000 shares of Preferred Stock with a par value of $0.001 per share as of December 31, 2016. Preferred shares issued and outstanding at March 31, 2018 and June 30, 2017 were 1,000 and nil shares, respectively.

On December 30, 2015, the Company filed an amendment to the Company's Articles of Incorporation, as amended, in the form of a Certificate of Designation that authorized for issuance of up to 1,000 shares of Series A preferred stock, par value $0.001 per share, of the Company designated "Super Voting Preferred Stock" and established the rights, preferences and limitations thereof. The pertinent rights and privileges of each share of the Super Voting Preferred Stock are as follows:

(i) each share shall not be entitled to receive any dividends nor any liquidation preference;

(ii) each share shall not be convertible into shares of the Company's common stock;

(iii) shall be automatically redeemed by the Company at $0.10 per share on the first to occur of the following triggering events: (a) 90 days following the date on which this Certificate of Designation is filed with the Secretary of State of Nevada or (b) on the date that Mr. Thornton ceases, for any reason, to serve as officer, director or consultant of the Company; and

(iv) long as any shares of the Series A Preferred Stock remain issued and outstanding, the holders thereof, voting separately as a class, shall have the right to vote in an amount equal to 51% of the total vote (representing a majority voting power) effecting an increase in the authorized common stock of the Company. Such vote shall be determined by the holder(s) of the then issued and outstanding shares of Series A Preferred Stock. For example, if there are 10,000 shares of the Company's common stock issued and outstanding at the time of a shareholder vote, the holders of the Series A Preferred Stock, will have the right to vote an aggregate of 10,408 shares, out of a total number of 20,408 shares voting. The amount of voting rights is determined based on the common shares outstanding and at the record date for the determination of shareholders entitled to vote at each meeting of shareholders of the Company or action by written consent in lieu of meetings with respect to effecting an increase in the authorized shares as presented to the shareholders of the Company. Each holder of Super Voting Preferred Stock shall vote together with the holders of Common Stock, as a single class, except (i) as provided by Nevada Statutes and (ii) with regard to the amendment, alteration or repeal of the preferences, rights, powers or other terms with the written consent of the majority of holders of Super Voting Preferred Stock.

The Company has filed a Certificate of Designation with the Secretary of the State of Nevada on November 20, 2017 for the designation of Series B Preferred stock and upon filing the Company issued 1,000 shares of Series B preferred stock, par value $0.001 per share, of the Company designated "Super Voting Preferred Stock".

Common Stock

On December 31, 2015, the Company amended its Articles of Incorporation by filing a Certificate of Amendment with the Secretary of State of Nevada to effect an increase in the number of the Company's authorized common shares from 100,000,000 to 200,000,000. The increase in the authorized number of shares of common stock was approved by the Board of Director of the Company on December 30, 2015 and holders of more than 50% of the voting power of the Company's capital stock on December 31, 2015.

On November 30, 2017, the Company amended its Articles of Incorporation by filing a Certificate of Amendment with the Secretary of State of Nevada to effect an increase in the number of the Company's authorized common shares from 300,000,000 to 400,000,000. The increase in the authorized number of shares of common stock was approved by the Board of Director of the Company on November 30, 2017 and holders of more than 50% of the voting power of the Company's capital stock. The Company's ticker symbol and CUSIP remain unchanged.

As of March 31, 2018 and June 30, 2017, there were 152,671,220 and 134,431,613 shares of common stock issued and outstanding, respectively.

During August 2017, the Company issued 375,000 shares of common stock pursuant a consulting agreement, related to a prior year amount of $26,250.

During August 2017, the Company issued 2,995,969 shares of common stock for the conversion of debt and accrued interest in the amount of $100,000.

On August 21, 2017, the Company accepted and entered into Subscription Agreements (the "Subscription Agreements") for 1,000,000 shares of Company's common stock with accredited investors (the "Investors") for an aggregate purchase price of $50,000 at a price of $0.05 per share. The Investor received warrants to purchase shares of Common Stock equal to 35% of the shares each purchased (the "Warrants"). The Warrants have an exercise price of $0.09 per share and are exercisable for three-years from the date of issuance of the Warrant. The Warrants are valued at $15,155. Net cash received after the warrant valuation of $15,155 was $34,845.

On September 27, 2017, the Company accepted and entered into Subscription Agreements (the "Subscription Agreements") for 200,000 shares of Company's common stock with accredited investors (the "Investors") for an aggregate purchase price of $10,000 at a price of $0.05 per share. The Investor received warrants to purchase shares of Common Stock equal to 100% of the shares each purchased (the "Warrants"). The Warrants have an exercise price of $0.10 per share and are exercisable for three-years from the date of issuance of the Warrant. The Warrants are valued at $6,920. Net cash received after the warrant valuation of $6,920 was $3,080.

On September 29, 2017, the Company accepted and entered into Subscription Agreements (the "Subscription Agreements") for 1,000,000 shares of Company's common stock with accredited investors (the "Investors") for an aggregate purchase price of $50,000 at a price of $0.05 per share. The Investor received warrants to purchase shares of Common Stock equal to 20% of the shares each purchased (the "Warrants"). The Warrants have an exercise price of $0.10 per share and are exercisable for three-years from the date of issuance of the Warrant. The Warrants are valued at $6,960. Net cash received after the warrant valuation of $6,960 was $43,040.

On October 2, 2017, the Company entered into consulting services arrangement in exchange issued 800,000 shares of common stock valued at $40,000.

On November 6, 2017, the Company issued 1,000,000 shares of common stock as payment of funding fees related to debts received in August 2017. The shares were recorded with a value of $50,000.

On November 6, 2017, the Company issued 1,000,000 shares of common stock in connection with a stock subscription received August 21, 2017 in the amount of $50,000.

On November 7, 2017, the Company issued 300,000 shares of common stock as payment of a consulting agreement recorded with a value of $15,000.

On December 14, 2017, the Company accepted and entered into Subscription Agreements (the "Subscription Agreements") for 1,315,789 shares of Company's common stock with an accredited investors (the "Investors") for an aggregate purchase price of $50,000 at a price of $0.038 per share. The Investor received warrants to purchase shares of Common Stock equal to 20% of the shares each purchased (the "Warrants"). The Warrants have an exercise price of $0.05 per share and are exercisable for five-years from the date of issuance of the Warrant. The Warrants are valued at $11,500. Net cash received after the warrant valuation of $11,500 was $38,500. As of March 31, 2018, these shares were not issued and were accounted under "stock to be issued" line item.

On December 18, 2017, the Company issued 404,485 shares of common stock valued at $20,000 in exchange for services received under a consulting agreement.

On December 29, 2017, the Company issued 350,000 shares valued at $17,500 for the financing fee related to a convertible debt issuance.

During January 2018, the Company issued 1,250,102 shares of common stock for the conversion of debt and accrued interest in the amount of $35,003.

During February 2018, the Company issued 1,793,900 shares of common stock for the conversion of debt and accrued interest in the amount of $44,839.

On February 27, 2018, the Company accepted and entered into Subscription Agreements (the “Subscription Agreements”) for 4,000,000 shares of Company’s common stock with an accredited investors (the “Investors”) for an aggregate purchase price of $100,000 at a price of $0.025 per share. The Investor received warrants to purchase 4,000,000 shares of Common Stock equal. The Warrants have an exercise price of $0.04 per share and are exercisable for three years from the date of issuance of the Warrant. The Warrants are valued at $123,600. Net cash received after the warrant valuation of $123,600 was $(23,600).

During March 2018, the Company issued 2,770,151 shares of common stock for the conversion of debt and accrued interest in the amount of $49,568.

Warrants

Warrant activity during the nine months ended March 31, 2018, is as follows:

	Warrants	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding and exercisable at June 30, 2017	29,046,958	$ 0.14	$ 4,011,963
Granted	15,730,875	0.05	-
Exercised	-	-	-
Expired	-	-	-
Outstanding and exercisable at March 31, 2018	44,777,833	$ 0.11	$ 4,662,880

On July 20, 2017, the Company issued a $50,000 convertible debenture. The note bears interest at 12%, is due on July 20, 2018 and, is convertible into shares of the Company’s common stock at $0.06 per share along with 714,286 warrants issued (see Note 7).

The fair value of the described above warrants during the nine months ended March 31, 2018, was determined using the Black-Scholes Model with the following assumptions:

(1) risk free interest rate of	1.22%;
(2) dividend yield of	0%;
(3) volatility factor of	130%;
(4) an expected life of the conversion feature of	36 months, and
(5) estimated fair value of the company’s common stock of	$0.06 per share.

On September 13, 2017, the Company issued a $500,000 promissory note. The note bears interest at 12%, is due on May 13, 2018 along with 1,250,000 warrants issued monthly until the note is paid. Accordingly, during the period ended March 31, 2018, the Company has issued 8,750,000 warrants with an aggregate value of $258,250 recorded as debt discount. During the three and nine months ended March 31, 2018 and 2017, the Company amortized $208,324 and $-0- and $258,250 and $-0- as interest expense related to the note and shown as interest expense.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company’s common stock at a discount to market. The fair value of the warrants is $10,271

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company’s common stock at a discount to market. The fair value of the warrants is $10,271

On February 13, 2018, the Company issued 173,077 warrant in connection with a financing fee. The warrants have an exercise price of $0.0286 and expire in five years.

