MPHASE TECHNOLOGIES INC
Form 10-K
October 15, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

FOR THE YEAR ENDED **JUNE 30, 2018**

COMMISSION FILE NO. **000-30202**

mPHASE TECHNOLOGIES, INC.

(Name of issuer 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)

Registrant's telephone number, including area code: **973-256-3737**

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

COMMON STOCK, $.001 PAR VALUE

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

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 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 such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if the disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to the Form 10-K.

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act)

Yes No

As of June 30, 2018, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $1,598,689 based upon the closing sale price as of that date. As of June 30, 2018, there were 16,860,514,523 shares of common stock, $.001 par value, outstanding.

As of September 24, 2018, there were 39,537,976,123 shares of common stock, $.001 par value, outstanding.

Documents Incorporated by Reference

None.

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED JUNE 30, 2018

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PART I

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements.” In some cases, you can identify forward-looking statements by terms such as “may,” “intend,” “might,” “will,” “should,” “could,” “would,” “expect,” “believe,” “estimate,” “predict,” “potential,” o these terms and similar expressions intended to identify forward-looking statements. These statements reflect the Company’s current views with respect to future events and are based on assumptions and subject to risks and uncertainties. The Company discusses many of these risks and uncertainties in greater detail in Part I, Item 1A of this 10-K under the heading “Risk Factors.” These risks and uncertainties may cause the Company’s actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. You should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent the Company’s estimates and assumptions as of the date of this report. The Company is under no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations.

The following discussion should be read in conjunction with the financial statements and related notes included elsewhere in this report.

ITEM 1. BUSINESS

General Description of the Business

mPhase Technologies, Inc. (“mPhase” or the “Company”) is a publicly-held New Jersey corporation. The Company has approximately 23,000 shareholders and approximately 16,860,514,523 shares of common stock outstanding as of June 30, 2018. The Company was founded in 1996 and its common stock is traded on the Over the Counter Bulletin Board under the ticker symbol XDSL. Since July of 2017 the Company has its office in Staten Island, New York.

The Company has 3 full time employees which are officers of the Company and 1 full time accounting consultant that prepares its financial statements.

The Company has faced a very challenging environment since March of 2016. Lack of available funds to pay its outside auditors and other transaction costs associated with timely filings with the Securities and Exchange Commission (“SEC”) of its periodic financial statements has resulted in the Company being delinquent with respect to such filings starting with its Form 10Q for the 3-month period ended March 31, 2016. On July 9,2018, the Company filed its Form 10Q for the period ended March 31, 2018 to become current in its filings. The Company is using its best efforts to secure funding required to remain current with respect to such filings and believes that the current favorable capital markets will enable it to raise funds necessary to expand its operations. The focus of such operations is to commercialize its patented SmartNanoBattery as well as further develop and seek a strategic partner to commercialize its patented drug delivery system that uses much of the same electrowetting technology and “Smart Surfaces” used in the SmartNanobattery. The Company is in active discussions with Picatinny Arsenel, the Army’s, small munitions testing facility in New Jersey to renew, for the fourth time, a 3 year CRADA (cooperative research agreement) to further test and develop its SmartNanoBattery.

mPhase is a company specializing in the research, development and fabrication of “smart surfaces” using materials science engineering, and enabled by breakthroughs in nanotechnology science and the principles of microfluidics and micro-electromechanical systems (MEMS). The Company is developing products for both commercial and military applications. To date the Company has concentrated its efforts in Smart Surface Technology on research and development of its Smart Nanobattery. In Fiscal Year ended June 30, 2018 the Company maintained active operations focused upon becoming current in its SEC filings and actively managing its Patent portfolio. The Company has a total of 3 full time employees that are critical to current active operations of the Company which consist of its 3 officers and 1 full time account consultant. In order to conserve financial resources during the fiscal years ended June 30, 2017 and 2018, officers of the Company have accrued a portion of their salaries and forgiven a portion of such salaries. The Company has recently awarded such officers an aggregate of 4 billion shares of common stock. During fiscal year 2018, the Company conducted active operations out of its new Staten Island office. The Company has continued throughout fiscal year 2018 to engage in private placements of its common stock to obtain funds for its operations.

As of June 30, 2018 the Company has a patent portfolio of 16 patents (licensed, solely and jointly owned), including patent applications pending or subject to reinstatement, in the United States. The patents cover our battery products and our Smart Surfaces Technology –an innovative platform to control the flow of fluids by manipulating the ways liquids behave when in contact with a solid or porous surface. The Company during fiscal years ended June 30, 2017 and June 30, 2018 actively managed its patent portfolio of "Smart Surfaces" critical to development of the SmartNanoBattery as well as a drug delivery system

The Company's first application, using its Smart Surface technology, is a Smart NanoBattery providing Power On Command™. The patent pending and patented battery technology, based on the phenomenon of electrowetting, offers an innovative way to store energy and manage power. Features of the Smart NanoBattery include potentially infinite shelf life prior to initial activation, environmentally friendly design, fast ramp to power, programmable control, and direct integration with microelectronic devices. The platform technology behind the Smart NanoBattery is a porous nanostructured material used to repel and precisely control the flow of liquids. The material has a *Smart Surface* that can potentially be designed for other innovative products such as a transdermal smart drug delivery system.

mPhase completed a Phase I and Phase II Small Business Technology Transfer Program (STTR) grant, part of the Small Business Innovation Research (SBIR) program, with the U.S. Army for development of a reserve Smart NanoBattery for a critical computer memory application. Such reserve battery can be activated by an electronic pulse. The Army has also successfully tested the Smart NanoBattery as an energy source activated by g forces to provide power to a telemetry system for guidance of small munitions.

The Smart NanoBattery and *Smart Surface* technology is still in development and has not reached a commercialization stage.

