UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

COMMISSION FILE NO. **000-30202**

FORM 10-Q

mPhase Technologies, Inc.

(Exact name of registrant as specified in its charter)

NEW JERSEY	**22-2287503**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*

688 New Dorp Lane **Staten Island, New York,**	**10306-4933**
(Address of principal executive offices)	*(Zip Code)*

973-256-3737

ISSUER'S TELEPHONE NUMBER

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, DURING THE PRECEDING 12 MONTHS (OR FOR SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORT), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

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.

THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK AS OF MAY 17, 2018 IS 16,460,514,423 SHARES, ALL OF ONE CLASS OF $.001 PAR VALUE COMMON STOCK.

mPHASE TECHNOLOGIES, INC.

INDEX

mPHASE TECHNOLOGIES, INC.

Condensed Consolidated Balance Sheets

	September 30, 2016 **(Unaudited)**	June 30, 2016
ASSETS		
CURRENT ASSETS (see Note 1)		
Cash	$8,793	$4,717
Assets of discontinued operations	5,042	25,171
TOTAL CURRENT ASSETS	13,835	29,888
Property and equipment, net	2,894	3,631
TOTAL ASSETS	$16,729	$33,519
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES (see Note 1)		
Accounts payable	$573,051	$565,714
Accrued expenses	717,531	658,433
Due to related parties	212,545	212,545
Notes payable, Officers'	612,594	597,331
Notes payable, Director & Investor	117,241	115,486
Current portion, long term convertible debentures	1,563,245	1,561,611
Liabilities of discontinued operations	722,062	697,647
TOTAL CURRENT LIABILITIES	4,518,268	4,408,766
STOCKHOLDERS' DEFICIT		
Common stock, par value $.001, 18,000,000,000 shares authorized, 17,960,143,845 & 17,772,643,845 shares issued and outstanding at September 30, 2016 (unaudited) & June 30, 2016, respectively	17,960,143	17,772,643
Additional paid in capital	189,391,834	189,533,941
Accumulated deficit	(211,853,516)	(211,681,831)
TOTAL STOCKHOLDERS' DEFICIT	(4,501,539)	(4,375,247)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$16,729	$33,519

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

mPHASE TECHNOLOGIES, INC.

Condensed Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended	
	September 30, 2016	September 30, 2015
REVENUES	$-	$-
COSTS AND EXPENSES		
General and administrative	63,754	181,740
Depreciation and amortization	737	738
TOTAL COSTS AND EXPENSES	64,491	182,478
OPERATING LOSS	(64,491)	(182,478)
OTHER INCOME (EXPENSE)		
Interest (Expense)	(76,274)	(63,068)
Other income (Expense)	-	-
Change in fair value of derivative liability	-	(224,961)
TOTAL OTHER INCOME (EXPENSE)	(76,274)	(288,029)
Loss from Continuing Operations, before Income Taxes	(140,765)	(470,507)
Loss from Discontinued Operations	(30,921)	(73,216)
Income Taxes	-	-
Net Loss	$(171,686)	$(543,723)
Basic & Diluted Net loss per share:		
Loss per share From Continuing Operations	$(0.00)	$(0.00)
Loss per share From Discontinued Operations	$(0.00)	$(0.00)
Net Loss per share	$(0.00)	$(0.00)
Weighted Average Number of Shares Outstanding; Basic & Diluted	17,929,573,192	16,155,394,178

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

mPHASE TECHNOLOGIES, INC.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Three Months Ended	
	September 30, 2016	September 30, 2015
Cash Flow From Operating Activities:		
Net Loss from continuing operations	$ (140,765)	$ (470,507)
Net Loss from discontinued operations	(30,921)	(73,216)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	737	738
Non-cash charges relating to issuance of common stock, common stock options and warrants	-	2,236
Gain on sale of patent	(12,500)	-
Change in fair value of derivative liability and debt discount charges (credits)	-	252,765
Other non-cash charges for beneficial conversion interest expense	30,393	30,393
Amortization of loan discount, finance company	2,700	-
Changes in assets and liabilities:		
Accounts receivable	55	4,077
Inventories	20,074	53,469
Prepaid expenses and other current assets	-	16,059
Other assets	-	3,060
Accounts payable & accrued expenses	75,451	28,568
Customer deposits	-	(26,691)
Due to/from related parties		
Microphase & Eagle	-	16,250
Officers	54,000	94,444
Net cash used in operating activities	(776)	(68,355)
Cash Flow Used in Investing Activities:		
Purchase of fixed assets	-	-
Net Cash used in investing activities	-	-
Cash Flow from Financing Activities:		
Proceeds from issuance of common stock, net of finder’s fees	-	126,000
Proceeds of demand note	-	10,000
Repayment to Finance Company	(3,600)	-
Repayment of convertible debentures	-	(42,635)
Proceeds from notes payable related parties	8,504	-
Repayment of notes payable related parties	(52)	(21,323)
Net cash provided by financing activities	$ 4,852	$ 72,042