The fair value of the described above warrants during the nine months ended March 31, 2018, was determined using the Black-Scholes Model with the following assumptions:

(1) risk free interest rate of	1.16%, 1.39%, 1.55%, 1.68%, 2.07%, 2.07%, 1.95%;
(2) dividend yield of	0%, 0%, 0%,0%, 0%, 0%, 0%
(3) volatility factor of	138%, 141%, 139%, 136%,130%, 130%, 135%;
(4) an expected life of the conversion feature of	21-60 months, and
(5) estimated fair value of the company's common stock of	$0.06, $0.05, $0.04, $0.05, $0.05, $0.05 and $0.04 per share.

During the three and nine months ended March 31, 2018 and 2017, the Company recorded $-0- and $1,590 and $530 and $35,122 of stock compensation expense related to warrants issued in prior years, respectively.

Stock Option Plan

Stock option activity during the nine months ended March 31, 2018 is as follows:

	Stock Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding at June 30, 2017	150,000	$ 0.26	$ 38,500
Granted	13,399,908	0.05	-
Exercised	-	-	-
Expired	(150,000)	-	-
Outstanding March 31, 2018	13,399,908	$ 0.05	$ 636,496
Exercisable at March 31, 2018	13,399,908	$ 0.05	$ 609,496
Un-exercisable at March 31, 2018	-	$ -	$ -

The Company has one stock option plan: The Provision Interactive Technologies, Inc. 2002 Stock Option and Incentive Plan, (the "Plan").

During the nine months March 31, 2018, the Company granted non statutory options to the board and officers which were not issued as part of the above plan but were rather issued outside of the plan. The option has exercise price of $0.045 with the term of 5 years. The options were valued at $348,876 and included in operating expense during the nine month ended March 31, 2018.

On October 3, 2017, the Company issued 4,000,000 stock options to an employee. The options have an exercise price of $0.045 and a term of five years. At December 31, 2017, 3.500.000 of the options were vested with the remaining 500,000 options to vest over the next three months. The options were valued at $191,600 and included in operating expense during the nine months ended March 31, 2018.

On February 23, 2018, the Company issued 500,000 stock options to board members. The options have an exercise price of $0.04 and a term of five years. The options vest immediately. The options were valued at $10,100 and included in operating expense during the nine months ended March 31, 2018.

During the three and nine months ended March 31, 2018 and 2017, the Company issued 500,000 and -0- and 13,399,908 and 50,000 options outside the stock option plan and recorded $23,950 and $-0- and $540,476 and $1,320 of stock compensation expense, respectively.

The fair value of the described above options during the nine months ended March 31, 2018, was determined using the Black-Scholes Model with the following assumptions:

(1) risk free interest rate of	1.76%, 1.92%, 2.02%;
(2) dividend yield of	0%, 0%, 0%;
(3) volatility factor of	136%, 142%, 136%;
(4) an expected life of the conversion feature of	60 months, and
(5) estimated fair value of the company's common stock of	$0.045, $0.054 and $0.04 per share.

During the three and nine months ended March 31, 2018 and 2017, the Company recorded $23,950 and $-0- and $13,707 and $-0- of stock compensation expense related to options issued in prior years, respectively.

The fair value of options exercised in the three and nine months ended March 31, 2018 and 2017 was approximately $-0- and $-0- and $-0- and $-0-, respectively.

As of March 31, 2018 and 2017, there was $-0- and $-0- of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under existing stock option plans, respectively.

NOTE 12 RELATED ENTITY ACTIVITIES

ProDava 3D

DB Dava LLC, a Delaware limited liability company ("DB"), and the Company agreed to engage in a venture for the purpose of exploiting the Company's technology and its agreement with a national pharmacy chain to place a number of its kiosks in stores. In June 2014, the Company and DB, caused ProDava LLC ("ProDava") to be formed, and the parties entered into the ProDava LLC Agreement (the "LLC Agreement") on June 30, 2014, which set out, among other things, the parties' respective rights and obligations with respect to ProDava.

The two members of ProDava are the Company and DB. At the time of the formation of ProDava, the LLC Agreement originally provided that DB owned 80 percent of the membership interests of ProDava and the Company owned 20 percent of the membership interests of ProDava, assuming a $50,000,000 capital contribution by DB. Pursuant to the LLC Agreement, the Company made a capital contribution of $12,500,000, which represented the agreed upon value of a certain agreements which granted the Company rights to place kiosks in retail stores.

ProDava entered into a Professional Services Agreement, dated June 30, 2014 (the "PSA") with the Company, whereby ProDava engaged the Company to provide services for ProDava with respect to the sourcing, due diligence, acquisition, management, construction and marketing of the kiosks financed and purchased by ProDava. As full compensation for rendering and performing such services under the PSA, the Company was entitled to receive from ProDava, the unreimbursed expenses incurred by the Company. It was agreed and understood that DB's role in ProDava was to provide the funding necessary for the unreimbursable expenses and the production, manufacture and maintenance of the kiosks placed in stores. As a result of the ownership percentage in ProDava, DB would receive 80% of the profits of the ProDava including advertising related revenue.

On February 21, 2018, the Company benefited from a settlement with DB Dava, LLC ("DB Dava"). Pursuant to the settlement, the Company received full title and ownership of the Rite Aid kiosks in place as well as held for installation totaling 1,012 Kiosks, valued at $5,170,233 per the third party valuation report, as well as full rights to the Rite Aid contract which has no value on the books.

Allocation of the Kiosks by Category	units	Fair value
Installed in Rite Aid stores	659	$ 2,890,674
Finished goods inventory	321	2,087,463
Work in progress	32	192,096
Total kiosks	1,012	$ 5,170,233

Pursuant to the settlement the Company and DB Dava agreed that any receivable or payable between the entities is no longer owed, these related receivable from ProDava was previously expensed in a prior audit period. Accordingly, the Company wrote off $1,256,607 of unearned revenue and recognized a gain on the settlement in the amount of $4,189,808.

For the three and nine months ended March 31, 2018 and 2017 total revenue includes $-0- and $-0- and $-0- and $1,263,008, respectively, revenue from a related party.

NOTE 13 LEGAL PROCEEDINGS

On August 26, 2004, in order to protect its legal rights and in the best interest of the shareholders at large, the Company filed, in the Superior Court of California, a complaint alleging breach of contract, rescission, tortuous interference and fraud with Betacorp Management, Inc. In an effort to resolve all outstanding issues, the parties agreed, in good faith, to enter into arbitration in the State of Texas, domicile of the defendants. On August 11, 2006, a judgment was awarded against the Company in the sum of $592,312. A contingency loss of $592,312 was charged to operations during the year ended June 30, 2007. Subsequently, The Company filed a counter lawsuit and was awarded a default judgement in its favor, and as such removed the contingency loss during the year ended June 30, 2016.

Litigation

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

The Company initiated an action against DB in November 2016 seeking declaratory judgment. After the execution of the LLC Agreement, both DB and the Company performed their respective duties. The Company caused numerous kiosks to be manufactured for placement in retail stores in accordance with the PSA, maintained and serviced these kiosks. DB provided funds to ProDava for, the production of kiosks and for expenses incurred by the Company in connection with the maintenance of servicing of the kiosks. In total, DB provided sums totaling $6.5 million. In the first quarter of 2016, DB ceased providing the funding required by the LLC Agreement. DB advised The Company has been incurring the reimbursable expenses that were to be reimbursed by DB. The LLC Agreement provides that, in the event that DB fails to fund any portion of the total amount is was required to provide in accordance with the terms of the LLC Agreement, the LLC Agreement provides for the recalculation of the parties' membership interests in ProDava. The Company filed an action in the Supreme Court of the State of New York in New York County (Index No. 656127/2016) to seed to recalculate the ownership percentage of ProDava. DB filed a motion to dismiss and the Company filed an action opposing such motion. The court initially denied the recalculation of the ownership percentage but allowed the Company to proceed to collect monetary damages. Pro Dava and DB filed a counterclaim for breach of contract. The Company settled with Pro Dava and DB. In consideration of the full and final settlement of all claims and counterclaims DB transferred, assigned and conveyed the entirety of its membership interest in ProDava, together with all obligations and liabilities of DB as a member of ProDava, to the Company. See Note 12.

On June 19, 2017, the Company received a letter from an attorney for Kiosk Information Systems ("KIS") demanding payment of $1,041,177.65 for the balance due on kiosks held by KIS plus $233,282 in interest. The Company was served with a summons and complaint to collect this amount. The Case Number is 2018CV30215 in the District Court, County of Boulder, Colorado. The Company has asserted defenses to payment.

