M LINE HOLDINGS, INC.

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M LINE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

		As of March 31 2018		As of June 30 2017
Assets				
Current assets:				
Cash and cash equivalents	$	44	$	-
Accounts receivable, net		24,750		-
Inventory, net		-		-
Receivables - Other		-		-
Current Assets - Discontinued Operations		-		-
		24,794		-
Property and equipment, net		-		-
Deposits and other		1,834,045		1,834,045
Total assets	$	1,858,839	$	1,834,045
Liabilities and stockholders' equity				
Current liabilities:				
Bank Overdraft	$	-		-
Accounts payable		2,231,475		2,231,475
Accounts payable - related party		35,954		35,954
Accrued expenses and other		2,458,413		2,329,186
Litigation payable		287,500		287,500
Line of credit		3,245,030		3,245,030
Notes payable - current, net of debt discount		1,534,235		1,372,465
Current portion of capital lease obligations		-		-
Current Liabilities - Discontinued Operations		-		-
Total Current Liabilities		9,792,607		9,501,610
Notes payable - net of current portion		-		-
Capital Lease obligation, net of current portion		-		-
Total liabilities		9,792,607		9,501,610
Commitments and contingencies		-		-
Shareholders' equity:				
Series A Preferential stock: $0.001 par value, 10,000,000 shares authorized, 200,000 and 0 shares issued and outstanding at March 31, 2018 and June 30, 2017 respectively		200		200

Series B Preferential stock: $0.001 par value, 10,000,000 shares authorized, 10,000,000 and 0 shares issued and outstanding at March 31, 2018 and June 30, 2017, respectively.	10,000	10,000
Common stock: $0.001 par, 7,500,000,000 shares authorized, 2,909,165,639 and 2,404,717,401 shares issued and outstanding at March 31, 2018 and June 30, 2017, respectively	2,909,166	2,404,718
Additional paid in capital	10,972,831	10,972,831
Accumulated deficit	(21,825,965)	(21,055,314)
Total shareholders' equity	(7,933,768)	(7,667,565)
Total liabilities and stockholders' deficit	$ 1,858,839	$ 1,834,045

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

M LINE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three months ended March 31,		Nine months ended March 31,	
	2018	**2017**	**2018**	**2017**
Net sales	$ 9,750	$ 527	$ 24,750	$ 6,178
Cost of sales	0	50,728	-	82,235
Gross Profit	9,750	(50,201)	24,750	(76,057)
Operating expenses:				
Selling, general and administrative	93,232	186,341	183,232	456,930
Amortization of intangible assets	-	-	-	-
Total operating expense	93,232	186,341	183,232	456,930
Operating income (loss)	(83,482)	(236,542)	(158,482)	(532,987)
Other income (expense):				
Interest expense	(46,066)	(90,408)	(132,943)	(176,908)
Loss on debt extinguishment	(251,019)	-	(479,226)	-
Derivative Gain (Loss)	0	-	-	-
Total other income (expenses)	(297,085)	(90,408)	(612,169)	(176,908)
Income (loss) from continuing operations before income tax	(380,567)	(326,950)	(770,651)	(709,895)
Income tax provision	-	-	-	-
Net income (loss) from continuing operations, net of income tax	(380,567)	(326,950)	(770,651)	(709,895)
Income (Loss) from discontinued operations	-	-	-	-
Net Income (Loss)	$ (380,567)	$ (326,950)	$ (770,651)	$ (709,895)
Net income (loss) per share:				
Basic and dilutive income (loss) per share:				
Continuing operations	(0.00)	(0.00)	(0.00)	(0.00)
Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares under in per share calculations (basic and diluted)	2,904,962,001	2,404,717,401	2,904,962,001	2,404,717,401