Net increase in cash	4,076	3,687
CASH AND CASH EQUIVALENTS, beginning of period	4,717	2,868
CASH AND CASH EQUIVALENTS, end of period	$ 8,793	$ 6,555

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

3

mPHASE TECHNOLOGIES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

(UNAUDITED)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

mPhase Technologies, Inc. (the "Company") was organized on October 2, 1996 and is presently focused on restructuring its debt obligations to be in a position to capitalize on its existing intellectual property portfolio and endeavor to further develop new "smart surface" products through the sciences of microfluidics, micro-electromechanical systems (MEMS) and nanotechnology. The Company plans to restructure its business through some combination of raising additional capital, strategic partnerships and or mergers & acquisitions.

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the regulations of the Securities Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ending September 30, 2016 are not necessarily indicative of the results that may be expected for a full fiscal year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K, as amended, for the year ended June 30, 2016.

GOING CONCERN

The Company's unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Through September 30, 2016, the Company had incurred (a) cumulative losses totaling ($211,853,516) and (b) a stockholders' deficit of ($4,501,539). At September 30, 2016, the Company had $8,793 of cash and $385 of trade receivables from discontinued operations to fund short-term working capital requirements. In addition, the Company relies on the continuation of funding through private placements of its common stock. These matters raise substantial doubt about the Company's ability to continue as a going concern for a period of twelve months from the issuance date of this quarterly report. The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company's ability to continue as a going concern and its future success is dependent upon its ability to raise capital in the near term to: (1) satisfy its current obligations, (2) continue its research and development efforts, and (3) allow the successful wide scale development, deployment and marketing of its smart surface products. There can be no assurance the necessary debt or equity financing will be available, or if so, on terms acceptable to the Company.

INVENTORY- Discontinued Operations

The Company uses the First In First Out method (FIFO) to account for inventory which is carried at lower of cost and net realizable value. As of June 30, 2016, inventory consisted primarily of its various Jump products including the Jump and the mini Jump, and our remaining flashlight inventory, and was valued at $23,551. As of September 30, 2016, inventory consisted primarily of the Company's line of Jump products including the new Jump Plus, and our remaining flashlight inventory, and was valued at $3,477. The Company's Board of Directors, in a meeting on June 25, 2016, determined it was in the best interest of the Company to discontinue its entire line of Jump products in the 1st quarter of fiscal year 2017 owing to increased competition and decreasing margins. Appropriate reserves have been taken as of June 30, 2016 and September 30, 2016, to assure that the cost of such inventory does not exceed the expected net realizable value.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates include net realizable value of inventories, estimated value of stock based compensation and changes in and the ending fair value of derivative liability. Actual results could differ from those estimates.

CHANGE IN ACCOUNTING ESTIMATE FOR THE VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Changes in fair value of derivative liabilities results from the changes in the fair value of the derivative liability due to the application of ASC 815, resulting in either income or expense, depending on the difference in fair value of the derivative liabilities between their measurement dates. The increase in fair value of derivative liabilities recognized effective June 30, 2016 is due to a change in accounting estimate related to the accounting for derivative liabilities. Due to the Company's current share price and lack of trading liquidity in the Company's common stock, in addition to limited shares available for conversions for such instruments as amended, the convertible notes were determined to have no basis for applying a derivative liability to the conversion of these notes. As a result, the Company recorded a change in accounting estimate which resulted in a gain on change in derivative liability of approximately $200,000 effective June 30, 2016.

As of September 30, 2016, due to the Company's current share price and lack of trading liquidity in the Company's common stock, in addition to limited shares available for conversions for such instruments as amended, the convertible notes were determined to still have no basis for applying a derivative liability to the conversion of these notes.

LOSS PER COMMON SHARE, BASIC AND DILUTED

Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net loss adjusted for income or loss that would result from the assumed conversion of potential common shares from contracts that may be settled in stock or cash by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. The Company had no warrants to purchase shares of its common stock and no options to purchase shares of its common stock outstanding at September 30, 2016.