In a separate effort, mPhase introduced, through mPower Technologies, Inc., a wholly-owned subsidiary, a product line of four emergency portable jumpstarters for the automotive/marine industries. The following products of mPower Technologies, Inc. generated totals of $0 and $ 20,516 in revenue for the Company in the 12-month periods ending June 30, 2018 & 2017.

In April of 2016, the Company began to wind-down and discontinue this entire product line of Jump Starters and Related Products sold through its subsidiary mPower Technologies, Inc. due to increased competition, contracting margins, and lack of funds to purchase substantial inventory, resulting in purchase volume discounts (See "Subsequent Events" describing the Company's termination of its entire line of mPower Technologies, Inc products in order to conserve financial resources).

Description of Operations

Microfluidics, MEMS, and Nanotechnology

In February of 2004, mPhase entered the business of materials science engineering developing new products based on materials whose properties and behavior are controlled at the micrometer and nanometer scales. (For reference, a micrometer or micron is equal one millionth (10-6) of a meter and a nanometer is one billionth (10-9) of a meter – the scale of atoms and molecules. A human hair is approximately 50 microns in diameter, or 50,000 nanometers thick.) The Company has actively continued this effort in fiscal year 2018 raising funds to operate the Company and continuing to seek strategic partners to further the commercialization of its nanotechnology products.

The Company has expertise and capabilities in microfluidics, microelectromechanical systems (MEMS), and nanotechnology. Microfluidics refers to the behavior, precise control and manipulation of fluids that are geometrically constrained to a small, typically micrometer scale. MEMS is the integration of mechanical elements, sensors, actuators, and electronics on a common silicon substrate through microfabrication technology. Nanotechnology is the creation of functional materials, devices and systems through control of matter (atoms and molecules) on the nanometer length scale (1-100 nanometers), and exploitation of novel phenomena and properties (physical, chemical, biological, mechanical, electrical) at that length scale.

In its Smart NanoBattery, mPhase exploits the physical phenomenon of electrowetting by which a voltage is used to change the wetting properties of a liquid/solid interface at the nanometer scale. Through electrowetting, mPhase can change a surface from what is referred to as a hydrophobic (“liquid repelling”) state to a hydrophilic (“liquid attracting”) state. In the hydrophobic state, the liquid beads up or is repelled by the surface. In the hydrophilic state, the liquid spreads out or is absorbed by the surface. The ability to electronically control the wetting characteristics of a surface at the nanometer scale is the core of mPhase’s nanotechnology operations and intellectual property portfolio.

In the Smart NanoBattery application, mPhase uses electrowetting as a new technique to activate or literally “turn on” a battery once it is ready to be used for the first time. At the heart of the Smart NanoBattery is a porous, nanostructured superhydrophic or superlyophobic membrane designed and fabricated by mPhase. The so-called superhydrophobic membrane applies to water and the superlyophobic membrane applies to nonaqueous or organic liquids such as ethanol or mineral oil. The difference between the two membrane types lies in the nanoscale architecture at the surface. By virtue of its superhydrophobic or superlyophobic character, the membrane, although porous, can physically separate the liquid electrolyte from the solid electrodes so that the battery remains dormant or inactive, thus providing no voltage, or current until called upon.

This electrolyte-electrode separation gives the battery the feature of potentially unlimited shelf life and the benefit of being always ready when needed, which is not necessarily the case for conventional batteries. Electrowetting alters the liquid/membrane interface so that the liquid is now able to flow over the membrane's surface and rapidly move through the pores where it can contact the solid electrode materials located on the other side of the membrane. mPhase uses MEMS, to precisely control the machining of silicon-based materials at the micrometer and nanometer scales. This ability has led to the Company's proprietary membrane design that controls the wetting and movement of liquids on a solid surface. mPhase uses microfluidics to control the flow of liquid electrolyte through the porous membrane and is also the basis for other possible applications such as drug delivery and water filtration systems.

History of Nanotechnology Operations

Smart NanoBattery

mPhase Technologies, along with Bell Labs, jointly conducted research from February 2004 through April of 2007 that demonstrated control and manipulation of fluids on superhydrophobic and superlyophobic surfaces to create a new type of battery or energy storage device with power management features obtained by controlling the wetting behavior of a liquid electrolyte on a solid surface. The scientific research conducted set the ground work for continued development of the Smart NanoBattery and forms a potential path to commercialization of the technology for a broad range of market opportunities. The Company began its efforts by entering into a $1.2 million 12-month Development Agreement in February of 2004 with the Bell Labs division of Alcatel/Lucent for exploratory research of control and manipulation of fluids on superhydrophobic surfaces to create power cells (batteries) by controlling wetting behavior of an electrolyte on nanostructured electrode surfaces. The goal was to develop a major breakthrough in battery technology creating batteries with longer shelf lives as the result of no direct electrode contact (meaning no power drain prior to activation). During 2005 and 2006, the battery team tested modifications and enhancements to the internal design of the battery to optimize its power and energy density characteristics, as well as making engineering improvements that were essential in moving the battery from a zinc-based chemistry to a commercial lithium-based chemistry that can be manufactured on a large scale. The Company extended its development effort twice for an additional 2-year period ending in March of 2007 and for two additional periods thereafter through July 31, 2007. During this time, the technical focus shifted from trying to separate the liquid electrolyte from nanostructured electrodes to developing a nanostructured membrane that could physically separate the liquid electrolyte from the solid electrodes. The Company is actively seeking funds through private placements of it common stock during fiscal year 2018 to continue to operate the Company and is also seeking funds for further development of its patented SmartNanoBattery and drug delivery system.

mPhase also began working with the Rutgers University Energy Storage Research Group (ESRG) in July of 2005 to conduct contract research in advanced battery chemistries involving lithium. This work involved characterizing and testing materials that could be used in the mPhase battery. In July of 2007, the relationship shifted to a collaboration focused on developing a memory backup battery needed by the U.S. Army. The work was funded through a Phase I Small Business Technology Transfer Program (STTR) grant.