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

M LINE HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine months ended March 31,	
	2018	**2017**
Cash flows from operating activities:		
Net Income (loss)	$ (770,651)	$ (709,896)
Reconciliation of net loss to net cash provided by operations:		
Gain (Loss) on disposition of assets	-	-
Bad debt expense	-	-
Depreciation	-	-
Issuance of shares in debt settlement and services	504,448	-
Debt settlement	479,226	
Change in derivative liabilities		-
Changes in operating assets and liabilities:		
Accounts receivable	(24,750)	5,919
Inventory	-	-
Prepaid expenses and other assets	-	-
Accounts payable, accrued expenses and other	(349,999)	451,977
Cash provided by operating activities	(161,726)	(252,000)
Cash used in operating activities of discontinued operations	-	-
Net cash provided by operating activities	(161,726)	(252,000)
Cash flows from investing activities:		
Disposals (Acquisition) of property and equipment	-	-
Proceeds from disposals od property and equipment	-	-
Net cash provided by (used in) investing activities	-	-
Cash flows from financing activities:		
Net borrowings (repayments) on line of credit	-	252,000
Proceeds from notes payable	-	-
Bank Overdraft	-	-
Payments (interest) to notes payable	161,770	0
Payments on capital leases	-	-
Net cash provided by (used in) financing activities	161,770	252,000
Net increase (decrease) in cash and cash equivalent	44	-
Cash and cash equivalents at beginning of period	-	0
Cash and cash equivalents at end of period	$ 44	$ 0

Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Supplemental disclosure of non-cash financing activity:		
Interest added to principal	132,943	102,000
Shares issued for conversion of debt	504,448	-

The accompanying notes form an integral part of these unaudited condensed consolidated financial statements

M LINE HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. Business

M. Line Holdings, Inc. (the "Company") and its subsidiaries currently are engaged in the following businesses, which also represent its business segments:

- Precision Aerospace & Technologies, Inc., formerly Eran Engineering, Inc. ("Precision"), its wholly owned subsidiary, manufactures precision metal component parts and assemblies for the aerospace, medical and defense industries. This is the precision manufacturing group. This Company is currently not trading.

- M Line Machinery Funding, Inc., (M Line Funding") its wholly owned subsidiary, provides advice and support in raising new capital, management support in relation to financial control and management of the business, advice and support in relation to stock listing, reverse mergers, listing on various US and European exchanges, and sales and support specifically related to the aerospace industry.

2. Significant Accounting Policies

Basis of presentation

In the opinion of management, the accompanying interim consolidated balance sheets and statements of operations and cash flows include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with information included in the Company's annual report for the fiscal year ended June 30, 2017.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of M Line Holdings, Inc. and its wholly owned subsidiaries, Precision, and M Line Funding. All intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management are among others, realization of inventories, collectability of accounts receivable, litigation, impairment of goodwill and long-lived assets other than goodwill. Actual results could materially differ from those estimates.

Recent accounting pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. Going Concern and Management Plans

The Company's consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has an accumulated deficit of $21,465,198 as of December 31, 2017, negative working capital and negative cash flows from operations for the six months ended December 31, 2017.

The Company recognizes that the difficulty in raising new funds and the high cost of current funding has impacted the working capital needs of the Company.

The consolidated financial statements do not include any adjustments relating to the recoverability 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 retain its current short-term financing and ultimately to generate sufficient cash flow to meet its obligations on a timely basis in order to attain profitability.

To date the Company has funded its operations from both internally generated cash flow and external sources. The Company will continue to pursue additional external capitalization opportunities, as necessary, to fund its long-term goals and objectives.

In June 2016, M Line entered into a new agreement with TCA Global Credit Master Fund, LLC. ("TCA"). This agreement provided new working capital for the group as well as dismissed all the legal suits against M Line and rewrote the old note at a lower rate of interest (12%). As a part of the transaction, TCA acquired the inventory and plant and machinery subject to current liens.

As a part of the transaction, M Line had negotiated the acquisition of a Company in the aerospace industry and had signed an LOI with that acquisition. Even though M Line was negotiating with other lenders, TCA offered a quick and affordable funding solution for that acquisition. The intent was that the acquisition would be placed in a special purpose corporation and would be managed by the M Line COO with M Line holding some shares in the Company and over time the majority of the shares in that acquisition would revert back to M Line. There were a number of benefits to the acquisition; i. Revenues of approximately $6 million per annum, ii. Net profit in the 20-25% range, iii. M Line would be able to provide aerospace parts manufacturing for them thereby increasing the overall profit of both companies. The acquisition was profitable, had a significant backlog and the purchase price based on estimates was less than two years purchase of the EBITDA. This transaction was completed in September 2016 but TCA never honored any of their agreements with M Line.

As a part of this transaction TCA appointed two new Board members and obtained resignation from two of M Line's Board members and its then CFO taking over management control of M Line.

In October 2016, M Line's COO was removed from his position in the Company but still remained as a board member. TCA took complete control of the business, changed the locks on the building and proceeded to remove assets including equipment and parts, furniture, computers and servers as well as paperwork from the building and proceeded to shut down the aerospace business.

