ALMOST NEVER FILMS INC.

FORM 10-Q
(Quarterly Report)

Filed 05/19/17 for the Period Ending 03/31/17

Address	8605 SANTA MONICA BLVD #98258
	WEST HOLLYWOOD,, CA, 90069-4109
Telephone	213-296-3005
CIK	0001422768
Symbol	HLWDD
SIC Code	5600 - Retail-Apparel and Accessory Stores
Industry	Apparel & Accessories
Sector	Consumer Cyclicals
Fiscal Year	12/31

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

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED: **March 31, 2017**

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File Number: **000-53049**

ALMOST NEVER FILMS INC.

(Exact name of registrant as specified in its charter)

Nevada	**26-1665960**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13636 Ventura Blvd. #475
Sherman Oaks, CA 91423
(Address of principal executive offices, Zip Code)

(213) 296-3005
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 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 the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	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 ☒

The number of shares of registrant's common stock outstanding as of May 18, 2017 was 190,207,623.

FORM 10-Q
ALMOST NEVER FILMS INC.
(F/K/A SMACK SPORTSWEAR)
March 31, 2017
TABLE OF CONTENTS

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this report. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the headings "Risks Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our report on Form 8-K which was filed with the SEC on January 20, 2016 (the "Super 8-K"), in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q and information contained in other reports that we file with the SEC. You are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report.

We file reports with the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this quarterly report, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

PART I. FINANCIAL INFORMATION

ITEM I. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Almost Never Films Inc. and Subsidiaries
fka Smack Sportswear
Condensed Consolidated Balance Sheets

	March 31, 2017 (Unaudited)	June 30, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 109,677	$ 84,967
Prepaid expense	24,847	3,126
Total Current Assets	134,524	88,093
TOTAL ASSETS	134,524	88,093
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accrued Liabilities	$ 47,350	$ 28,988
Payroll taxes and sales taxes payable	271,398	271,398
Note payable	66,613	66,613
Total Current Liabilities	385,361	366,999
Total Liabilities	385,361	366,999
Stockholders' Deficit		
Preferred stock, no par value, 5,000,000 shares authorized; Series A voting preferred stock, 2,000,000 shares authorized; No shares issued and outstanding	-	-
Common stock, $0.001 par value, 200,000,000 shares authorized; 190,207,623 and 177,707,623 shares issued and outstanding, respectively	190,208	177,708
Common stock subscribed	-	10,000
Stock subscription receivable	-	(65,000)
Additional paid-in capital	471,890	424,390
Accumulated deficit	(912,935)	(826,004)
Total Stockholders' Deficit	(250,837)	(278,906)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 134,524	$ 88,093

The accompanying notes are an integral part of these financial statements.

Almost Never Films Inc. and Subsidiaries
fka Smack Sportswear
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

	Three months ended March 31, 2017	Three months ended March 31, 2016	Nine months ended March 31, 2017	From July 8, 2015 (Inception) to March 31, 2016
REVENUE	$ -	$ -	$ -	$ -
OPERATING EXPENSES				
General and administrative expenses	13,208	9,627	23,132	11,550
Professional fees	12,468	30,175	58,798	33,675
Total Operating Expenses	25,676	39,802	81,930	45,225
LOSS FROM OPERATIONS	(25,676)	(39,802)	(81,930)	(45,225)
OTHER EXPENSE				
Interest expense	(1,643)	(4,990)	(5,001)	(4,990)
Loss on debt settlement	-	(745,800)	-	(745,800)
	(1,643)	(750,790)	(5,001)	(750,790)
LOSS BEFORE INCOME TAXES	(27,319)	(790,592)	(86,931)	(796,015)
Provision for income taxes	-	-	-	-
NET LOSS	$ (27,319)	$ (790,592)	$ (86,931)	$ (796,015)
COMPREHENSIVE LOSS	$ (27,319)	$ (790,592)	$ (86,931)	$ (796,015)
BASIC AND DILUTED LOSS PER COMMON SHARE:				
Net loss per share	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING: BASIC AND DILUTED	190,207,623	68,330,516	183,660,004	22,611,189

The accompanying notes are an integral part of these financial statements.