On September 5, 2017 the Company received a letter from an attorney representing Rite Aid Hdqtrs. Corp's ("Rite Aid"), pursuant to which Rite Aid indicated its desire to terminate the Point of Sales Advertising Agreement ("Agreement") with the Company. The Company is disputing Rite Aid's ability to terminate the Agreement. Thereafter, on October 16, 2017, the Company initiated an arbitration before JAMS, which is continuing.

NOTE 14 SUBSEQUENT EVENTS

On April 2, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $128,000. The principal amount under the Note accrues interest at a rate of 12% per annum and is due on January 15, 2019. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion.

During April 2018, the Company issued 1,638,802 shares of common stock for the conversion of debt and accrued interest in the amount of $27,875.

During May 2018, the Company issued 8,724,203 shares of common stock for the conversion of debt and accrued interest in the amount of $142,389.

During May 2018, the Company issued 750,000 shares of common stock pursuant a consulting agreement, related to a prior period amount of $35,000.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto included elsewhere in this quarterly report on Form 10-Q and in our annual report on Form 10-K filed with the Securities and Exchange Commission.

THIS FILING, INCLUDING BUT NOT LIMITED TO "MANAGEMENT'S DISCUSSION AND ANALYSIS", CONTAINS FORWARD-LOOKING STATEMENTS. THE WORDS "ANTICIPATED," "BELIEVE," "EXPECT," "PLAN," "INTEND," "SEEK," "ESTIMATE," "PROJECT," "WILL," "COULD," "MAY," AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INCLUDE, AMONG OTHERS, INFORMATION REGARDING FUTURE OPERATIONS, FUTURE CAPITAL EXPENDITURES, AND FUTURE NET CASH FLOW. SUCH STATEMENTS REFLECT THE COMPANY'S CURRENT VIEWS WITH RESPECT TO FUTURE EVENTS AND FINANCIAL PERFORMANCE AND INVOLVE RISKS AND UNCERTAINTIES, INCLUDING, WITHOUT LIMITATION, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN SOCIAL, AND ECONOMIC CONDITIONS, AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, THE ABILITY TO ACHIEVE MARKET PENETRATION AND CUSTOMERS, AND VARIOUS OTHER MATTERS, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THESE FORWARD- LOOKING STATEMENTS AS A RESULT OF SEVERAL FACTORS, INCLUDING THE RISKS FACED BY US AS DESCRIBED BELOW AND ELSEWHERE IN THIS FORM 10-Q. IN LIGHT OF THESE RISKS AND UNCERTAINTIES THERE CAN BE NO ASSURANCE THAT THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS FORM 10-Q WILL OCCUR. WE HAVE NO OBLIGATION TO PUBLICLY UPDATE OR REVISE THESE FORWARD-LOOKING STATEMENTS TO REFLECT NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE, EXCEPT AS REQUIRED BY FEDERAL SECURITIES LAWS AND WE CAUTION YOU NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS. WE MAY NOT UPDATE THESE FORWARD-LOOKING STATEMENTS, EVEN THOUGH OUR SITUATION MAY CHANGE.

Business History and Overview

Provision Holding, Inc. and its subsidiary, Provision Interactive Technologies, Inc. ("Provision"), is a purveyor of intelligent interactive 3D holographic display technologies, software, and integrated solutions for both commercial and consumer focused applications. Provision's 3D holographic display systems projects full color, high resolution videos into space detached from the screen, without any special glasses. Provision is currently a market leader in true 3D consumer advertising display products.

We are focused on the development and distribution of our patented three-dimensional, holographic interactive video 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. 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 and integrating them into Provision's 3D Savings Center kiosks.

We have a limited operating history upon which an investor can evaluate our business prospects, which makes it difficult to forecast our future operating results, in light of the risks, uncertainties and problems frequently encountered by companies with limited operating histories. These include, but are not limited to, competition, the need to develop customers and market expertise, market conditions, sales, and marketing and governmental regulation.

We were incorporated in Nevada under the name MailTec, Inc. on February 9, 2004. Pursuant to an Agreement and Plan of Merger, dated February 14, 2008, which was amended and restated on February 27, 2008 (as amended and restated, the "Agreement"), MailTec, Inc. 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"), 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. Effective February 28, 2008, pursuant to the Agreement, ProVision became a wholly owned subsidiary of the Company. At the time of the reverse acquisition, MailTec was not engaged in any active business.

Our corporate headquarters are located in Chatsworth, California and our phone number is (818) 775-1624.

Products and Services

We believe we are well positioned to capitalize on advertisers' demands as ProVision's HoloVision™ display and 3D Savings Center kiosks offer advertisers and customers an opportunity to reach a highly sought-after, captive audience outside the home, in familiar settings like grocery stores, malls, convenience stores, gas stations, banks and other retail locations. We reach the consumer and business professional at the critical time - when they are away from their homes and businesses and when they are making their buying decisions.

ProVision's HoloVision™ display can be used for a number of applications, including:

Retail	Education	Medical	Entertainment	Consumer
Drug Stores / Convenience Stores	Primary / Secondary Schools	Doctors / Dentist Offices	Slot Machines, Pachinko	Home Game Consoles
Grocery Stores	Universities	Hospitals	Casinos	Computer Monitors
Banking	Museums	Imaging	Lottery	TV
Fast Food	Libraries		Movie Theaters	Cell Phones
Hotels / Hospitality	Science Centers		Video Games	
Electronics			Theme Parks	

Business Development

Launching our first products into grocery stores and retail pharmacies, we have developed a new patented application. Known as the "3D Savings Center", this ProVision device projects 3D video advertisements and allows consumers to print coupons as well as receive non-cash awards. The 3D Savings Center kiosk provides consumer product 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.

We tested our concept in Fred Meyer Stores, a division of The Kroger, Co., installing 3D Savings Center kiosks in the Pacific Northwest. We received advertising placements from some of the largest manufacturers in the country, including Unilever, Proctor & Gamble, Johnson & Johnson, BIC and Kimberly Clark. The Company has published a case study of this successful market trial which is available from the Company.

We have now aligned a retail chain, a hardware purchaser to buy 3D Savings Center kiosks to install into the retail chain and advertising agencies to sell ads for the 3D Savings Center kiosks. We generated revenues from hardware sales and advertising sales in the year ended June 30, 2017.

Coinstar LLC

On June 15, 2017, the Company entered into a five-year Strategic Alliance Agreement with Coinstar, LLC ("Coinstar"). Coinstar owns and operates approximately 17,000 self-service coin counting kiosks at retailer store locations in the United States. The Company and Coinstar will work jointly to develop and integrate the Company's free standing patented 3D holographic display systems, known as HoloVision™ (the "Systems") into Coinstar's kiosks, and will be installed and promoted at retailer store locations, the specifics of which will be mutually agreed to and summarized in a separate agreement (each a "Statement of Work"). The Systems will have a proprietary coupon/loyalty card software application and provide advertising and promotions through Coinstar kiosks. For all retailer store locations in which Coinstar kiosks are installed, Coinstar has been granted an exclusive first right of refusal to include such locations.

The Company shall pay to Coinstar, and Coinstar shall pay to participating retailers a specified percentage of monthly Net Advertising Revenues, per kiosk (the "Promotion Retailer Commission") included in a Statement of Work, which shall be determined by mutual agreement of Coinstar and Provision. "Net Advertising Revenues" is defined as gross advertising revenues from Systems less any operational expenses incurred in connection with such Systems (for example: cost of paper, service, network connectivity, network administration). The Company shall evenly divide the remaining monthly Net Advertising Revenues after deducting the Promotion Retailer Commission).

Under the agreement, Provision and Coinstar will integrate Provision's patented 3D "Holovision" display systems into Coinstar kiosks nationwide. The Provision 3D holographic display will "bolt-on" to the top of the existing Coinstar kiosk as a "topper". Our couponing and loyalty card system software will be integrated into the Coinstar touch-screen interface. The firms will evenly divide the monthly net advertising revenues, after deducting promotional retailer commissions. Provision believes that the monthly advertising revenue potential in this channel should exceed that of a retail pharmacy chain.

The Provision "topper" has been designed by an award winning industrial designer, and began assembling the prototype in August, 2017. The Company began to manufacture, ship and install toppers in December 2017. As of May 18, 2018, the Company has shipped over 200 toppers for installation , incliding in grocery retailer Giant Eagle, located in Ohio and Pennsylvania.

Joyful ATM partnership

In August 2017, the Company announced a multi-year agreement with Prosperity Investments, LLC, to integrate its 3D holographic display and coupon redemption platform into its Joyful ATM brand to increase in-store engagement and purchases at point-of-sale. Under the agreement, Provision and Prosperity will integrate Provision's patented 3D holographic display systems into the Joyful ATM platform as a 'topper'. Our couponing and loyalty card system software will be integrated into the Joyful ATM touch-screen interface. The Company expects to receive the first prototype of the Joyful ATM during the first quarter of 2018, and upon receipt will begin the software integration and industrial design of a new 'topper'.