The Company decided in September of 2007 to transfer its development work out of Bell Labs (Alcatel/Lucent) in order to accelerate and broaden its nanotechnology product commercialization efforts. Bell Labs had engaged in its battery research and development for the Company for zinc-based batteries and was limited since it did not have facilities capable of handling lithium chemistry. mPhase shifted its work to Rutgers ESRG which had facilities capable of handling lithium-based batteries and also engaged in work with foundries and other companies to supply essential components, fabricate prototypes, and plan manufacturing approaches. These companies included Silex, a well-respected silicon foundry in Sweden, and Eagle Picher, a well-known battery designer and manufacturer that focuses on high-end batteries for military applications located in Joplin, Missouri.

In February of 2008, the Company announced that a prototype of its Smart NanoBattery was successfully deployed in a gun-fired test at the Aberdeen Proving Ground at Maryland. The test was conducted by the U.S. Army Armament Research and Development and Engineering Center (ARDEC) of Picatinny, New Jersey. The battery not only survived the harsh conditions of deployment at a gravitational force in excess of 45,000 g, but was also flawlessly activated in the process.

In March of 2008, mPhase announced that it had been invited to submit a proposal for a Phase II STTR grant based upon the successful work it had performed on the Phase I grant to develop a version of the Smart NanoBattery referred to as the multi-cell, micro-array reserve battery for a critical memory backup application. The Phase II grant in the gross amount of $750,000 (shared with Rutgers University which netted $500,000 to mPhase) was granted to the Company in the middle of September of 2008. In March of 2008, the Company also announced the successful transfer to a commercial foundry of certain processes critical to the manufacturing of its Smart NanoBattery. This enabled fabrication of the porous membranes for the multi-cell, micro-array reserve battery mentioned above. The Company successfully manufactured nanostructured membranes at the foundry that are essential to commercial production of the battery. By achieving a series of delayed activations, the shelf-life and continuous run-time of such battery can be increased to a period of time in excess of twenty years. In April of 2008, the Company announced that it had successfully activated it first Smart NanoBattery prototype by electrowetting using a hard-wired configuration and a remotely-activated device. Remote activation plays a key role in providing power to wireless sensors systems and radio frequency identification tags.

Also, in April of 2008, the Company announced that it had successfully produced its first lithium-based reserve battery with a soft or pouch package and breakable separator (in place of the electrowettable membrane) that relies on mechanical rather than electrical activation to provide Power On Command™. The Company believed that was a significant milestone in moving from a low energy density zinc-based battery to a higher energy density lithium-based

battery.

In fiscal years ended June 30, 2009 and June 30, 2010, the Company focused upon further development of its Smart NanoBattery under a Phase II STTR grant from the U.S. Army as a potential reserve battery for a back-up computer memory application. The Company has completed such Phase II Army grant. On November 12, of 2010, the Company announced that it had successfully triggered and activated its first functional multi-cell smart nanobattery. Triggering and activation of the cells of the battery were achieved by using the technique of electrowetting or programmable triggering. Triggering was accomplished by applying a pulse of electrical energy to a porous, smart surface membrane located inside each cell in the battery causing the electrolyte to come in contact with the cell's electrodes, creating the chemical reaction to produce voltage inside of the multi-cell battery. The multi-cell battery consists of a matrix of 12 individual cells populated with an electrode stack consisting of lithium and carbon monofluoride materials with each rated at 3.0 volts. Using a custom designed circuit board for testing, each of the cells in the battery were independently triggered and activated without affecting any of the non-activated cells in the multi-cell configuration. Each cell in the battery has a very long shelf-life prior to triggering.

On February 9, 2011, the Company announced that it had signed a 3-year Cooperative Research and Development Agreement (CRADA) with the U.S. Army Armament Research, Development, and Engineering Center (ARDEC) at Picatinny, New Jersey, to continue to cooperatively test and evaluate the mPhase Smart NanoBattery, including new design features functionally appropriate for DoD based systems requiring portable power sources. The army researchers are evaluating the prototypes using the Army's testing facilities at Picatinny Arsenal in New Jersey in order to determine applicability of the technology to gun fired munitions and potentially to incorporate the technologies into research and development and other programs sponsored by Picatinny. The Research Agreement is supported by the Fuze & Precision Armaments Technology Directorate.

During fiscal year ended June 30, 2011, the Company completed work on its Phase II STTR grant for the U.S. army for a nano-reserve battery for a back-up computer memory application. In addition, the Company engaged First Principals, Inc. to perform an evaluation of each of its patents in order to identify a strategic partner whose products line will need the Company's SmartNanoBattery as a compelling solution.

On March 6, 2012, the Company announced that it is exploring the printing of its Smart NanoBattery on graphene and other new advanced materials. Graphene is a very strong material that has been described as the most conductive material known, making it a vast improvement over silicon. Graphene has the potential to lead to faster, cheaper and more flexible devices including power sources. mPhase has suspended its exploration of the printing of its Smart NanoBattery on graphene.

On August 16, 2012, the Company announced that it had received a notice of allowance for a patent from the U.S. patent office for a reserve battery utility patent. The techniques described in the patent are for creating a battery system that is easily activated via a low energy mechanical force, thus allowing the reserve battery to be used in a wide variety of consumer related and non-consumer related electrical devices. The invention generally relates to a reserve battery, which includes a battery case having an electrolyte compartment at a first end and an electrode compartment at a second end, a first terminal having an external button connected to the case at the first end, and a second terminal connected to the case at the second end. A movable ampoule is movably positioned within the electrolyte compartment. A bias member is located within the case between the external button and the ampoule, and a porous cutter is positioned within the case between the electrodes and the ampoule and supported by an inverted U-shaped support structure. When an external force is applied to the external button, the bias member transfers an internal force to the ampoule to cause the ampoule to engage the cutter and allow the electrolyte to release thus activating the battery.