In January 2017, Mr. Anish obtained possession of the building again however with the removal of many strategic parts and equipment as well as the manufacturing software etc. computers and paperwork was unable to restart the aerospace business. In February 2016 the two Directors appointed by TCA resigned. TCA did return some of the missing tooling as it was another lender's security but has never returned the paperwork, computers and servers, and furniture. In May 2017 an auction was held selling all of the remaining equipment and the funds paid down the debt holder.

Since the middle of 2017 there has been no communication between TCA and the Company.

M LINE HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

4. Inventories

Inventories are stated at the lower of cost or market, cost being determined using the first in first out ("FIFO") method. The Company provides inventory reserves for obsolescence and other matters based on management's review of current inventory levels. The Company includes inventory costs, labor and overhead costs directly associated with manufacturing its product.

There was no inventory as of March 31, 2018 and June 30, 2017.

5. Accrued Expenses

Accrued expenses and other as of March 31, 2018 and June 30, 2017 consist of the following:

		March. 31, 2018		June 30, 2017
Compensation and related benefits	$	1,887,588	$	1,887,588
Audit Fees		50,000		50,000
Other		520,825		391,598
	$	2,458,413	$	2,329,186

6. Capital Leases

The Company leases certain equipment under capital leases with terms ranging from four to five years. Currently there are no annual minimum lease payments for the periods ended March 31, 2018 and June 30, 2017.

7. Line of Credit

TCA Global Master Credit Fund LP ("TCA"):

The line of credit with Main Credit was replaced on April 30, 2013 with a line of credit from TCA Global Credit Master Fund, LLC ("TCA") in the amount of $10 million. As of June 30, 2016, the Company has drawn $1,700,000 from the line of which $3,245,030 is outstanding as of June 30, 2017.

In June 2016, M Line entered into a new agreement with TCA Global Credit Master Fund, LLC. ("TCA"). This agreement provided new working capital for the group as well as dismissed all the legal suits against M Line and rewrote the old note at a lower rate of interest (12%).

As a part of the transaction, M Line had negotiated the acquisition of a Company in the aerospace industry and had signed an LOI with that acquisition. Even though M Line was negotiating with other lenders, TCA offered a quick and affordable funding solution for that acquisition. The intent was that the acquisition would be placed in a special purpose corporation and would be managed by the M Line COO with M Line holding some shares in the Company and over time, the majority of the shares in that acquisition would revert back to M Line. There were a number of benefits to the acquisition; i. Revenues of approximately $6 million per annum, ii. Net profit in the 20-25% range, iii. M Line would be able to provide aerospace parts manufacturing for them thereby increasing the overall profit of both companies. The acquisition was profitable, had a significant backlog and the purchase price based on estimates was less than two years purchase of the EBITDA. This transaction was completed in September 2016 but TCA never honored any of their agreements with M Line.

As a part of this transaction TCA appointed two new Board members and obtained resignation from two of M Line's Board members and its then CFO taking over management control of M Line.

In October 2016, M Line's COO was removed from his position in the Company but still remained as a board member. TCA took complete control of the business, changed the locks on the building and proceeded to remove assets including equipment and parts, furniture, computers and servers as well as paperwork from the building and proceeded to shut down the aerospace business.

In January 2017, Mr. Anish obtained possession of the building again however with the removal of many strategic parts and equipment as well as the manufacturing software etc. computers and paperwork was unable to restart the aerospace business. In February 2016 the two Directors appointed by TCA resigned. TCA did return some of the missing tooling as it was another lender's security but has never returned the paperwork, computers and servers, and furniture. In May 2017 an auction was held selling all of the remaining equipment and the funds paid down the debt holder.

Since the middle of 2017 there has been no communication between TCA and the Company.