Rite Aid Pharmacies

We plan to build, own, and operate networks of 3D Savings Center kiosks. In April 2013 we have an agreement with Rite Aid Pharmacies ("Rite Aid") to install 3D Savings Centers kiosks in all participating Rite Aid stores throughout the United States. These kiosks were installed in New York, Los Angeles, Detroit, Philadelphia and San Francisco retail locations. The goal was for the Company will earn advertising revenue from advertisements in Rite Aid. As of May 19, 2018 the Company has approximately 650 kiosks installed in Rite Aid stores. The Company is in discussions and arbitration with Rite Aid to determine the future of the marketing relationship.

ProDava 3D

On June 30, 2014 the Company entered into an agreement with DB Dava, LLC ("DB") to help the Company launch the 3D network in Rite Aid. The agreement creates a newly-formed entity, ProDava 3D, LLC ("ProDava 3D"), to purchase Provision's 3D Savings Center kiosks for placement into Rite Aid stores. ProDava 3D may purchase up to $50 million in 3D Savings Center kiosks. The Company generated revenues and gross profit from the sale of machines to ProDava 3D during the six months ended December 31, 2016. The Company was planning to earn additional advertising revenue from advertisements in Rite Aid earned by ProDava 3D.

ProDava 3D purchased 3D Savings Center kiosks, manufactured by Provision. Provision's contribution to ProDava 3D includes Provision's know-how, management, and its agreement with the national retail pharmacy that will be the first target for the 3D Savings Center kiosk launch. Provision will be responsible for manufacturing, installation, service, maintenance, technical support, network management, advertising, marketing, and accounting of each 3D Savings Center kiosk

After a dispute with DB and ProDava 3D, in consideration of the full and final settlement of all claims and counterclaims DB transferred, assigned and conveyed the entirety of its membership interest in ProDava 3D, together with all obligations and liabilities of its as a member of ProDava 3D, to the Company

Advertising Agencies

The Company has signed a partnership agreement with PRN, a Stratacache company and the leading provider of in-store shopper marketing solutions, to help expand national advertising sales solutions inside the retail store environment of pharmacy and grocery stores.

Provision has engaged Charter Digital Media and GRI LLC (GRC) to provide non-exclusive national advertising sales to the OTC (over-the-counter) and DTC (direct-to-consumer) brands in support of the 3D Saving Center kiosks being deployed inside Rite Aid.

We have also engaged Pharmark, Inc. to provide local and regional advertising sales to support the 3D Savings Center kiosks in retail stores. The clients of Pharmark will provide local coupons, promotions and other advertising campaigns in digital format expanding advertising to include local merchants joining national brands.

Lifestyle Ventures LLC

The Company also received a $900,000 deposit from Lifestyle Ventures LLC for the purchase and marketing of Provision's 3D Savings Center kiosk to be installed in approved retail store chains. During December 2016, the Company sold 11 kiosks for $99,000 to Lifestyle Ventures LLC. During February 2018, the Company sold 89 kiosks for $801,000 to Lifestyle Ventures LLC. At March 31, 2018 the balance of the deposit received from Lifestyle was $-0-. Lifestyle Ventures LLC is required to deposit an additional $1.1 million with an option to increase its investment up to $20 million.

Other Business Arrangements

The Company has signed a Master Collaboration Agreement with Intel Corporation to identify and collaborate on certain technical and marketing activities as contained in the agreement. Collaboration includes joint technical development and marketing activities as determined by the two companies.

The Company has signed a Master Service Agreement with Fujifilm Corporation to provide to Company and its customers with installation and maintenance serves to the Company's 3D Savings Center Kiosks inside Rite Aid retail stores.

Competition

Currently, Provision's competition is no other 3D companies that may exist in the marketplace, but traditional advertising media like television, radio, newspapers and magazines. We also compete with companies that operate outdoor and Digital Out-Of-Home (DOOH) advertising media networks that can be seen at malls, gas stations, and retailers containing traditional 2D (two dimensional) TV screens or flat screens. We also compete for overall advertising spending with other alternative advertising media companies, such as Internet, billboard and public transport advertising companies.

The competition for ProVision's patented (issued, approved and pending) and proprietary 3D floating image holographic technology includes alternative 3D displays currently in the marketplace:

Employees

As of March 31, 2018, we have eight employees. None of our employees is represented by a labor union. We have not experienced any work stoppages and we consider relations with our employees to be good. The company also uses independent contractors to support administration, marketing, sales and field support activities.

Research and Development

Research and Development Activities

At present, Provision'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 product lines. We expect to file additional patent applications on a regular basis in the future.

We believe that Provision'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 Provision's proprietary technology by competitive technologies.

Intellectual Property

ProVision's floating image display systems project full-motion 3D digital streaming media 9"- 40" into space detached from the display unit into free space and should not be confused with autostereoscopic systems. Autostereoscopic 3D systems produced by various firms' layer two or more LCD screens, or lenticular lens based screens, while utilizing filters and collumnators to provide the illusion of depth perception. Such systems are only capable of displaying digital content attached to layered screens with all images being contained within the actual display unit. Due to the inherent nature of this technology approach the end result of their product line results in the following characteristics: eye strain, nausea, low resolution, low brightness and poor quality imagery, all resulting in poor/low customer acceptance. The cost to produce custom and special content for these screens are excessively expensive and time consuming becoming a major hurdle to overcome for mass adoption. Their major advantage might be characterized by their "flat screens" and slightly wider viewing angles, however consumer acceptance has been limited due to the limitations and poor visual experience. Companies attempting to launch these screens include 3D Magnetec, Alisoscopy, Tridelity, and 3D Fusion. Companies that have tried to launch these types of screens, and have failed or ceased operations, include: Phillips, Sharp, and Newsight.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2018 COMPARED TO THREE MONTHS ENDED MARCH 31, 2017

The following table sets forth, for the periods indicated, certain data derived from our Statements of Operations:

	2018	2017
REVENUES		
Advertising revenues	$ -	$ 185,317
Hardware sales	17,223	-
TOTAL REVENUES	17,223	185,317
COST OF REVENUES	38,858	55,272
GROSS (LOSS) PROFIT	(21,635)	130,045
EXPENSES		
General and administrative	621,486	833,681
Research and development	31,037	37,934
TOTAL OPERATING EXPENSES	652,523	871,615
LOSS FROM OPERATIONS	(674,158)	(741,570)
OTHER INCOME (EXPENSE)		
Change in fair value of derivative liability	28,919	(18,584)
Gain on settlement	4,189,808	-
Gain on debt extinguishment	10,267	-
Gain on sale of fixed assets	410,605	-
Amortization of debt and warrant discount and financing costs	(795,189)	(690,998)
Interest expense	(252,922)	(204,120)
TOTAL OTHER INCOME (EXPENSE)	3,591,488	(913,702)
INCOME (LOSS) BEFORE INCOME TAXES	2,917,330	(1,655,272)
Income tax expense	-	-
NET INCOME (LOSS)	$ 2,917,330	$ (1,655,272)

REVENUES

The Company recognizes revenues from hardware sales, advertising and from licensing, distribution and marketing agreements. Revenues for the three months ended March 31, 2018 were $17,223, a decrease from $185,317 generated in the three months ended March 31, 2017. The decrease in revenues was primarily a result in the change in the revenue mix. During the three months ended March 31, 2018, the Company had two customers which accounting for more than 10% of the Company's revenues (58% and 39%). During the three months ended March 31, 2017, the Company had one customer which accounting for more than 10% of the Company's revenues (94%).

COST OF REVENUES

Cost of revenues for the three months ended March 31, 2018 were $38,858 from $55,272 incurred in the three months ended March 31, 2017.

OPERATING EXPENSES

The Company incurred $652,523 in operating expenses for the three months ended March 31, 2018, a decrease from $871,615 incurred during the three months ended March 31, 2017 primarily as a result of a $212,195 decrease in general and administrative expenses along with a decrease in research and development expenses of $6,897.

OTHER EXPENSES

The Company had various miscellaneous income and expenses.

The Company recognized a gain of $28,919 and a loss of $18,584 during the three months ended March 31, 2018 and 2017, respectively, from the change in fair value of derivative as a result of fluctuating market prices of the Company's common stock.

The Company recognized a gain of $4,189,808 as a result of the legal settlement during the three months ended March 31, 2018.

The Company recognized a gain of $10,267 related to the extinguishment of debt during the three months ended March 31, 2018.

The Company recognized a gain of $410,605 as the result of the sale of equipment on location during the three months ended March 31, 2018.

The Company recorded amortization of debt and warrant discounts and financing costs in the amounts of $795,189 and $690,998 during the three months ended March 31, 2018 and 2017, respectively.

The Company recorded interest expense of $252,922 during the three months ended March 31, 2018, primarily related to debt. This is an increase of $53,140 compared to the interest expense of $204,120 recorded during the three months ended March 31, 2017.

NET INCOME (LOSS):

The Company had a net income of $2,917,330 for the three months ended March 31, 2018 compared to net loss of $1,655,272 for the three months ended March 31, 2017. The significant difference is the result of the recognized gain as a result of the legal settlement.