On August 23, 2012, the Company announced that, subject to the availability of sufficient funding, it will engage in further development of its Smart NanoBattery to make it rechargeable.

On September 13, 2012, the Company announced that it had received a notice of allowance of a new patent from the U.S. patent office for a modular device. The invention generally relates to a handheld, powered device containing at least one power module having at least one battery, wherein the power module is removable and separately connects to each of the load modules. The patent covers a modular device for providing multiple modular components that may be interchanged as desired. A system for providing a modular device for use in emergency or everyday applications and having a plurality of modular components that are interchangeable with one another depending on the particular desired use.

On October 26, 2012, the Company announced the development of a prototype of a new product “the mPower Jump” designed by Porsche Design Studio and Porsche Engineering as an automatic jump starter for a dead car battery. The device is portable, light in weight and small in size designed to fit in the glove compartment of most cars.

On January 24, 2013, the Company announced that it had received a notice of allowance from the U.S. patent office of a patent covering a device for fluid spreading and transport. The invention relates to a single porous substrate formed from a network of filaments wherein the network of filaments is comprised of a first plurality of filaments and a

second plurality of filaments is exposed to a surface modification treatment and the second plurality of filaments is covered with a conformal coating. A wetting region comprised of the first plurality of filaments extends through a first portion of the porous substrate and is permeable to fluid transport and a non-wetting region comprised of the second plurality of filaments which is operable to switch between a wetting and non-wetting state by an electrical source coupled to the second plurality of filaments. The invention protects a porous substrate with integrated wetting and non-wetting regions and is a key patent win for the Company relative to the protection of its intellectual property in the area of microfluid dynamics.

On January 30, 2013, the Company announced that it had received a patent from the U.S. patent office for a reserve battery system. The invention patented generally relates to a battery system that is easily activated via low mechanical force thus allowing a reserve battery to be used in a wide variety of consumer related and non-consumer related electrical devices.

On February 12, 2013, the Company announced that it has filed a United States Letter Patent application for a novel drug delivery system based on its Smart Surface technology. The drug delivery patent is based on mPhase's Smart Surface technology electronically or manually enabling the precise control of a fluid on a nano-structured surface. The drug delivery system generally relates to a drug delivery system for automatically dispensing a preset dosage of a drug agent or medication.

On June 18, 2013, the Company announced that it had received the Frost & Sullivan award for its Innovative nanobattery technology. Frost& Sullivan noted that the smart nanobattery is sustainable, cost-effective, easy to handle, and possesses a long shelf life, all of which clearly differentiate it from competing battery technologies. Frost & Sullivan further noted that this positions the technology to enhance the effectiveness of conventional batteries and encourage widespread use of reserve batteries.

On March 27, 2014 the Company entered into a three-year renewal of the Cooperative Research and Development Agreement (CRADA) through 2017 with the United States Army Armament Research, Development and Engineering Center at Picatinny Arsenal of February of 2011. This agreement provides for further joint research and development of the Smart Nanobattery as a power source for smart munitions. The continuation of actual research and development under the CRADA is dependent upon the Company securing additional funding from either the capital markets or from various grant programs to be identified and applied for from the United States government.

On November 17, 2014 the Company announced an update on the drug delivery system patent application filed on February 12, 2013. In December of 2013 the patent office examiner indicated that a significant portion of the claim was patentable. On June 26, 2015 the USPTO issued a new Office Action rejecting the claims. A timely response was filed on September 28, 2015 making minor amendments to the claims to avoid newly cited prior art. The Company is seeking to have all of the claims patented. The drug delivery system utilizes the Company's Smart Surface Technology.

Recent Operating History

During fiscal year ended June 30, 2015, the Company, through its consumer subsidiary mPower Technologies, Inc., ("mPower"), successfully increased sales of the mPower Jump product as well as the mPower Mini Jump product. The mPower Jump is a rechargeable, compact device designed to jump start a dead battery in an automobile with engines up to 5 liters. The mPhase Jump is rechargeable in a significantly shorter period of time than lead acid jumpstarters and has a much smaller footprint, enabling it to fit in the glove compartment in most cars. The mPower Mini Jump, a smaller version of the product, about the size of a smart phone, is a multipurpose charger of batteries. It is designed to start dead batteries in recreational toys, such as all-terrain vehicles, snowmobiles, motorcycles and jet skis-even a full-size car with engines up to 2.5 liters. It is versatile enough to also charge small electronic devices including cell phones.

During fiscal year ended June 30, 2015, mPower began sales of the Jump Plus, a very powerful version of the Jump product line, powerful enough to jumpstart 12-volt vehicles with engines up to 6 liters. In addition, mPower introduced to the market and commenced sales of its mPower Truck Jump product designed to start dead batteries in most 12-volt battery systems, including trucks with engines up to 12 liters.

During the fiscal year beginning in July 2015 the Company experienced a significant decline in revenues and margins with respect of its jump starter products due to increased competition. The Company did not have purchasing power and financial strength significant enough to (a) obtain significant discounts from its main vendor of such products to lower cost, (b) carry a large volume on inventory of such products compared to its competitors or (c) maintain exclusivity of such products with its main vendor. As a result, the Company's financial position became weaker and in April of 2016 the Company closed its office in Norwalk, Connecticut that had housed both inventory storage and distribution in order to conserve financial resources.

During the fiscal year ended June 30, 2016 the Company received $12,500 for the sale of a patent and $18,000 from the sale of a vehicle to Mr. Dotoli and Debt cancellation of $18,000.