M LINE HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

8. Notes Payable

Notes payable as of March 31, 2018 and June 30, 2017 consist of:

		March 31, 2018		June 30, 2017
CONVERTIBLE NOTES (DERIVATIVE).				
Four unsecured 10% convertible notes payable to a financial institution two of which are now due. These notes can be converted to common stock at 50 and 55% of the lowest closing price in the 20 trading days prior to conversion.	$	780,027	$	679,460
Two unsecured 8% convertible notes payable in the sum of $110,751 to a financial institution due February 12, 2015. These notes can be converted to common stock after 180 days from the date of issuance at 55% of the lowest closing price in the last 7 trading days prior to conversion.		50,449		47,593
An unsecured 12% convertible note payable to a financial institution due January 31, 2015. This note can be converted to common stock at 55% of the lowest price in the 5 trading days prior to conversion.		15,801		14,425
An unsecured 12% convertible note payable to a financial institution due February 12, 2016. This note can be converted to common stock at $0.0235 or 60% of the lowest closing price in the last 25 trading days prior to conversion.		55,662		51,066

Two unsecured convertible notes payable in the sum of $110,674 to a financial institution with $50,000 due on February 6, 2015and $55,674 due on May 30, 2015. These notes can be converted to company stock after 180 days from the date of issuance at 55% if the lowest closing price in teh last 7 to 10 trading days prior to conversion.	17,113	16,144
Two unsecured 8% convertible notes payable to a financial institution both due May 30, 2015. These notes can be converted to common stock after 180 days of the issuance at 55% of the lowest closing price in the last 10 trading days prior to conversion.	174,170	151,632
Four unsecured convertible notes with interest ranging from 8% to 12% payable to a financial institution with $50,000 due April 25, 2015, $75,000 due on December 25, 2014, $125,662 due on October 3, 2014 and $37,500 due on February 18, 2015. These notes can be converted to common stock after maturity date at 40% - 55% of the lowest closing price in the last 10 to 20 trading days prior to conversion.	291,512	271,174
Three unsecured 8% convertible notes payable in the sum of $160,674 to a financial institution with $50,000 due on February 6, 2015 and $110,674 due on June 10, 2015. These notes can be converted to common stock after 180 days from the date of issuance at 50% - 55% of the lowest closing price in the last 7 to 15 trading days prior to conversion.	88,886	83,855
An unsecured 8% convertible note payable to a financial institution due on June 10, 2015. This note can be converted to common stock after 180 days frin tge date of issuance at 55% of the lowest closing price in the last 10 trading days prior to conversion.	61,819	58,320
	1,535,439	1,373,669

OTHER NOTES (NON CONVERTIBLE).

Notes payable to a financial institution, secured by the underlying equipment in aggregate monthly installments of varying amounts on a reducing balance method, with the balance due in October 16, 2016.	$ -	$ -
Two unsecured notes payable in the sum of $150,000 each, to a financial institution in full in November 2011 and March 31, 2012. The company is currently in default and has negotiated to pay the notes in monthly installments of $20,000 commencing in November 2012.	39,633	39,633
	39,633	39,633
Total of convertible and other notes	1,575,072	1,413,302
Less debt discount	(40,837)	(40,837)
TOTAL	1,534,235	1,372,465
Less Current Portion	1,534,235	1,372,465
Long Term Portion	$ -	$ -
2018	-	-
2019	-	-
2020	-	-
2021	-	-
Thereafter	-	-
	-	-

During the nine months ended March 31, 2018, debt amounting to $25,223 was converted.

Management is unable to provide further details of the debt conversion as TCA removed all of the accounting documentation and computers from our office.

9. Commitments and Contingencies

Leases

The Company leased its manufacturing and office facilities under non-cancellable operating lease arrangements.

Rent expense under operating leases was $0 and $0 for the nine months ended March 31, 2018 and 2017, respectively.

M LINE HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Litigation

Litigation payable as of March 31, 2018 and June 30, 2017 consist of the following:

		March31, 2018	June 30, 2017
An unsecured note payable to a corporation in settlement of a lawsuit payable in 12 monthly payments of $5,000.	$	210,000	210,000
Unsecured notes payable to various parties in settlement of lawsuits payable in full.		77,500	77,500.00
TOTAL	$	287,500	287,500

The Company’s existing litigation proceedings are set forth below:

1. <u>*Donald Yu v. M Line Holdings, Inc., et al.; Case No. 30-2012-00574019-CU-BC-CJC*</u>

   This is an employment dispute asserted by a former employee against M Line Holdings and two corporate insiders, Jitu Banker and Anthony Anish, in their respective individual capacities. The action was filed in Orange County Superior Court on June 4, 2012. The parties entered into a settlement agreement and stipulation for judgment against M Line Holdings, only, on about May 12, 2013. Pursuant to the terms and conditions of the settlement agreement, M Line agreed to pay $21,450.00 in three (3) equal installments. M Line Holdings failed to make payment on a timely basis, and plaintiff filed a stipulated judgment against M Line Holdings on June 12, 2013. Plaintiff also filed default judgments against Messrs. Banker and Anish.