NINE MONTHS ENDED MARCH 31, 2018 COMPARED TO NINE MONTHS ENDED MACH 31, 2107

The following table sets forth, for the periods indicated, certain data derived from our Statements of Operations:

	2018	2017
REVENUES		
Advertising revenues	$ -	$ 344,017
Hardware sales	32,973	110,195
Hardware sales – related party	-	1,196,552
Software revenues – related party	-	66,456
TOTAL REVENUES	32,973	1,717,220
COST OF REVENUES	294,971	1,896,255
GROSS (LOSS) PROFIT	(261,998)	(179,035)
EXPENSES		
General and administrative	2,317,285	2,350,220
Research and development	120,148	257,838
TOTAL OPERATING EXPENSES	2,437,433	2,608,058
LOSS FROM OPERATIONS	(2,699,431)	(2,787,093)
OTHER INCOME (EXPENSE)		
Change in fair value of derivative liability	189,689	43,834
Debt modification expenses	(40,000)	-
Gain on debt extinguishment	10,267	-
Loss on settlement of debt	-	(48,000)
Gain on settlement	4,189,808	-
Gain on sale of fixed assets	410,605	-
Amortization of debt and warrant discount and financing costs	(2,041,466)	(1,608,708)
Interest expense	(917,886)	(756,442)
TOTAL OTHER INCOME (EXPENSE)	1,801,017	(2,369,316)
LOSS BEFORE INCOME TAXES	(898,414)	(5,156,409)
Income tax expense	-	-
NET LOSS	$ (898,414)	$ (5,156,409)

REVENUES

The Company recognizes revenues from hardware sales, advertising and from licensing, distribution and marketing agreements. Revenues for the nine months ended March 31, 2018 were $32,973, a decrease from $1,717,220 generated in the nine months ended March 31, 2018. The decrease in revenues was primarily a result in the decrease of revenues from related party sales. The related party revenue is for sales to ProDava 3D, LLC to purchase Provision's 3D Savings Center kiosks for placement into retail stores. During the nine months ended March 31, 2018, the Company had four customers which accounted for more than 10% of the Company's revenues (36%, 30%, 20% and 10%). During the nine months ended March 31, 2017, the Company had two customers which accounted for more than 10% of the Company's revenues (74% and 19%).

COST OF REVENUES

Cost of revenues for the nine months ended March 31, 2108 was $294,971 from $1,896,255 incurred in the nine months ended March 31, 2018. This is the result of our decrease in sales as mentioned above, partially offset by the increase in inventory reserve of $130,000 during the nine months ended March 31, 2018.

OPERATING EXPENSES

The Company incurred $2,437,433 in operating expenses for the nine months ended March 31, 2018, a decrease from $2,608,058 incurred during the nine months ended March 31, 2017 primarily as a result of a $32,935 decrease in general and administrative expenses along with a decrease in research and development expenses of $137,690.

OTHER EXPENSES

The Company had various miscellaneous income and expenses.

The Company recognized a gain of $189,689 and $43,834 during the nine months ended March 31, 2018 and 2017, respectively, from the change in fair value of derivative as a result of fluctuating market prices of the Company's common stock.

The Company recorded debt modification expenses in the amount of $40,000 during the nine months ended March 31, 2018.

The Company recognized a gain of $10,267 related to the extinguishment of debt during the three months ended March 31, 2018.

The Company recognized a gain of $4,189,808 as a result of the legal settlement during the nine months ended March 31, 2018.

The Company recognized a gain of $410,605 as the result of the sale of equipment on location during the nine months ended March 31, 2018.

The Company recorded amortization of debt and warrant discounts and financing costs in the amounts of $2,041,466 and $1,608,708 during the nine months ended March 31, 2018 and 2017, respectively.

The Company recorded interest expense of $917,886, primarily related to debt. This is an increase of $165,782 compared to the interest expense of $756,442 recorded during the nine months ended March 31, 2018.

NET LOSS:

The Company had a net loss of $898,414 for the nine months ended March 31, 2018 compared to net loss of $5,156,409 for the nine months ended March 31, 2017. The significant difference is the result of the recognized gain as a result of the legal settlement.

LIQUIDITY AND CAPITAL RESOURCES

The condensed consolidated financial statements in this Form 10-Q 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 had accumulated deficit at March 31, 2018 of $42,981,804. The Company has negative working capital of $15,147,953 as of March 31, 2018. The largest balances in current liabilities are for current portion of convertible debt, net ($8,137,022) accrued interest ($3,128,035) and accounts payable and accrued expenses ($3,680,094). The Company is in the process of negotiating with noteholders to convert accrued interest into long-term notes to reduce current liabilities and plans to ship goods to reduce the unearned revenue.

The condensed 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.

The Company has $12 in cash as of March 31, 2018. The Company does not has sufficient cash to operate for the next 12 months. Failure to raise additional capital or improve its performance in the next 12 months, however, may cause the Company to curtail its business activities and expansion plans within the next twelve months.

During the nine months ended March 31, 2018, the Company used $1,552,033 of cash for operating activities compared to a use of $2,667,619 in the nine months ended March 31, 2017. The decrease in cash used for operating activities was due a higher net loss offset by less cash to service accounts payable, accrued liabilities and unearned revenue. Cash from financing activities was $1,241,296 in the nine months ended March 31, 2018 compared to cash used by financing activities of $3,422,125 in the nine months ended March 31, 2017. The decrease in cash provided by financing activities was primarily due to proceeds from the issuance of convertible notes along with the issuance of promissory notes, offset by the repayments of both.

DB Dava LLC, a Delaware limited liability company ("DB"), and the Company agreed to engage in a venture for the purpose of exploiting the Company's technology and its agreement with a national pharmacy chain to place a number of its kiosks in stores. In June 2014, the Company and DB, caused ProDava LLC ("ProDava") to be formed, and the parties entered into the ProDava LLC Agreement (the "LLC Agreement") on June 30, 2014, which set out, among other things, the parties' respective rights and obligations with respect to ProDava.

The two members of ProDava are the Company and DB. At the time of the formation of ProDava, the LLC Agreement originally provided that DB owned 80 percent of the membership interests of ProDava and the Company owned 20 percent of the membership interests of ProDava, assuming a $50,000,000 capital contribution by DB. Pursuant to the LLC Agreement, the Company made a capital contribution of $12,500,000, which represented the agreed upon value of a certain agreements which granted the Company rights to place kiosks in retail stores. There are no overlapping members of management who control and manage both the Company and DB Dava LLC and there are no significant shareholders of the Company who also hold a significant interest in DB Dava LLC.

The Company's motivation to enter into the LLC Agreement was to use DB's financing to place kiosks into retail stores. Pursuant to LLC Agreement, DB agreed to make a capital contribution of up to US$50,000,000. It was understood and agreed between the parties that the Company's role in ProDava was to provide, among other things, the kiosks, the content, resources and the know-how as to the placement and maintenance of the kiosks in retail stores.

To that end, ProDava entered into a Professional Services Agreement, dated June 30, 2014 (the "PSA") with the Company, whereby ProDava engaged the Company to provide services for ProDava with respect to the sourcing, due diligence, acquisition, management, construction and marketing of the kiosks financed and purchased by ProDava. As full compensation for rendering and performing such services under the PSA, the Company was entitled to receive from ProDava, the unreimbursed expenses incurred by the Company. It was agreed and understood that DB's role in ProDava was to provide the funding necessary for the unreimbursable expenses and the production, manufacture and maintenance of the kiosks placed in stores. As a result of the ownership percentage in ProDava, DB would receive 80% of the profits of the ProDava from advertising related revenue less expenses.

In the best interests of shareholders and to reflect expenses paid on behalf of ProDava, the Company initiated an action against DB in November 2016 seeking declaratory judgment. After the execution of the LLC Agreement, both DB and the Company performed their respective duties. The Company caused numerous kiosks to be manufactured for placement in retail stores in accordance with the PSA, maintained and serviced these kiosks. DB provided funds to ProDava for, the production of kiosks and for expenses incurred by the Company in connection with the maintenance of servicing of the kiosks. In total, DB provided sums totaling $6.5 million. In the first quarter of 2016, DB ceased providing the funding required by the LLC Agreement. DB advised The Company that DB was analyzing information and that it would make a determination as to whether it would continue to provide funding in accordance with the LLC Agreement. The Company has been incurring the reimbursable expenses that were to be reimbursed by DB. The LLC Agreement provides that, in the event that DB fails to fund any portion of the total amount is was required to provide in accordance with the terms of the LLC Agreement, the LLC Agreement provides for the recalculation of the parties' membership interests in ProDava. The Company filed an action in the Supreme Court of the State of New York in New York County (Index No. 656127/2016) to seed to recalculate the ownership percentage of ProDava. DB filed a motion to dismiss and the Company filed an action opposing such motion. The court initially denied the recalculation of the ownership percentage but allowed the Company to proceed to collect monetary damages. Pro Dava and DB filed a counterclaim for breach of contract. The Company believes it has adequate defenses against any claims made by Pro Dava and DB.