In April of 2017, the Company received a judgment from the Federal District Court of Northern Illinois Eastern Division in its favor with prejudice dismissing a claim by River North Equity covering Convertible Securities of the Company which effectively negated the two notes River North Equity obtained from JMJ Financial. At June 30, 2017 the amount recorded in Current Liabilities for the two notes and accrued interest thereon subject to the River North Equity claim was $1,046,416 which is included in the amount recorded in Current Liabilities for all three convertible notes and accrued interest thereon previously issued to JMJ Financial which totaled $1,212,940 on that date. River North failed to appeal the Judgement by July 17, 2017 and the Judgement become final.

On August 18, 2017 the Company entered into a Judgment Settlement Agreement with John Fife with respect to the Judgment in favor of Fife, which reduces the balance under the amended agreement to $360,000, without conversion rights, relating to the default by the Company under a Convertible Debenture dated September 13, 2011. On February 16, 2018, the Company and John Fife entered into an Amendment to a Judgment Settlement Agreement dated August 18, 2017 modifying the repayment schedule of a Convertible Debenture of the Company originally issued on September 13, 2011. At June 30, 2017 we had recorded $809,873 for the forbearance agreement and $0 for the derivative liability associated with the Conversion feature with respect to this arrangement, as amended.

Effective October 19, 2017 Mr. Smiley returned 1,367,226,459 to the Company. Effective December 31, 2017 Patricia Dotoli, the wife of, Gus Dotoli, returned 1,336,972,075 shares of common stock to the Company.

December 1, 2017 the Company announced in a Form 8k filing that as part of an over recapitalization of the Company that, subject to filing with the Secretary of State of New Jersey of an Amendment to its Certificate of Incorporation increasing it authorized shares of common stock to 72 billion shares, the Board of Directors has approved the granting of a total of 5,750,000,000 shares of common stock to Officers, Directors and an Accounting Consultant of the Company. It is necessary for the Company to complete the filing of 4 years of back state and federal income tax returns with the Department of Revenue of New Jersey in order to amend its Certificate of Incorporation. In addition, the Board of Directors approved the issuance of 16,000,000,000 shares to Officers and Directors and the Company’s accounting Consultant in exchange for aggregate indebtedness and fees owed to such persons in the approximate amount of $1,600,000.

On December 28, 2017 the Company entered into a non-binding letter of intent with Scepter Commodities, LLC for the proposed acquisition by Scepter of 80% of the fully-diluted shares of the Company on a reverse split basis. As of February 15, 2018, and again as of April 3, 2018, the Company and Scepter amended the letter of intent extending the time period for the Company to become current in its SEC filings. On February 15, 2018, April 3, 2018 and April 27, 2018 the Company entered into Amendment No. 1, 2 & 3 to a Letter of Intent with Scepter Commodities LLC extending the time frame for the Company to become current in its SEC filings to March 29, 2018, April 30, 2018 & May 31, 2018, respectively.

As noted above, the Company was unable to file its quarterly and annual reports with the SEC commencing in the third quarter of fiscal year ended June 30, 2016 owing to its overall lack of capital to pay its outside auditors and bear the various transaction costs associated with such filings. In the fiscal year commencing July 1, 2017 the Company begun an effort to become current in its SEC filings that was completed on July 9, 2018 with the filing of its Form

10Q for the period ended March 31, 2018. The Company believes that in the currently strong capital markets it will be abele to remain current on its SEC filings by periodically raising funds in private placement and loans from officers to continue to pay its outside auditors.

DISCONTINUED BUSINESS-

Discontinuance of Internet Protocol Television (IPTV) during Fiscal Year 2010

Historically, the Company, since its inception in 1996, had focused upon developing innovative solutions for the delivery of Broadcast Television as part of a “triple play” of services that would include voice and high-speed internet for telephone service providers globally. The Company, however, was not able to derive any significant revenue from its TV+ solution and no active development of the product has occurred since fiscal year 2007. The Company determined to discontinue this line of business and all inventory has been written off. During the fourth quarter of the fiscal year ended June 30, 2010, the Company formally elected, for financial reporting purposes to treat its IPTV product line as a discontinued business.

Discontinuance of Jump Stater Products during Fiscal Year 2016

As noted above, in April of 2016 the Company began discontinuing its operations in its wholly-owned subsidiary mPower Technologies, Inc. which was focused primarily on its line of jump starters for automotive and marine batteries in addition to its line of home generating battery products and its electric illuminator product developed with Porsche Design Studio. The Company is selling off its remaining inventory of such products in order to raise additional funds for working capital purposes and its presently very limited operations. (See Commencing in April of 2016, the Company began discontinuing its line of Jump Starter products owing to increased competition and declining margins. The Company continues the wind-down of its remaining inventory of such products and has reduced its carrying value to $0.00 as of June 30, 2018 (See Note 3 caption- “discontinued operations”).

CONTINUING ACTIVE OPERATIONS-NANOTECHNOLOGY PRODUCTS

Platform Technology

The surface is an important part of virtually every physical object and often plays an overriding role in many processes, beyond mere connectivity and structural support, but more deeply into areas involving chemical and biological interactions. In some instances, the surface provides an easy entry into the chemical or biological systems; in others it protects the internal elements of the object, surrounded by the surfaces.

mPhase's current flagship platform technology is the *Smart Surface*. By being able to control the surface properties of materials down to the nanometer scale, new and improved devices can be designed and built that may lead to compelling business opportunities. One type of smart surface of particular interest allows properties to be changed in response to an external stimulus.

Initially, mPhase's development focused on Micro Electronic Mechanic Systems (MEMS) devices by manipulating the surface of silicon materials – the same material used to make microelectronic materials and devices. Using physical and chemical processes, the surface of the silicon is modified to make solid porous structures known as membranes. This is where microfluidics comes into play. These membranes can be used to selectively control the flow of liquids through the pores or openings at the micrometer length scale.