   In response, defendants filed a motion to set aside the defaults and vacate the default judgments against Messers. Banker and Anish as well as renegotiate the terms of the prior settlement with Plaintiff. On or about September 30, 2013, the parties entered into a supplemental settlement agreement and mutual release wherein the Company agreed to pay plaintiff the sum of $24,000 in two (2) equal installments. The first installment of $12,000 has already been paid.

   The final installment of $12,000 was due on or before October 30, 2013, and has not been paid at this time. A judgment remains outstanding against the Company in the sum of $12,000.

2. *Can Capital Asset Servicing, Inc. v. E.M. Tool Company, Inc., et al.;*
Case No. 30-2014-00727606- CU-CL-CJC

This is a breach of contract and related claims arising out of a business loan, and alleges that E.M. Tool failed to pay Can Capital all amounts due under the loan agreement in the principal sum of $58,313, plus interest, costs and attorneys' fees.

On or about November 2014, the parties entered into a settlement agreement and stipulated judgment. Pursuant to the terms and conditions of the settlement agreement, the Company agreed to pay plaintiff the sum of $50,000 in installments on or before May 15, 2015.

As of May 13, 2015, the defendants have made partial payments, and still owe plaintiff $25,500. Plaintiff provided notice of its intent to file the stipulated judgment on May 7, 2015, and commence collection efforts if payment of $10,000 is not paid prior thereto and those payments have been made. Since May, a payment of $1,500 has been made. The balance as of August 17, 2015 is $24,000.

3. *Fadal Machining v. All American CNC Sales, et al.*, Los Angeles Superior Court, Los Angeles, California,Case No. BC415693.

The Complaint was filed on June 12, 2009.

The Complaint alleges causes of action for breach of contract and common counts against All American CNC seeking damages in the amount of at least $163,579, and arises from a claim by Fadal that All American failed to pay amounts due. On June 26, 2009, Fadal amended the complaint to include M Line Holdings, Inc. as a defendant.

A settlement agreement in the amount of $60,000 was signed on May 31, 2011.

The Company had made a provision in the sum of $210,000 in the financial statements as of September 30 and June 30, 2014 as no payments that were due under the settlement agreement have been made. Judgment was entered on June 16, 2011, and a Writ was issued on February 24, 2012.

4. *C. William Kircher Jr. v. M Line Holdings, Inc.* Orange County Superior Court Case No. 00397576

A former attorney for M Line Holdings, Inc. has sued seeking damages for failure to pay legal fees in the amount of $120,166.

The parties reached a settlement. The terms of the settlement call for 12 payments of $5,000 per month commencing August 25, 2011 and the issuance of 150,000 shares of common stock. The Company has issued the 150,000 shares of common stock and made two payments to date. The Company has a provision in the sum of $50,000 in the financial statements as of March 31, 2018 and June 30, 2017.

The Company currently is in default of its payment obligations under the settlement. Plaintiff currently is seeking to obtain a judgment as a result of the breach of the settlement agreement.

5 *Timothy D. Consalvi v. M Line Holdings, Inc. et.al.*, Orange County Superior Court Case No, 00308489.

A former president of All American CNC Sales, Inc. has filed suit against the Company seeking payment on an alleged severance obligation by the Company. The Complaint does not specify the damages sought. The parties then reached a settlement in the principal sum of $40,000 to be documented in due course. Meanwhile a default was entered against the Company, which management believes was in error because a settlement was already reached by the principal parties involved. The default has since been vacated, and the Company has answered the complaint and has filed a motion for leave to file a cross complaint.

A settlement of $50,000 was reached in this case, requiring payments commencing on March 11, 2011 for 10 months. The first two month's payments were made; however, the Company currently is in default of the terms of this settlement agreement. Mr. Consalvi filed his stipulated judgment on March 5, 2012. Abstract of judgment and Writ were issued on March 13, 2012.

A provision in the sum of $40,000 has been made in the financial statements as of March 31, 2018 and June 30, 2017.

To date there has been no further action on this case, and the Company plans to resolve this matter as soon as possible.

6. *TCA Global Credit Master Fund, L.P. vs M LI ne Holdings, Inc. EM Tool Company, Inc. dba Elite Machine Tool, Precision Aerospace and Technologies, Inc., Anthony Anish and Jitendra Banker case # CACE-14-012871*

Plaintiff filed this case on July 1, 2014 in Broward County, Florida.