On June 19, 2017, the Company received a letter from an attorney for Kiosk Information Systems ("KIS") demanding payment of $1,272,360 for the balance due on kiosks held by KIS including $231,182 in interest. We are negotiating with KIS. No suit has been filed and the Company has accrued the full amount of the demand from KIS.

On September 5, 2017 the Company received a letter from an attorney representing Rite Aid Hdqtrs. Corp's ("Rite Aid"), pursuant to which Rite Aid indicated its desire to terminate the Point of Sales Advertising Agreement ("Agreement") with the Company. The Company is disputing Rite Aid's ability to terminate the Agreement. Thereafter, on October 16, 2017, the Company initiated an arbitration before JAMS.

The Company entered into a convertible promissory note (the "Note") on July 20, 2017 to obtain funding for working capital purposes. The Note is issued as a convertible promissory note in the principal amount of $50,000 (the "Note"). The principal amount under the Note accrues interest at a rate of 12% per annum and is due on July 20, 2018. The conversion price of the common stock into which the principal amount, or the then outstanding interest due thereon, of this note is convertible shall be the lesser of (i) $0.06 per share or (ii) 70% of the price per share of the Company's next equity or convertible debt issuance greater than $250,000. The note holder also received a warrant to purchase the Company's common stock equal to 50% of the shares of common stock issuable upon conversion of the note with the exercise price per share of common stock of the lesser of $0.06 per share or 70% of the price per share of the Company's next equity or convertible debt issuance greater than $250,000. The Company valued the debt discount at $26,963.

On August 23, 2017, the Company entered into three promissory notes with investors pursuant to which the Company issued three promissory notes in the principal amount of $40,000. The notes accrue interest at a rate of 5% per annum and mature in 120 days. As additional consideration, the Company issued the investors 700,000 shares of common stock. The value of the stock consideration was limited to the value of the individual promissory notes, for a total of $35,000. The stock consideration will be recorded as a discount against the notes.

On August 25, 2017, the Company entered into a promissory note with an investor pursuant to which the Company issued a promissory note in the principal amount of $20,000. The note accrues interest at a rate of 5% per annum and mature in 120 days. As additional consideration, the Company issued the investor 300,000 shares of common stock. The value of the stock consideration was limited to the value of the individual promissory note, for a total of $15,000. The stock consideration will be recorded as a discount against the note.

On August 31, 2017, the Company entered into a bridge not with an investor pursuant to which the Company issued a promissory note in the principal amount of $500,000. The note does not accrue interest. The Company repaid the note on September 13, 2017.

The Company entered into a promissory note (the “Note”) on September 13, 2017 to obtain funding for working capital purposes. The Note is issued as an unsecured, non-convertible promissory note in the principal amount of $500,000 (the “Note”). The principal amount under the Note accrues interest at a rate of 12% per annum and is due on May 13, 2018. The holder of the Note shall receive the right to buy 1.25 million shares of the Company’s common stock on September 13, 2017 and an additional 1.25 million shares for each month that the Note is outstanding up to a maximum of 10 million shares, all at a purchase price of $0.06 per shares and expiring on September 13, 2019.

On October 26, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $128,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion. The Note accrues interest at a rate of 12% per annum and matures on July 30, 2018.

On November 22, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $150,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading prices during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on December 22, 2018.

On December 11, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $53,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the average of the three lowest trading prices during the period of ten days prior to the conversion. The Note accrues interest at a rate of 12% per annum and matures on September 20, 2018.

On December 29, 2017, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $150,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible at the following price: (i) if no Event of Default (as defined herein) has occurred and the date of conversion is prior to the date that is one hundred eighty (180) days after the Issuance Date, $0.05, or (ii) if an Event of Default has occurred or the date of conversion is on or after the date that is one hundred eighty (180) days after the Issuance Date, the lesser of (a) $0.05 or (b) Sixty Five percent (65%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of the date of conversion of the Debentures (provided, further, that if either the Company is not DWAC Operational at the time of conversion or the Common Stock is traded on the OTC Pink (“OTCP”) at the time of conversion, then Sixty Five percent (65%) shall automatically adjust to Sixty percent (60%) of the lowest closing bid price (as reported by Bloomberg LP) of the Common Stock for the twenty (20) Trading Days immediately preceding the date of conversion of the Debentures). The Note accrues interest at a rate of 0% per annum and matures on December 29, 2020.

On December 12, 2017, the Company entered into agreements, effective January 8, 2018, with an investor pursuant to which the Company reissued convertible promissory notes (“Reissued Notes”) from selling investors in the principal amount of for up to $150,000. Such Reissued Notes are convertible into shares of common stock at an initial conversion price subject to adjustment. The conversion price is the 70% of the current fair market price and accrues interest at a rate of 5% per annum and matures on December 12, 2018.

The term of the Reissued Notes agree with the Notes as the Reissued Notes would not have been issued without, and were contingent upon, the Company receiving the Principal. Otherwise, there would have been no business reason for the Company to enter into any agreement for the Reissued Notes. As such, no rights for the Reissued Notes were granted to the lenders that forwarded the Principal to the Company until January 8, 2018. As a result, there were no conversions, nor could there be any conversions until January 8, 2018. Since the Reissued Notes, nor the rights to the Reissued Notes, were not transferred until January 8, 2018, the effective dates for the Reissued Notes shall be January 8, 2018.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company’s common stock at a discount to market. The fair value of the warrants is $10,271.

On January 8, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $120,833. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 70% of the lowest trading price during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 5% per annum and matures on December 12, 2018. The note holder received 302,082 warrants to purchase the Company’s common stock at a discount to market. The fair value of the warrants is $10,271.

On January 30, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $65,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 61% of the lowest trading prices during the period of fifteen days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on January 30, 2019.

On February 13, 2018, the Company entered into a Loan Agreement with an investor pursuant to which the Company issued a convertible promissory note in the principal amount of $200,000. The Conversion Price of the Common Stock into which the Principal Amount, or the then outstanding interest due thereon, of this Note is convertible is 65% of the lowest trading prices during the period of twenty days prior to the conversion. The Note accrues interest at a rate of 10% per annum and matures on February 13, 2019.

CRITICAL ESTIMATES AND JUDGMENTS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates its estimates and judgments, including those related to receivables and accrued expenses. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable based on the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of the Company's financial statements include estimates as to the appropriate carrying value of the Company's intangible assets, the amount of stock compensation, and the amount of accrued liabilities that are not readily attainable from other sources. These accounting policies are described at relevant sections in this discussion and analysis and in the notes to the consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments, with an original maturity of three months or less when purchased, to be cash equivalents. As March 31, 2018 and June 30, 2017, the Company's cash and cash equivalents were on deposit in federally insured financial institutions, and at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable are not collateralized and interest is not accrued on past due accounts. Periodically, management reviews the adequacy of its provision for doubtful accounts based on historical bad debt expense results and current economic conditions using factors based on the aging of its accounts receivable. After management has exhausted all collection efforts, management writes off receivables and the related reserve. Additionally, the Company may identify additional allowance requirements based on indications that a specific customer may be experiencing financial difficulties. Actual bad debt results could differ materially from these estimates.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market. The Company periodically reviews its inventories for indications of slow movement and obsolescence and records an allowance when it is deemed necessary.

Property and Equipment

Property and equipment are stated at cost. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings. For financial statement purposes, property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Long-lived tangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on estimated fair values if the sum of expected future undiscounted cash flows of the related assets is less than their carrying values.

Intangibles

Intangibles represent primarily costs incurred in connection with patent applications. Such costs are amortized using the straight-line method over the useful life of the patent once issued, or expensed immediately if any specific application is unsuccessful.

Revenue Recognition

The Company recognizes gross sales when persuasive evidence of an arrangement exists, title transfer has occurred, the price is fixed or readily determinable, and collection is probable. It recognizes revenue in accordance with Accounting Standards Codification ("ASC") 605, Revenue Recognition ("ASC 605"). Revenue from licensing, distribution and marketing agreements is recognized over the term of the contract. Revenue from the sale of hardware is recognized when the product is complete and the buyer has accepted delivery. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

Cost of Revenue

Cost of revenue in respect to sale of hardware consists of costs associated with manufacturing of 3D displays, Kiosk machine, transportation, and other costs that are directly related to a revenue-generating. Such expenses are classified as cost of revenue in the corresponding period in which the revenue is recognized in the accompanying income statement.

Depreciation and Amortization

The Company depreciates its property and equipment using the straight-line method with estimated useful lives from three to seven years. For federal income tax purposes, depreciation is computed using an accelerated method.

The Company amortizes is intangible assets using the straight-line method with estimated useful lives of 80 years. For federal income tax purposes, amortization is computed using the straight-line method.

Shipping and Handling Costs

The Company's policy is to classify shipping and handling costs as a component of Costs of Revenues in the Statement of Operations.