Surfaces may be characterized as *hydrophilic* or *hydrophobic* depending on whether or not they attract or repel water (or other liquids). A hydrophilic surface can be wet and adsorbs water. A hydrophobic surface, on the other hand, cannot be wet. Hydrophilic and hydrophobic surfaces are abundant in nature and in synthetic materials, both organic and inorganic in chemical composition. A familiar example of a hydrophilic surface is a sponge that readily soaks up water. By contrast, many plant leaves and flower petals are hydrophobic, as are insect parts and bird feathers. Synthetic hydrophobic surfaces include Scotchgard™ treated fabric, Teflon® coated metal, or Rain-X® coated glass. On a hydrophobic surface, water beads up and can move around without being absorbed by the solid material that it is resting on.

So-called *superhydrophobic* surfaces are also found in nature and can now be replicated in the lab. The lotus leaf and rose petal, for example, exhibit superhydrophobicity. Here water droplets form almost perfect spheres with hardly any contact with the underlying solid surface. This makes the liquid even easier to move and manipulate.

The synthesis of superhydrophobic surfaces has recently been made possible by advances in nanotechnology and mPhase is leading the way to better understand and create materials and devices incorporating these unique surface properties.

As mPhase's research and development efforts evolve, in addition to silicon materials, the ability to control the surface properties of materials can be extended to other substances such as polymers, ceramics, metals, and fibers providing opportunities for our platform technology to be used in a range of potential applications such as energy storage and power management for portable electronics and microelectronics, self-cleaning surfaces, filters for water purification or desalination systems, materials for environmental remediation that separate liquids or solvents, and other situations where the control of the interaction of a solid surface exposed to a liquid is vitally important.

Smart NanoBattery

Battery technology has changed little in its fundamentals over the past 150 years. As a result, ordinary batteries begin dissipating energy as soon as they are assembled and therefore have limited shelf life. Chemistries are fixed inside the package so the user cannot interact with the contents to program functionality. The size and form of batteries have not kept pace with the miniaturization of electrical components, microprocessors and integrated circuits. As a result, the optimal implementation of an electronic device is not always achieved. Some batteries contain chemicals that are not considered safe or environmentally friendly ("green"). This makes disposal a potential issue.

mPhase is challenging this convention by using their proprietary superhydrophobic porous silicon membrane technology as the basis to build the Smart NanoBattery, a reserve battery providing Power On Command™ prior to initial activation.

Superhydrophobicity initially keeps the liquid electrolyte physically separated from the solid electrodes of the battery, thus preventing the chemical reactions from occurring that cause the battery to provide power. This gives the Smart NanoBattery the benefit of potentially infinite shelf life.

A conventional battery loses some capacity while sitting on the shelf in its package or stored in an electronic or electrical device, even before being used for the first time. On the other hand, the Smart NanoBattery is built so that it is inactive and remains that way indefinitely until it is turned on. No power is lost to self-discharge or leakage current prior to activation. When needed, the Smart NanoBattery can be activated on command via the phenomenon of electrowetting. The surface properties of the porous silicon membrane are selectively controlled to shift instantly from a superhydrophobic to hydrophilic state. In other words, electrowetting acts as the triggering mechanism.

mPhase has successfully fabricated and demonstrated its first 3-volt lithium-based Smart NanoBattery, based on a design allowing either manual or remote activation by the user, the feature known as Power on Command™.

By incorporating the phenomenon of electrowetting on nanostructured surfaces into a revolutionary way of storing energy, the Smart NanoBattery provides power to portable electronic and microelectronic devices exactly when and where it is needed. As a reserve battery it is an augmentation to conventional primary batteries. The nanobattery converts stored chemical energy into usable electrical energy, but in a way that is potentially more reliable, more versatile, more environmentally friendly, and less expensive than conventional primary batteries.

Applications

mPhase is exploring military and commercial applications of smart surfaces in which the properties can be accurately and precisely controlled down to the nanometer scale. Electrowetting allows the switching from a hydrophobic to hydrophilic state as a result of an electronic stimulus.

The Smart NanoBattery, mPhase's first smart surface product, has a unique architecture that enables a shelf life of decades, remote activation, programmable control, scalable manufacturing, and adaptability to multiple configurations. The value proposition to the end user is to have a source of energy or power that is literally always ready – reliable, convenient, low cost – a battery guaranteed to work at full capacity when and where you need it.

The Smart NanoBattery can conceivably supply power "*on command"* to a wide variety of portable electronic and microelectronic devices used in military, medical, industrial, and consumer applications.

mPhase has demonstrated that the battery works in lab tests as well as in a significant field test conducted for the U.S. Army as part of a guided munitions project. The relationship with the Army also included an $850,000 funded project to develop a battery for a mission critical computer memory backup application. The target was a small footprint, 3-volt lithium battery with a minimum shelf life of 20 years and uninterruptible power output during this time period. To the best of the Company's knowledge, no other battery technology available today can deliver the long-term performance requirements specified by the U.S. Army for this application.

The Smart NanoBattery can potentially be designed to accommodate a variety of sophisticated portable electronic and microelectronic devices including next-generation cell phones, handheld gaming devices, wireless sensor systems, radio frequency identification tags, high-tech flashlights and beacons, health alert alarms, and non-implantable and implantable medical devices such as pacemakers.

Initial applications will address the need to supply emergency and backup power to a range of products for defense and security, with future applications in the commercial and consumer arenas.

Strategic Alliances

The Company continues in 2018 together with Picatinny Arsenal, to jointly seek federal funding under SBIR grants to develop additional new products for military small munitions applications. The Company has a strong historic cooperative relationship for product development and testing with Picatinny Arsenel having entered into 3 CRADA's (Cooperative Research Agreements) with this small munitions testing facility of the U.S. Army. . The Company continues to seek opportunities with various potential academic partners to obtain further STTR grants for new product research and development.