The complaint alleges that the Company owes the Plaintiff the amount due under the revolving note, and is claiming foreclosure of the collateral, breach of the credit agreement and a claim against the individuals under the validity agreement due to the non-payment.

The Plaintiff obtained a default judgment however due to a settlement agreement reached on September 5, 2014 ceased any further legal activity. The Defendants were unable to honor the agreement and Plaintiff continued to obtain sister state judgments in California and Nevada.

In June 2016 a agreement was reached between the parties under which plaintiff agreed to dismiss the current action and rewrite the loan. The loan was written at a lower rate of interest. Further details are included in the subsequent events section.

The Company has accrued $2,786,030 and 2,633,030 in the financial statements that includes all interest and fees due to Plaintiff through December 31, and June 30, 2015.

Due to the loss of documentation that was removed from the building by a lender (see subsequent events) it is possible that there is litigation that is not included in this list.

The Company has accrued $3,245,030 and 3,245,030 in the financial statements that includes all interest and fees due to Plaintiff through March 31, 2018 and June 30, 2017.

Litigation is subject to inherent uncertainties, and unfavorable rulings could occur. If an unfavorable ruling were to occur in any of the above matters, there could be a material adverse effect on the Company's financial condition, results of operations or liquidity.

The related provisions for these litigations are reported under litigation payable, accounts payable and accrued expenses and other in the consolidated balance sheets.

All documents and files relating to lawsuits were removed by TCA.

10. Shareholders' Equity

During the nine months ended March 31, 2018, the Company issued 504,448,238 shares of common stock in settlement of debt and none for the period ended March 31, 2017.

No preferred stock was issued by the company for the nine month period ended March 31, 2018 and March 31, 2017.

11. Fair Value of Financial Instruments

Management is unable to compute the fair value of financial instruments in the absence of accounting records and related documentation of all notes payable as these documents were removed from the company's premises by TCA Global Credit Master Fund, LLC. No provision for derivative liability has therefore been made in these financial statements.

12. Segments and Geographic Information

The Company's segments consist of individual companies managed separately with each manager reporting to the Board. "Other" represents corporate functions. Sales, and operating or segment profit, are reflected net of inter-segment sales and profits. Segment profit is comprised of net sales less operating expenses and interest. Income taxes are not allocated and reported by segment since they are excluded from the measure of segment performance reviewed by management. The revenue of the Precision Manufacturing group is down significantly compared to the comparable period last year as a result of rebuilding revenue following the Company's move and subsequent delay before production could start again.

Segment information is as follows for the three months and nine months ended March 31, 2018 and 2017:

Segment Information for the three months ended March 31, 2018	Precision Manufacturing	Corporate	Total
Revenue	$ -	$ 9,750	$ 9,750
Interest Expense	-	46,066	46,066
Depreciation and Amortization	-	-	0
Income (loss) before taxes	-	(380,567)	(380,567)
Total Assets	30,470	1,828,369	1,858,839
Capital Expenditure	$ -	$ -	$ -

Segment Information for the three months ended March 31, 2017	Precision Manufacturing	Corporate	Total
Revenue	$ 527	$ -	$ 527
Interest Expense	30,406	60,000	90,406
Depreciation and Amortization	-	-	-
Income (loss) before taxes	(148,251)	(178,700)	(326,951)
Total Assets	(41,390)	1,881,779	1,840,389
Capital Expenditure	$ -	$ -	$ -

Segment Information for the nine months ended March 31, 2018		Precision Manufacturing		Corporate		Total
Revenue	$	-	$	24,750	$	24,750
Interest Expense		-		132,943		132,943
Depreciation and Amortization		-		-		0
Income (loss) before taxes		-		(770,651)		(770,651)
Total Assets		30,470		1,828,369		1,858,839
Capital Expenditure	$	-	$	-	$	-

Segment Information for the nine months ended March 31, 2017		Precision Manufacturing		Corporate		Total
Revenue	$	6,178	$	-	$	6,178
Interest Expense		60,406		116,502		176,908
Depreciation and Amortization		-		-		-
Income (loss) before taxes		(347,794)		(362,101)		(709,895)
Total Assets		(41,390)		1,881,779		1,840,389
Capital Expenditure	$	-	$	-	$	-