Almost Never Films Inc. and Subsidiaries
fka Smack Sportswear
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended March 31, 2017	From July 8, 2015 (Inception) to March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss)	$ (86,931)	$ (796,015)
Adjustments to reconcile net loss to net cash from operating activities:		
Loss on debt settlement	-	745,800
Changes in operating assets and liabilities:		
Prepaid expense	(21,721)	1,566
Accrued liabilities	18,362	6,852
Net cash provided (used) in operating activities	(90,290)	(41,797)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from common share issuance	115,000	85,000
Proceeds from preferred share issuance	-	10,000
Net cash provided (used) by financing activities	115,000	95,000
Net increase in cash and cash equivalents	24,710	53,203
Cash and cash equivalents - beginning of period	84,967	-
Cash and cash equivalents - end of period	$ 109,677	$ 53,203
Supplemental Cash Flow Disclosures		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Non-Cash Investing and Financing Activity:		
Net liabilities assumed in recapitalization	$ -	$ (776,294)
Common stock issued for note payable	$ -	$ 248,600
Stock subscription receivable	$ -	$ (115,000)
Preferred stock converted to common stock	$ -	$ 100,000

The accompanying notes are an integral part of these financial statements.

Almost Never Films Inc. and Subsidiaries
fka Smack Sportswear
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2017
(Unaudited)

NOTE 1 - ORGANIZATION, OPERATIONS AND BASIS OF ACCOUNTING

Nature of the Business

Almost Never Films Inc. (the "Company") was originally incorporated in Nevada in October 2007 as Smack Sportswear ("Smack"), which originally manufactured and sold performance and lifestyle based indoor and sand volleyball apparel and accessories. The Company is now an independent film company focused on film production and production related services in connection with genre specific motion pictures with production costs in the $5.0 million to $50.0 million range.

Share Exchange and Recapitalization

On January 15, 2016, Smack entered into a share exchange agreement with Almost Never Films Inc., a private company incorporated in Indiana on July 8, 2015, and its two shareholders, Danny Chan and Derek Williams.

Pursuant to the agreement, Smack issued 1,000,000 shares of our Series A Convertible Preferred Stock to Mr. Chan and Mr. Williams in exchange for all 100,000,000 shares of issued and outstanding common stock of Almost Never Films Inc. (Indiana). As a result of the share exchange, Almost Never Films Inc. (Indiana) became Smack's wholly-owned subsidiary, and Mr. Chan and Mr. Williams acquired a controlling interest in the Company.

The share exchange was accounted for as a "reverse acquisition," and resulted in a recapitalization. Almost Never Films Inc. (Indiana) is deemed to be the acquirer for accounting purposes. The assets acquired and liabilities assumed were $6,566 and $598,869, respectively. Consequently, the assets and liabilities and the historical operations that will be reflected in the financial statements prior to the share exchange will be those of Almost Never Films Inc. (Indiana) and will be recorded at the historical cost basis of Almost Never Films Inc. (Indiana), and the combined financial statements after completion of the share exchange include the assets and liabilities of Almost Never Films Inc. (Indiana), historical operations of Almost Never Films Inc. (Indiana), and operations of Almost Never Films Inc. (Indiana) from the closing date of the share exchange. As a result of the issuance of the shares of our Series A Convertible Preferred Stock pursuant to the share exchange, a change in control of the Company occurred as of the date of consummation of the share exchange. All share and per share information in the accompanying consolidated financial statements and footnotes has been retroactively restated to reflect the recapitalization. The Company has not yet generated any revenue since inception.

On February 29, 2016, the stockholders of Smack voted to amend the Articles of Incorporation of the Company to (i) increase the authorized capital of the Company to 200,000,00 shares of common stock and (ii) to change the name of the Company to "Almost Never Films Inc." which took effect on March 2, 2016.

The new symbol of the Company is HLWD.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying consolidated financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. During the nine months ended March 31, 2017, the Company incurred a net loss from continuing operations of $86,931 and cash used in operating activities was $90,290. As of March 31, 2017, the Company is delinquent in payments of $271,398 for payroll and sales taxes and of $66,613 of a note payable. As of March 31, 2017, the Company had a working capital deficiency of $250,837 and a shareholders' deficit of $912,935. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, an additional cash infusion and an identification of new business opportunities. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on operations, in the case of debt financing, or cause substantial dilution for our stock holders, in case of equity financing.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The unaudited condensed consolidated financial statements presented herein have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Regulation S-X. Accordingly, the financial statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring adjustments, considered necessary for a fair statement of the financial statements have been included. Operating results for the nine months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending June 30, 2017.

These unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended June 30, 2016, which were included in the Company's 2016 Annual Report on Form 10-K. The accompanying condensed consolidated balance sheet as of June 30, 2016, has been derived from the Company's audited consolidated financial statements as of that date.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Team Sports Superstore (Inactive) and Almost Never Films Inc. (Indiana). All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the financial statement date, and reported amounts of revenue and expenses during the reporting period. Significant estimates are used in valuing the fair value of common stock issued for services, among others. Actual results could differ from these estimates.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including our own credit risk.

In addition to defining fair value, the standard expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2 – inputs are based upon significant observable inputs other than quoted prices included in Level 1, such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

As of March 31, 2017, the balances reported for cash, accounts payable and accrued expenses approximate their fair value because of their short maturities. Notes payable are recorded at agreed values. Debt balances are stated at historical amounts less principal payments, which approximate fair market value. The Company believes interest rates in its debt agreements are commensurate with lender risk profiles for similar companies.

Stock Subscription Receivable

The stock subscription receivable reflects the sales of common stock in March 2016 for which the Company had not received payment. As of March 31, 2017, the stock subscription receivable has been nullified based on a mutual agreement between the Company and the party involved in the subscription.

Loss per Share Calculations

Basic earnings per share is computed by dividing income available to common shareholders by the weighted-average number of common shares available. Diluted earnings per share is computed similar to basic earnings per 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. The Company's diluted loss per share is the same as the basic loss per share for the period ended March 31, 2017, as there are no potential shares outstanding that would have a dilutive effect.

Recently Issued Accounting Pronouncements

Management has considered all recent accounting pronouncements issued since the last audit of our financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

NOTE 3 – NOTE PAYABLE

In August 2015, Smack entered into an unsecured promissory note agreement with an individual. The agreement allowed for Smack to borrow up to $66,613 at an interest rate of 10 percent per year. This $66,613 note was assumed by the Company during the recapitalization. The outstanding principal balance under the agreement at March 31, 2017 was $66,613. During the nine months and three months periods ended March 31, 2017, the Company incurred $5,001 and $1,643 of interest expense relating to the unsecured promissory note. The outstanding principal amount and all accrued and unpaid interest was due by August 2016 and is currently delinquent.

NOTE 4 – SHARE CAPITAL

Common Stock

On November 22, 2016, the Company issued 12,500,000 common shares at $0.02 per share, for total proceeds of $250,000. A total of $135,000 was received prior to June 30, 2016 and the shares were issued on November 22, 2016. The remaining $115,000 was received on November 22, 2016, and the 5,750,000 shares were issued on November 22, 2016.

There were 190,207,623 shares of common stock issued and outstanding as of March 31, 2017.

On March 16, 2017, the Company has approved a 1 for 40 reverse split of its issued and outstanding common stock which has not been completed as of March 31, 2017. After effective, the common stock accounts and all share related balances will be applied retroactively for all periods presented.

NOTE 5 – INCOME TAX

The Company provides for income taxes under ASC 740, "Income Taxes." Under the asset and liability method of ASC 740, deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax basis of assets and liabilities and the tax rates in effect when these differences are expected to reverse. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will not realize tax assets through future operations.

The provision for income taxes differs from the amounts which would be provided by applying the statutory federal income tax rate of 34% to the net loss before provision for income taxes for the following reasons:

	Three months ended March 31, 2017	Three months ended March 31, 2016	Nine months ended March 31, 2017	July 8, 2015 to March 31, 2016
Federal income tax benefit attributable to:				
Current Operations	$ (9,289)	$ (268,801)	$ (29,557)	$ (270,645)
Less: valuation allowance	9,289	268,801	29,557	270,645
Net provisions for Federal income taxes	$ -	$ -	$ -	$ -

Net deferred tax assets consist of the following components as of:

	Inception to March 31, 2017	June 30, 2016
Deferred tax asset attributable to:		
Net operating loss carryover	$ 310,398	$ 280,841
Less: valuation allowance	(310,398)	(280,841)
Net deferred tax asset	$ -	$ -

Net deferred tax assets consist of the following components as of:

The following table reconciles the US statutory rates to the Company's effective tax rate for the nine months ended March 31, 2017 and 2016:

	Three months ended March 31, 2017	**Three months ended March 31, 2016**	**Nine months ended March 31, 2017**	**July 8, 2015 to March 31, 2016**
Effective tax rate attributable to:				
US statutory rate	34%	34%	34%	34%
Less: change in unrecognized tax benefit from uncertain tax provision	-34%	-34%	-34%	-34%
Tax per Financial Statements	-	-	-	-

Due to the change in ownership provisions of the Income Tax laws of United States of America, net operating loss carry forwards of $912,935 which expire commencing in fiscal 2035, for federal income tax reporting purposes are subject to annual limitations. When a change in ownership occurs, net operating loss carry forwards may be limited as to use in future years.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company neither owns nor leases any real or personal property. The Company's officers have provided office services without charge. There is no obligation for the officer to continue this arrangement. Such costs are immaterial to the financial statements and accordingly are not reflected herein. The officers and directors are involved in other business activities and most likely will become involved in other business activities in the future.

On December 12, 2016, the Company entered into an agreement with Saisam Entertainment, LLC to develop, finance, and produce a motion picture project. Per the terms of the agreement, the Company will provide or source equity financing for the project in the amount of approximately $1,300,000. Per the terms of the agreement, the Company and Saisam Entertainment, LLC will create an LLC or other entity for the project currently entitled "Love is not Easy". Saisam Entertainment, LLC owns and controls the rights to the screenplay, and will assign all rights in and to the project, pursuant to the terms of an option purchase agreement between the two parties, which includes an initial option fee of $10,000 for an option period of 18 months, a lien for all of the Company's out of pocket costs, and will assist in additional funding. The Company will make or source financial contributions in accordance with the terms of the agreement, assist in the raising of additional financing, and will participate in the development and production. The Company and Saisam Entertainment, LLC will own an undivided 50% interest in the LLC or entity that is formed. The Company will be the managing member of the LLC or entity. The approved budget for the project is approximately $2,000,000. In consideration, the Company will receive a return of 20% of its investment, and will subsequently receive its portion of the net profits per the terms of the agreement. The LLC or entity has not been formed to date.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date these financial statements were issued. Based on our evaluation no additional events have occurred that require disclosure.

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

Business Development

SMACK Sportswear ("SMACK or the Company") was originally incorporated in Nevada in October 2007. Through June 30, 2016, we were a manufacturer and seller of performance and lifestyle based indoor and sand volleyball apparel and accessories. As of July 31, 2015, we completed the disposition of certain assets of the Company to William Sigler, a former director of the Company; in connection with said transactions Mr. Sigler resigned and agreed to sell all his shares of common stock in the Company. As a result of the sale of certain inventory from the Company to Mr. Sigler, the Company was considered a "shell company" (as such term is defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended).

On January 15, 2016, pursuant to the share exchange agreement, among Almost Never Films Inc. f/k/a Smack Sportswear (the "Company", "we," "our" or "us"), Almost Never Films Inc. ("ANF"), an Indiana corporation, and the two shareholders of ANF (the "ANF Shareholders"), we issued to the ANF Shareholders, 1,000,000 shares of our Series A Convertible Preferred Stock (the "Series A Preferred Stock"), par value $0.001 per share in exchange for all 100,000,000 shares of the issued and outstanding common stock of ANF (the "Share Exchange"). As a result of the Share Exchange, ANF became our wholly-owned subsidiary, and our business has become the business of ANF, effective January 15, 2016.

The share exchange was accounted for as a "reverse acquisition," and resulted in a recapitalization. Almost Never Films Inc. (Indiana) is deemed to be the acquirer for accounting purposes. The assets acquired and liabilities assumed were $6,566 and $598,869, respectively. Consequently, the assets and liabilities and the historical operations that will be reflected in the financial statements prior to the share exchange will be those of Almost Never Films Inc. (Indiana) and will be recorded at the historical cost basis of Almost Never Films Inc. (Indiana), and the combined financial statements after completion of the share exchange include the assets and liabilities of Almost Never Films Inc. (Indiana), historical operations of Almost Never Films Inc. (Indiana), and operations of Almost Never Films Inc. (Indiana) from the closing date of the share exchange. As a result of the issuance of the shares of our Series A Convertible Preferred Stock pursuant to the share exchange, a change in control of the Company occurred as of the date of consummation of the share exchange. All share and per share information in the accompanying consolidated financial statements and footnotes has been retroactively restated to reflect the recapitalization. The Company has not yet generated any revenue since the reverse acquisition.