In 2007 the Company entered into a Cooperative Research and Development Agreement ("CRADA") with Picatinny Arsenal to test the single cell version of the Smart NanoBattery suitable for future research and development programs for projectile launched munitions. From 2007 through the first quarter of calendar year 2010, numerous internal laboratory air gun simulation tests were performed, including a live-air gun and live gun fired test at the United States Army's facility at Aberdeen Proving Grounds, Aberdeen, Maryland. A prototype of the Smart NanoBattery was the subject of a live fire test as part of a projectile fired out of an Abrams Tank. The results of the test indicated that the battery was activated by 10,000 G forces indicating that it could supply energy necessary to operate a guidance system for small munitions. In addition, the Smart NanoBattery demonstrated extreme resiliency to shock and acceleration since, it survived tests that subjected it to high acceleration of over 30,000 G forces.

On February 9, 2011, the Company announced that it had signed a 3-year CRADA with the U.S. Army Armament Research, Development, and Engineering Center (ARDEC) at Picatinny, New Jersey, to continue to cooperatively test and evaluate the mPhase Smart NanoBattery, including new design features functionally appropriate for DoD based systems requiring portable power sources. The army researchers are evaluating the prototypes using the Army's testing facilities at Picatinny Arsenal in New Jersey to determine applicability of the technology to gun fired munitions and potentially to incorporate the technologies into research and development and other programs sponsored by Picatinny. The Research Agreement is supported by the Fuze & Precision Armaments Technology Directorate. In order for significant further research and development to be performed with respect to the Smart Nano Battery the Company will have to be successful in obtaining additional congressional funding specifically designated for this type of battery. This CRADA was renewed on March 27, 2014 for an additional three-year period by the Army. The Company is currently seeking to enter a new CRADA with the U.S. Army, subject to availability of funding.

BUSINESS OF THE COMPANY

On December 15, 2014, John Fife, the holder of a $550,000 Convertible Note issued by the Company was granted summary judgment in a Lawsuit and on January 28, 2015 a judgment was ordered against the Company in the amount of $777,769.08 plus (i) pre-judgment interest in the amount of 18% per annum compounding daily from May 31, 2012 , (ii) post-judgment interest on such amount plus the Pre-Judgment Interest at the rate provided by law from the date

of the Judgment, and (iii) attorneys' fees and costs in the amount of $288,031.57.

On February 2, 2015, the Securities and Exchange Commission upheld the denial by FINRA to process a proposed reverse stock split for the Company since two officers of the Company had previously been subject to regulatory actions involving securities law violations.

On February 6, 2015 the Company entered into a Forbearance Agreement with John Fife in connection with his Judgment against the Company requiring the Company to pay on February 15, 2015 $15,000 and thereafter on or before the 15th day of each month thereafter the Company agrees to pay to Holder the following amounts (the "***Monthly Cash Payments***"): $30,000.00 per month for the first six (6) Monthly Cash Payments; $35,000.00 per month for the second six (6) Monthly Cash Payments; and $50,000.00 per month thereafter until the Forbearance Amount has been paid in full.

In April of 2015 the Company began accruing, rather than paying, the annualized salaries of three officers of the Company. Messrs. Durando, Dotoli and Smiley in the respective amounts of $120,000, $ 48,000 and $48,000 through April 30, 2017.

On August 11, 2015 the Company and John Fife entered into an Amendment to the Forbearance Agreement monthly payments to provide that on or before the 15th day of each month the Company agrees to pay to Holder the following amounts (the "Monthly Cash Payments"): $30,000.00 per month on each of the following dates: March 15, 2015, April 15, 2015, May 15, 2015, June 15, 2015, and July 15, 2015; $15,000.00 per month on each of the following dates: August 15, 2015 and September 15, 2015; $20,000.00 per month on each of the following dates: October 15, 2015, November 15, 2015, and December 15, 2015; $35,000.00 per month on each of the following dates: January 15, 2016 and February 15, 2016 and March 15, 2016; and $50,000.00 per month thereafter until the Forbearance Amount has been paid in full.

On May 12, 2016 the Company and John Fife entered into a second Amendment to the Forbearance Agreement to provide that on May 17, 2016 the Company shall pay $8,500.00 cash to Holder and the Company further agreed to pay to Holder $50,000.00 per month, beginning on June 15, 2016 and continuing on or before the 15th day of each month thereafter until the Forbearance Amount has been paid in full. In connection with the Forbearance Agreement, as amended, the Company has deposited 1,000,000,000 shares of its common stock with Fife as security for performance of its obligations.

On February 16, 2018 the Company entered into a Third Amendment to the Forbearance Agreement with John Fife modifying the payment schedule for repayment of the Convertible Debenture issued on September 11, 2013 that was the subject of a Summary Judgment in favor of Fife on December 15, 2015. Under the amendment the Company is obligated to pay beginning on October 16, 2018 either a lump sum payment of $275,000 or $375,000 in monthly installments of $15,000 each.

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During fiscal year ended June 30, 2015, the Company announced the beginning of sales through mPower of the Jump Plus product that is able to start up to 40 vehicles on a single charge. In addition, mPower introduced its Truck Jump product designed to start dead batteries in larger vehicles and trucks. During the second quarter of fiscal year ended June 30, 2015 mPower recorded a significant increase in sales of the two jump start products. The Company discontinued this line of business of its mPower Jump product in September of 2016 due to increased market competition and reduced product margins.

In April of 2016, the Company closed its offices and inventory control center located in Norwalk, Connecticut in order to preserve capital and commenced the wind down of its Jump Starter product line sold through mPower Technologies, Inc. At such time the Company terminated all employees other than the three officers and one accounting consultant all of which have been continuously active with the Company throughout fiscal year 2018 and the present.

During the period beginning in April 2017 and continuing to the present the Company has maintained only a small office in Staten Island, New York and maintained operations that include active management of its patent portfolio and efforts to secure funding to become current in its SEC filings.