At September 30, 2016 the Company has convertible securities held by third parties that are immediately convertible into 997,865,987 shares of common stock (which amount include one additional assumed monthly conversion by John Fife in April 2016 under the terms of the Forbearance Agreement, as amended). Under the terms of the Forbearance Agreement, as amended, with John Fife (arrangement #4), Fife may acquire a total of 9,473,137,500 shares of the Company's common stock based upon the conversion terms; if the forbearance agreement discussed in Note 3 is settled entirely in stock. In addition, the Company has convertible notes plus accrued interest thereon held by officers of the Company, subject to availability, convertible into approximately 1,493,326,550, immediately, if available.

The following table illustrates debts convertible into shares of the Company's Common Stock at September 30, 2016:

	September 30, 2016				
	Note Principle	**Accrued Interest**	**Total**	**Shares Convertible**	
				immediately	over full term, if available*
Arrangement #1 - JMJ Financial, Inc	$802,060	$340,471	$1,142,531	285,632,653	285,632,653
Arrangement #2 - St. George Investments/Fife Forbearance Obligation	757,851	-	757,851	625,000,000	9,473,137,500
Arrangement #3 - MH Investment trust II	3,333	1,901	5,234	87,233,333	87,233,333
Total Convertible Notes payable	1,563,244	342,372	1,905,616	997,865,987	9,846,003,487
Notes Payable- Officers*	612,594	-	612,594	-	1,531,485,000
Total	$2,175,838	$342,372	$2,518,210	997,865,987	11,377,488,487

* convertible if shares available

DEBT DISCOUNTS

Costs incurred with parties who are providing the actual long-term financing, which may include loan fees, the value of warrants, the fair value of the derivative conversion feature, or the intrinsic value of conversion features associated with the underlying debt, are reflected as a debt discount. These costs and discounts are generally amortized over the life of the related debt.

5

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are recorded on the balance sheet at fair value. The conversion features of the convertible debentures and convertible notes may be embedded derivatives and would be separately valued and accounted for on our balance sheet with changes in fair value recognized during the period of change as a separate component of other income/expense. Fair values for exchange-traded securities and derivatives are based on quoted market prices. The pricing model we use for determining fair value of our derivatives is the Black-Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management’s judgment and may impact net income. During the Quarter ended September 30, 2016 the Company utilized an expected life of 20 and 10 days based upon the look-back period of its convertible debentures and notes and a volatility of 100%, up and until the Change In Accounting Estimate effective June 30, 2016.

RECLASSIFICATIONS

Certain reclassifications have been made in the prior period consolidated financial statements, primarily to reflect the Discontinued Operations resulting from terminating the Jump line of products which ceased having material sales in the first quarter of Fiscal 2017 to conform to the current period presentation. The reclassified financial statement items had no effect on (a) Net Loss for the three months ended September 30, 2016 and 2015, or (b), total Stockholders’ Deficit or total Assets as of September 30, 2016 or June 30, 2016.

DISCONTINUED OPERATIONS

The Company has classified the operating results and associated assets and liabilities from its Jump line of products, which ceased having material sales in the first quarter of Fiscal 2017, as Discontinued Operations in the Consolidated Financial Statements for the Fiscal Years ended June 30, 2016 and 2015.

The Assets and Liabilities associated with discontinued operations included in our Consolidated Balance Sheet were as follows:

	September 30, 2016 *(Unaudited)*			June 30, 2016		
ASSETS	Total	Discontinued	Continuing	Total	Discontinued	Continuing

CURRENT ASSETS						
Cash	$8,793	$ -	$ 8,793	$4,717	$ -	$ 4,717
Accounts receivable, net	385	385	-	440	440	-
Inventory, net	3,477	3,477	-	23,551	23,551	-
Prepaid and other current assets	1,180	1,180	-	1,180	1,180	-
TOTAL CURRENT ASSETS	13,835	5,042	8,793	29,888	25,171	4,717
Property and equipment, net	2,894	-	2,894	3,631	-	3,631
TOTAL ASSETS	16,729	5,042	11,687	33,519	25,171	8,348
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	1,161,479	588,428	573,051	1,143,956	578,242	565,714
Accrued expenses	824,725	107,195	717,531	750,628	92,195	658,434
Due to related parties	212,545	-	212,545	212,545	-	212,545
Notes payable, Officers’	612,594	-	612,594			