On February 29, 2016, the stockholders of Smack voted to amend the Articles of Incorporation of the Company to (i) increase the authorized capital of the Company to 200,000,00 shares of common stock and (ii) to change the name of the Company to "Almost Never Films Inc." which took effect on March 2, 2016.

The Company has 5,000,000 authorized preferred shares with no par value.

Smack issued 1,000,000 shares of our Series A Convertible Preferred Stock to the Mr. Chan and Mr. Williams in exchange for all 100,000,000 shares of issued and outstanding common stock of Almost Never Films Inc. (Indiana), with a value of $10,000.

On March 4, 2016, all 1,000,000 preferred shares were converted into 100,000,000 common shares.

There were no shares of preferred stock issued and outstanding as of March 31, 2017.

On November 16, 2016, the Company entered into a collaboration agreement with Konwiser Brothers Media. At this point, the Company ceased being a "shell company," as defined in Rule 12b-2 under the Securities Exchange Act of 1934.

On March 16, 2017, the Board of Directors of the Company approved a 1:40 reverse stock split of our issued and outstanding shares of common stock (the "Reverse Stock Split") and an adjustment in the authorized common stock of the Company to 25,000,000 (the "Authorized Adjustment"). The Majority Stockholders approved the Reverse Stock Split and the Authorized Adjustment by written consent in lieu of a meeting on March 16, 2017. The Authorized Adjustment and the Reverse Stock Split will become effective upon approval by FINRA, which we expect to occur shortly.

Criteria

The Company was originally incorporated in Nevada in October 2007 as Smack Sportswear ("Smack"), which originally manufactured and sold performance and lifestyle based indoor and sand volleyball apparel and accessories. The Company is now an independent film company focused on film production and production related services in connection with genre specific motion pictures with production costs in the $5.0 million to $50.0 million range.

History

As described above, we were incorporated in Nevada in October 2007 under the name SMACK Sportswear under which we manufactured and sold performance and lifestyle based indoor and sand volleyball apparel and accessories. As a result of the sale of certain inventory from the Company to Mr. Sigler in July 2015, the Company became a "shell company" (as such term is defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended). As a result of the Share Exchange, we acquired the proposed business of Almost Never.

Almost Never, our wholly-owned subsidiary upon the closing of Share Exchange, was incorporated in the State of Indiana on July 8, 2015. As a result of the Share Exchange, the Company amended its Articles of Incorporation to change its name from "Smack Sportswear" to "Almost Never Films Inc." to more accurately reflect its new business. We also request changed the Company's OTCQB trading symbol to "HLWD"

We currently have authorized 205,000,000 shares of capital stock, consisting of (i) 200,000,000 shares of Common Stock, and (ii) 5,000,000 shares designated as preferred stock containing such rights, privileges and designations as our Board of directors may, from time to time, determine. As of the date of this Report, an aggregate of 190,207,623shares of our Common Stock and no shares of our Series A Convertible Preferred Stock are issued and outstanding.

After the Share Exchange, our principal executive office is now located at 13636 Ventura Blvd #475, Sherman Oaks, CA 91423.

Our Business

We are an independent film company focused on film production and production related services in connection with genre specific motion pictures with production costs in the $5.0 million to $50.0 million range.

Our business is to facilitate relationships (and as such, provide production related services) between creative talent (including writers, actors and directors) and companies who produce, finance and distribute motion pictures. We intend to acquire or license rights to materials upon which we believe motion pictures can be based (screenplays, books, short stories etcetera, which are referred to within the entertainment industry as the "underlying property"). We may further develop an underlying property by contracting for additional writing services and/or by bringing in new writers to perform "polishes" or "rewrites" on a particular underlying property.

If we are satisfied with the creative state of the underlying property, we then intend to make offers to directors and/or actors, to perform services in connection with a particular motion picture based on that underlying property. These offers are very often contingent and subject to the satisfaction of certain production elements, such as financier approval of the screenplay and the financier's selection of a start date for principal photography.