Unearned Revenue

The Company bills customers in advance for certain of its services. If the customer makes payment before the service is rendered to the customer, the Company records the payment in a liability account entitled customer prepayments and recognizes the revenue related to the services when the customer receives and utilizes that service, at which time the earnings process is complete. The Company recorded $-0- and $2,057,607 as of March 31, 2018 and June 30, 2017, respectively as unearned revenue.

Significant Customers

During the three months ended March 31, 2018, the Company had two customers which accounting for more than 10% of the Company's revenues (58% and 39%). During the nine months ended March 31, 2018, the Company had four customers which accounted for more than 10% of the Company's revenues (36%, 30%, 20% and 10%). During the three months ended March 31, 2017, the Company had one customer which accounting for more than 10% of the Company's revenues (94%). During the nine months ended March 31, 2017, the Company had two customers which accounted for more than 10% of the Company's revenues (74% and 19%). As of March 31, 2018, the Company had one customer which represented 100% of the accounts receivable balance. As of June 30, 2017, the Company had no accounts receivable balance.

Research and Development Costs

The Company charges all research and development costs to expense when incurred. Manufacturing costs associated with the development of a new process or a new product are expensed until such times as these processes or products are proven through final testing and initial acceptance by the customer.

For the three and nine months ended March 31, 2018 and 2017, the Company incurred $31,037 and $120,148, and $37,934 and $257,838 respectively for research and development expense which are included in the consolidated statements of operations.

Fair Value of Financial Instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2018 and June 30, 2017. 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.

The following table provides a summary of the carrying value of the Company's Convertible Promissory Notes, as of March 31, 2018:

Balance at June 30, 2017	$ 7,216,032
Issuance of notes – net of financing costs	882,801
Extension of notes, increase in principal of $80,000 net of debt discount of $80,000	-
Payments on convertible notes payable by promissory holders	(283,500)
Re-class convertible note to notes payable	(15,000)
Gain on debt extinguishment	(10,267)
Payments of accounts payable from note proceeds	30,000
Debt discount on convertible notes due to beneficial conversion feature	(715,501)
Debt discount on convertible notes due to warrants	(20,275)
Debt discount on convertible notes due to shares issued	(17,500)
Accretion of debt and warrant discount and share discount and prepaid financing costs	1,298,738
Issuance of warrants for financing cost	(6,196)
Issuance of shares of common stock for convertible debt	(222,310)
Balance March 31, 2018	$ 8,137,022

There is no active market for the debt and the fair value was based on the delayed payment terms, the warrants issued as consideration of the debt issuance, the interest rate and the common stock issued as consideration of the debt issuance in addition to other facts and circumstances at the end of March 31, 2018 and June 30, 2017. The Company recognized a gain on the valuation of debt during the three and nine months ended March 31, 2018 and 2017 of $10,267 and $10,267, respectively, related to the debt extinguishment.

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	Fair Value Measurements Using Fair Value Hierarchy		
		Level 1	Level 2	Level 3
Warrants and Derivative liability – March 31, 2018	$ 973,864	$ -	$ -	$ 973,864
Derivative liability – June 30, 2017	$ 408,286	$ -	$ -	$ 408,286

Derivative Financial Instruments

The Company evaluates our financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses the Black-Scholes-Merton pricing model to value the derivative instruments. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Certain of the Company's embedded conversion features on debt and outstanding warrants are treated as derivative liabilities for accounting purposes under ASC 815 due to insufficient authorized shares to settle these outstanding contracts, or due to other rights connected with these contracts, such as registration rights. In the case of insufficient authorized share capital available to fully settle outstanding contracts, the Company utilizes the latest maturity date sequencing method to reclassify outstanding contracts as derivative instruments. These contracts are recognized currently in earnings until such time as the warrants are exercised, expire, the related rights have been waived and/or the authorized share capital has been amended to accommodate settlement of these contracts. These instruments do not trade in an active securities market.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company estimates the fair value of these instruments using the Black-Scholes option pricing model and the intrinsic value if the convertible notes are due on demand.

We have determined that certain convertible debt instruments outstanding as of the date of these financial statements include an exercise price "reset" adjustment that qualifies as derivative financial instruments under the provisions of ASC 815-40, Derivatives and Hedging - Contracts in an Entity's Own Stock ("ASC 815-40"). Certain of the convertible debentures have a variable exercise price, thus are convertible into an indeterminate number of shares for which we cannot determine if we have sufficient authorized shares to settle the transaction with. Accordingly, the embedded conversion option is a derivative liability and is marked to market through earnings at the end of each reporting period. Any change in fair value during the period recorded in earnings as "Other income (expense) - gain (loss) on change in derivative liabilities."

The following table represents the Company's derivative liability activity for the period ended:

Balance at June 30, 2017	$ 408,286
Derivative liability reclass into additional paid in capital upon notes conversion	(120,495)
Derivative liability reclass into additional paid in capital upon notes repayment	(219,672)
Derivative liability on new debt issuance	1,175,747
Change in fair value of derivative	(189,689)
Balance March 31, 2018	$ 973,864

Commitments and Contingencies:

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations, environment liability and tax matters. An accrual for a loss contingency is recognized when it is probable that an asset had been impaired or a liability had been incurred and the amount of loss can be reasonably estimated.

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 March 31, 2018, the Company had debt instruments, options and warrants outstanding that can potentially be converted into approximately 193,847,586 shares of common stock.

Anti-dilutive securities not included in diluted loss per share relating to:	
Warrants outstanding	2,363,553
Convertible debt and notes payable including accrued interest	61,713,891

Material Equity Instruments

The Company evaluates stock options, stock warrants and other contracts (convertible promissory note payable) to determine if those contracts or embedded components of those contracts qualify as derivative financial instruments to be separately accounted for under the relevant sections of *ASC 815-40, Derivative Instruments and Hedging: Contracts in Entity's Own Equity ("ASC 815").* The result of this accounting treatment could be that the fair value of a financial instrument is classified as a derivative financial instrument and is marked-to-market at each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income or other expense. Upon conversion or exercise of a derivative financial instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Financial instruments that are initially classified as equity that become subject to reclassification under ASC 815 are reclassified to a liability account at the fair value of the instrument on the reclassification date.

Certain of the Company's embedded conversion features on debt and outstanding warrants are treated as derivative liabilities for accounting purposes under ASC 815-40 due to insufficient authorized shares to settle these outstanding contracts. Pursuant to SEC staff guidance that permits a sequencing approach based on the use of ASC 840-15-25 which provides guidance for contracts that permit partial net share settlement. The sequencing approach may be applied in one of two ways: contracts may be evaluated based on (1) earliest issuance date or (2) latest maturity date. In the case of insufficient authorized share capital available to fully settle outstanding contracts, the Company utilizes the earliest maturity date sequencing method to reclassify outstanding contracts as derivative instruments. These contracts are recognized currently in earnings until such time as the convertible notes or warrants are exercised, expire, the related rights have been waived and/or the authorized share capital has been amended to accommodate settlement of these contracts. These instruments do not trade in an active securities market.

Recent Accounting Pronouncements

In September 2017, the FASB issued ASU 2017-13, Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842). The effective date for ASU 2017-13 is for fiscal years beginning after December 15, 2018. Management has evaluated the impact of adopting ASU 2017-13 and does not anticipate significant changes.

In January 2016, the FASB issued an accounting standard update which requires, among other things, that entities measure equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) at fair value, with changes in fair value recognized in earnings. Under the standard, entities will no longer be able to recognize unrealized holding gains and losses on equity securities classified today as available for sale as a component of other comprehensive income. For equity investments without readily determinable fair values the cost method of accounting is also eliminated, however subject to certain exceptions, entities will be able to elect to record equity investments without readily determinable fair values at cost, less impairment and plus or minus adjustments for observable price changes, with all such changes recognized in earnings. This new standard does not change the guidance for classifying and measuring investments in debt securities and loans. The standard is effective for us on July 1, 2018 (the first quarter of our 2019 fiscal year). The Company is currently evaluating the anticipated impact of this standard on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease, with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For public companies, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of adopting ASU No. 2016-02 on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* that clarifies how to apply revenue recognition guidance related to whether an entity is a principal or an agent. ASU 2016-08 clarifies that the analysis must focus on whether the entity has control of the goods or services before they are transferred to the customer and provides additional guidance about how to apply the control principle when services are provided and when goods or services are combined with other goods or services. The effective date for ASU 2016-08 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company has not yet determined the impact of ASU 2016-08 on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation, or ASU No. 2016-09. The areas for simplification in this Update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, the amendments in this Update are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted in any interim or annual period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. An entity that elects early adoption must adopt all of the amendments in the same period. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. Amendments related to the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement should be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term should be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. We are currently evaluating the impact of adopting ASU No. 2016-09 on our consolidated financial statements.

In April 2016, the FASB issued ASU 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which provides further guidance on identifying performance obligations and improves the operability and understandability of licensing implementation guidance. The effective date for ASU 2016-10 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. The Company has not yet determined the impact of ASU 2016-10 on its consolidated financial statements.