If a director or actors accepts one of our offers, the director or actors are said to be "attached" to the motion picture project. Armed with the underlying property and the attached creative element(s) (these elements are often called the "package" in Hollywood), we may then approach third party financiers seeking financing as well as distribution for the potential motion picture. Another approach that we may take is to contact the financiers first, seeking first to produce the film, and then with a finished (or nearly finished) motion picture product, obtain distribution for the picture.

We entered into our first two collaboration agreements to produce the films "Field Trip" and "Love is not Easy" during the quarter ended December 31, 2016.

Critical accounting policies and estimates

Our condensed consolidated financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We continually evaluate our estimates and judgments, our commitments to strategic alliance partners and the timing of the achievement of collaboration milestones. We base our estimates and judgments on historical experience and other factors that we believe to be reasonable under the circumstances. All estimates, whether or not deemed critical, affect reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingent assets and liabilities. These estimates and judgments are also based on historical experience and other factors that are believed to be reasonable under the circumstances. Materially different results can occur as circumstances change and additional information becomes known, even for estimates and judgments that are not deemed critical.

Going Concern

The accompanying financial statements have been prepared in conformity with GAAP, which contemplate continuation of the Company as a going concern. The Company has not completed its efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time. These conditions raise substantial doubt as to our ability to continue as a going concern.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses. The Company intends to position itself so that it may be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

Results of Operations

For the three months ended March 31, 2017 compared to March 31, 2016

During the three months ended March 31, 2017, the Company had no revenue and incurred $13,208 on general and administrative expenses and $12,468 on professional fees. The Company's professional fees were primarily for ongoing regulatory requirements. During the three months ended March 31, 2016, the Company had no revenue and incurred $9,627 on general and administrative expenses and $30,175 on professional fees.

Other Expense

During the three months ended March 31, 2017, the Company incurred interest expenses of $1,643 relating to an unsecured promissory note payable. During the three months ended March 31, 2016, the Company incurred interest expenses of $4,990, relating to an unsecured promissory note payable, and a loss on debt settlement of $745,800.

Net Loss

The Company's net loss for the three months ended March 31, 2017 was $27,319. The Company's net loss for the three months ended March 31, 2016 was $790,592.

For the nine months ended March 31, 2017 compared to March 31, 2016

During the nine months ended March 31, 2017, the Company had no revenue and incurred $23,132 on general and administrative expenses and $58,798 on professional fees. The Company's professional fees were primarily for ongoing regulatory requirements and the negotiation of the two collaborations entered into by the Company. During the nine months ended March 31, 2016, the Company had no revenue and incurred $11,550 on general and administrative expenses and $33,675 on professional fees. The Company's professional fees were primarily for ongoing regulatory requirements.

Other Expense

During the nine months ended March 31, 2017, the Company incurred interest expenses of $5,001, relating to an unsecured promissory note payable. During the nine months ended March 31, 2016, the Company incurred interest expenses of $4,990, relating to promissory notes payable, and a loss on debt settlement of $745,800.

Net Loss

The Company's net loss for the nine months ended March 31, 2017 was $86,931. The Company's net loss for the nine months ended March 31, 2016 was $796,015. The decrease in the net loss was due primarily to a loss on debt settlement of $745,800 incurred in the nine months ended March 31, 2016.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support its current and future operations, satisfy its obligations, and otherwise operate on an ongoing basis. Significant factors in the management of liquidity are funds generated by operations, levels of accounts receivable and accounts payable and capital expenditures.

As of March 31, 2017, we had a cash balance of $109,677. As of June 30, 2016, we had a cash balance of $84,967. We do not have sufficient funds to operate for the next twelve months. There can be no assurance that additional capital will be available to the Company. We currently have no agreements, arrangements or understandings with any person or entity to obtain funds through bank loans, lines of credit or any other sources. Since the Company has no such arrangements or plans currently in effect, its inability to raise funds for the above purposes will have a severe negative impact on its ability to remain a viable company.

Financing Activities

During the nine months ended March 31, 2017, the Company received $115,000 for the issuance of common stock, which were then registered in a registration statement on Form S-1, that was declared effective by the Securities and Exchange Commission on December 9, 2016. For the nine months ended March 31, 2016, the Company received $85,000 from common share issuance and $10,000 from preferred share issuance.

Going Concern Consideration

The accompanying condensed consolidated financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying condensed consolidated financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. During the nine months ended March 31, 2017, the Company incurred a net loss from continuing operations of $86,931 and cash used in operating activities was $90,290. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, an additional cash infusion and an identification of new business opportunities. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on operations, in the case of debt financing, or cause substantial dilution for our stock holders, in case of equity financing.

We do not have any material commitments for capital expenditures during the next twelve months. Although our proceeds from the issuance of debt and our offering of shares of common stock is currently sufficient to fund our operating expenses, we anticipate we will need to raise additional funds in the future so that we can expand our operations. Therefore, our future operations are dependent on our ability to secure additional financing. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, the trading price of our common stock and a downturn in the U.S. equity and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. The inability to obtain additional capital may restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we may have to curtail our marketing and development plans and possibly cease our operations.

Off-balance sheet arrangements

During the nine months ended March 31, 2017, we did not have any "off-balance sheet arrangements" (as that term is defined in Item 303(a)(4)(ii) of Regulation S-K).

Recent accounting pronouncements

Management has considered all recent accounting pronouncements issued since the last audit of our financial statements. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Pursuant to Rule 13a-15(b) under the Exchange Act, the Company carried out an evaluation with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and the Company's Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of March 31, 2017. Based upon that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2017 due to the Company’s limited internal resources and lack of ability to have multiple levels of transaction review.

Management is in the process of determining how best to change our current system and implement a more effective system to insure that information required to be disclosed in the reports that we file or submit under the Exchange Act have been recorded, processed, summarized and reported accurately. Our management intends to develop procedures to address the current deficiencies to the extent possible given limitations in financial and manpower resources. While management is working on a plan, no assurance can be made at this point that the implementation of such controls and procedures will be completed in a timely manner or that they will be adequate once implemented.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2017, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's property is not the subject of any pending legal proceedings.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description	Form	Incorporated by Reference SEC File No.	Exhibit	Filing Date	Filed Herewith
3.1	Articles of Incorporation of the Company	SB2	333-148510	3.1	1/7/2008	
3.2	Amendment to Articles of Incorporation of the Company	8-K	000-53049	3.2	4/13/2012	
3.3	Amendment to Articles of Incorporation of the Company	8-K	000-53049	3.1	2/29/2016	
3.4	Bylaws of the Company	SB2	333-148510	3.2	1/7/2008	
4.1	Certificate of Designation of Series A Convertible Preferred Stock	8-K	000-53049	4.1	1/18/2016	
10.1	Share Exchange Agreement dated January 15, 2016 by and among SMACK Sportswear, Inc., Almost Never Films Inc., and the Shareholders of Almost Never Films Inc.	8-K	000-53049	2.1	1/18/2016	
31.1	Certification by Chief Executive Officer and Chief Financial Officer, required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act					☒
31.2	Certification by Chief Executive Officer and Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code					☒
101.INS	XBRL Instance Document.*					
101.SCH	XBRL Taxonomy Extension Schema.*					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.*					
101.DEF	XBRL Taxonomy Extension Definition Linkbase.*					
101.LAB	XBRL Taxonomy Extension Label Linkbase.*					
101.PRE	XBRL Extension Presentation Linkbase.*					

* Attached as Exhibit 101 to this report are the following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheet, (ii) the Condensed Consolidated Statement of Operations, (iii) the Condensed Consolidated Statement of Cash Flows, and (iv) Notes to Combined Financial Statements.

SIGNATURE

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

ALMOST NEVER FILMS INC.

Date: May 18, 2017

By: */s/ Danny Chan*
Danny Chan, Chief Executive Officer and Chief Financial Officer
(principal executive officer and principal financial and accounting officer)

EXHIBIT 31.1

CERTIFICATION

I, Danny Chan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ALMOST NEVER FILMS INC. for the quarter ended March 31, 2017;

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 is made known to us by others, 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 my 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 function):

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

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

Date: May 18, 2017

/s/ Danny Chan
Danny Chan
Chief Executive Officer and Chief Financial Officer
(principal executive officer and principal financial and accounting officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of ALMOST NEVER FILMS INC. (the "Company") on Form 10-Q for the quarter ended March 31, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Danny Chan, Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 18, 2017

/s/ Danny Chan
Danny Chan
Chief Executive Officer and Chief Financial Officer
(principal executive officer and principal financial and accounting officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.