In June 2016, the FASB Issued ASU 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients” and clarifies the objective of the collectability criterion, presentation of taxes collected from customers, non-cash consideration, contract modifications at transition, completed contracts at transition and how guidance in Topic 606 is retrospectively applied. The amendments do not change the core principle of the guidance in Topic 606. The effective dates are the same as those for Topic 606. The Company has not yet determined the impact of ASU 2016-12 on its consolidated financial statements.

There have been four new ASUs issued amending certain aspects of ASU 2014-09, ASU 2016-08, “Principal versus Agent Considerations (Reporting Revenue Gross Versus Net)” was issued in March 2016 to clarify certain aspects of the principal versus agent guidance in ASU 2014-09. In addition, ASU 2016-10, “Identifying Performance Obligations and Licensing,” issued in April 2016, amends other sections of ASU 2014-09 including clarifying guidance related to identifying performance obligations and licensing implementation. ASU 2016-12, “Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients” provides amendments and practical expedients to the guidance in ASU 2014-09 in the areas of assessing collectability, presentation of sales taxes received from customers, noncash consideration, contract modification and clarification of using the full retrospective approach to adopt ASU 2014-09. Finally, ASU 2016-20, “Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers” was issued in December 2016, and provides elections regarding the disclosures required for remaining performance obligations in certain cases and also makes other technical corrections and improvements to the standard. With its evaluation of the impact of ASU 2014-09, the Company will also consider the impact on its financial statements related to the updated guidance provided by these four new ASUs.

In January 2017, the FASB issued ASU 2017-04 which removes Step 2 from the goodwill impairment test. It is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted for an interim or annual goodwill impairment test performed with a measurement date after January 1, 2017. The Company does not anticpate any material impact from the adoption of ASU 2017-04 on its results of operations, statement of financial position or financial statement disclosures.

In May 2017, the FASB issued ASU No. 2017-09 "Compensation-Stock Compensation (Topic 718) Scope of Modification Accounting (ASU 2017-09)." ASU 2017-09 clarifies which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The standard is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of its adoption of this standard on its financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception". ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity's own stock. As a result, financial instruments (or embedded conversion features) with down round features may no longer be required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to common shareholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. The guidance in ASU 2017-11 can be applied using a full or modified retrospective approach. The Company has not yet determined the effect that ASU 2017-11 will have on its results of operations, statement of financial position or financial statement disclosures.

FASB ASU 2014-12, "Compensation - Stock Compensation (Topic 718), Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" was issued June 2014. This guidance was issued to resolve diversity in accounting for performance targets. A performance target in a share-based payment that affects vesting and that could be achieved after the requisite service period should be accounted for as a performance condition and should not be reflected in the award's grant date fair value. Compensation cost should be recognized over the required service period, if it is probable that the performance condition will be achieved. The guidance is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. This update did not have a significant impact upon early adoption.

FASB ASU 2014-15, "Presentation of Financial Statements-Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" was issued September 2014. This provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. The ASU applies to all entities and is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company does not have any significant impact upon adoption.

FASB ASU 2015-11, "Simplifying the Measurement of Inventory" was issued in July 2015. This requires entities to measure most inventory "at the lower of cost and net realizable value," thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. The ASU will not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. For public business entities, the ASU is effective prospectively for annual periods beginning after December 15, 2016, and interim periods therein. Upon transition, entities must disclose the nature of and reason for the accounting change. The Company does not anticipate a significant impact upon adoption.

FASB ASU No. 2015-15, Interest—Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements" was issued in August 2015 which permits an entity to report deferred debt issuance costs associated with a line-of-credit arrangement as an asset and to amortize such costs over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings under the credit line. The ASU applies to all entities and is effective for public business entities for annual periods beginning after December 15, 2015, and interim periods thereafter, with early adoption permitted. The guidance should be applied on a retrospective basis. The Company did not have any significant impact upon adoption.

FASB ASU 2015-17, “Income Taxes Balance Sheet Classification of Deferred Taxes” was issued in November 2015. This requires entities to classify deferred tax liabilities and assets as noncurrent in a classified statement of financial position and applies to all entities that present a classified statement of financial position. For public entities, this update is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Company does not anticipate a significant impact upon adoption.

FASB ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326)” was issued in June 2016. This ASU amends the Board’s guidance on the impairment of financial instruments. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. This ASU is effective for fiscal years beginning after December 15, 2019. Early adoption will be permitted. The Company does not anticipate a significant impact upon adoption.

ECONOMY AND INFLATION

Except as disclosed herein, we have not experienced any significant cancellation of orders due to the downturn in the economy and only a small number of customers requested delays in delivery or production of orders in process. Our management believes that inflation has not had a material effect on our results of operations.

OFF-BALANCE SHEET AND CONTRACTUAL ARRANGEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our Company’s Principal Executive Officer and Principal Financial Officer, of the design and effectiveness of our “disclosure controls and procedures” (as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of the end of the period covered by this report, these disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the SEC and is accumulated and communicated to management, including the Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The matters involving internal controls and procedures that the Company’s management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board are as follows: (1) lack of a functioning audit committee and lack of a majority of outside directors on the Company’s board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; (3) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements; and (4) ineffective controls over period end financial disclosure and reporting processes. The Company intends to establish policies and procedures that will remediate the related material weaknesses.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting during our last fiscal three months that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On August 26, 2004, in order to protect its legal rights and in the best interest of the shareholders at large, the Company filed, in the Superior Court of California, a complaint alleging breach of contract, rescission, tortuous interference and fraud with Betacorp Management, Inc. In an effort to resolve all outstanding issues, the parties agreed, in good faith, to enter into arbitration in the State of Texas, domicile of the defendants. On August 11, 2006, a judgment was awarded against the Company in the sum of $592,312. A contingency loss of $592,312 was charged to operations during the year ended June 30, 2007. Subsequently, The Company filed a counter lawsuit and was awarded a default judgement in its favor, and as such removed the contingency loss during the year ended June 30, 2016.

Litigation

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

The Company initiated an action against DB in November 2016 seeking declaratory judgment. After the execution of the LLC Agreement, both DB and the Company performed their respective duties. The Company caused numerous kiosks to be manufactured for placement in retail stores in accordance with the PSA, maintained and serviced these kiosks. DB provided funds to ProDava for, the production of kiosks and for expenses incurred by the Company in connection with the maintenance of servicing of the kiosks. In total, DB provided sums totaling $6.5 million. In the first quarter of 2016, DB ceased providing the funding required by the LLC Agreement. DB advised The Company has been incurring the reimbursable expenses that were to be reimbursed by DB. The LLC Agreement provides that, in the event that DB fails to fund any portion of the total amount is was required to provide in accordance with the terms of the LLC Agreement, the LLC Agreement provides for the recalculation of the parties' membership interests in ProDava. The Company filed an action in the Supreme Court of the State of New York in New York County (Index No. 656127/2016) to seed to recalculate the ownership percentage of ProDava. DB filed a motion to dismiss and the Company filed an action opposing such motion. The court initially denied the recalculation of the ownership percentage but allowed the Company to proceed to collect monetary damages. Pro Dava and DB filed a counterclaim for breach of contract. The Company settled with Pro Dava and DB. In consideration of the full and final settlement of all claims and counterclaims DB transferred, assigned and conveyed the entirety of its membership interest in ProDava, together with all obligations and liabilities of DB as a member of ProDava, to the Company.

On June 19, 2017, the Company received a letter from an attorney for Kiosk Information Systems ("KIS") demanding payment of $1,041,177.65 for the balance due on kiosks held by KIS plus $233,282 in interest. The Company was served with a summons and complaint to collect this amount. The Case Number is 2018CV30215 in the District Cour, County of Boulder, Colorado. The Company has asserted defenses to payment.

On September 5, 2017 the Company received a letter from an attorney representing Rite Aid Hdqtrs. Corp's ("Rite Aid"), pursuant to which Rite Aid indicated its desire to terminate the Point of Sales Advertising Agreement ("POS Agreement") with the Company. The Company is disputing Rite Aid's ability to terminate the Agreement. Thereafter, on October 16, 2017, the Company initiated an arbitration before JAMS, which is continuing.

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

Neither the Registrant nor any person acting on its behalf offered or sold the securities of the Company by means of any form of general solicitation or general advertising. No services were performed by any purchaser as consideration for the shares issued.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

In accordance with the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PROVISION HOLDING, INC.

Dated: May 21, 2018

By: /s/ Mark Leonard
Name: Mark Leonard
Title: Chief Executive Officer

Exhibit 31.1

CERTIFICATION

I, Mark Leonard, 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.

/s/ Mark Leonard

Mark Leonard
Chief Executive Officer

Date: May 21, 2018

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 the Quarterly Report on Form 10-Q of Provision Holding, Inc. (the "Company") for the quarter ended March 31, 2018, as filed with the Securities and Exchange Commission (the "Report"), I, Mark Leonard, 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, to the best of my knowledge:

(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

/s/ Mark Leonard
Mark Leonard
Chief Executive Officer
(Principal Executive Officer and
Principal Financial Officer)

Date: May 21, 2018