On December 28, 2017 the Company entered into a non-binding letter of intent with Scepter Commodities, LLC for the proposed acquisition by Scepter of 80% of the fully-diluted shares of the Company on a reverse split basis. The Company and Scepter amended the letter of intent several times the time period for the Company to become current in its SEC filings.

On April 3, 2018, April 27, 2018, May 30, 2018 and the Company and Scepter entered into Amendment No. 2, 3 ,4 & 5 to a Letter of Intent with Scepter Commodities LLC extending the time frame for the Company to become current in its SEC filings to April 30, 2018, May 31, 2018, June 15, 2018, and until July 15, 2018, respectively. Upon filing of this Form10K Annual Report the Company will intensify the due diligence process with respect to the proposed as outlined in the letter of intent.

Products & Services

Since its inception in 1996, mPhase has been company focused on the development of intellectual property involving high technology innovative solutions and products with high-growth potential. The Company has served as an incubator for exploratory research and initial development for products that are best characterized as having a high risk/high reward profile since they involve exploratory research to achieve significant scientific breakthroughs from existing products that can have a substantial economic impact and benefit upon successful commercialization.

Smart NanoBattery

The Smart NanoBattery is an outgrowth of the science of nanotechnology that the Company began in February of 2004 with the entry into a Project Development Agreement with the Bell Labs Division of Lucent Technologies, Inc. The Company has historically outsourced its Research and Development of new products to larger companies or institutions with significant scientific resources and experience in exploratory research. mPhase Technologies along with Alcatel/Lucent/Bell Labs jointly conducted research from February 2004 through April of 2007 that demonstrated control and manipulation of fluids on superhydrophobic surfaces to create power cells by controlling wetting behavior of electrolytes on nano structured electrode surfaces. This scientific research set the ground work for continued exploration in the development of intelligent nanotechnology power cells (nano-batteries) and formed a path to commercialization of the technology for a broad range of market opportunities. During 2005 and 2006, the battery team tested modifications and enhancements to the internal design of the battery to optimize its power and energy density characteristics, as well as engineering improvements that were essential in moving the battery from a zinc based chemistry to a design using lithium based chemistry The Company established a strategic research working relationship with the Energy Storage Research Group (ESRG), a center of excellence in Rutgers University that has lab research facilities capable of handling lithium based battery development.

mPhase’s current flagship product is its Smart NanoBattery that has a significantly longer shelf life prior to initial activation than that of conventional batteries. The Smart NanoBattery has potentially significant applications for critical mission power sources that must be reliable and available upon command by the electronic device it is powering. Such applications involve emergency flashlights and beacons, back-up power sources for computers and life support products, as well as significant military applications where critical mission backup power is essential for weapons control computers and electronic warfare equipment used in combat. Other potential military applications include power sources activated by g-forces for guided munitions.

The Smart NanoBattery utilizes a proprietary technology developed over a period of 11 years. The battery design, prior to initial activation, has a membrane that separates the electrolyte and electrodes used to generate power. Conventional batteries do not provide for such separation and therefore their power begins to dissipate prior to the first time they are activated causing them to lose capacity. Conventional batteries have significant limits on how long they can be stored prior to their first activation and in providing a reliable source of power needed for critical applications requiring portable power supplies.

Competitive Business Conditions

Battery Segment

The Company believes that the design and functionality of the mPhase lithium Smart NanoBattery make it unique to the portable electronics battery market segment throughout the fiscal year ended June 30. 2018. To the best of our knowledge, there is no existing product that directly competes with the Smart NanoBattery in terms of its combination of small size and reserve design. As a reserve battery, the Smart NanoBattery remains dormant until it is activated on command. It does not self-discharge or die prior to its first activation, thereby offering extremely long shelf life prior to use as either a primary or backup battery in a device. Shelf life is projected to be in excess of twenty years.

There are numerous thin film batteries based on lithium metal, lithium ion and lithium polymer, as well as other chemistries, used in military devices, portable electronics, RFID tags and wireless sensor networks, that are similar in size to the Smart NanoBattery, often referred to as microbatteries. None of these designs is based on reserve battery architectures. Thin film batteries are manufactured by companies including Cymbet Corporation, Front Edge Technology, Infinite Power Solutions, ITN Energy Systems, Johnson Research and Development Company, KSW Microtec, Lithium Technology Corporation, MPower Solutions, Oak Ridge Micro-Energy, Power Paper, Solicore, VoltaFlex Corporation. Large companies such as Energizer, Ultralife, Varta and Proctor & Gamble are also involved with developing thin film batteries. Thin film battery markets are anticipated to grow substantially as the result of a wide expansion of portable devices in that time frame. With 3.5 billion cell phone users and 67 billion RFID tags per year, it is expected that there will be substantial commercial demand for thin film batteries.

Traditional reserve batteries are distinct from the mPhase Smart NanoBattery in terms of size and activation mechanism. The market for reserve batteries has largely been limited to the military for supplying power to munitions and other mission-critical electronic devices. The traditional reserve battery tends to be larger and certain types are built by hand and contain mechanical parts to activate the battery. The Smart NanoBattery relies on the phenomenon of electrowetting to initiate activation or a mechanical barrier that can be broken, in the case of the breakable barrier design. Traditional reserve batteries for military applications have been supplied by companies such as EaglePicher, Yardney and Storage Battery Systems, Inc. The Company believes that it may be able to significantly reduce the cost of its Smart Nanobattery with the recent discovery of the potential of “printing” the battery on a form of graphite rather than traditional silicon surface. The Company, through its working relationship with Stevens Institute, began in fiscal year 2012 to investigate the feasibility of the use of graphite which is much stronger, flexible and inexpensive than traditional silicon.

Outsourcing

Research and Development

The Company practices an outsourcing model whereby it contracts with third party vendors to perform research and development rather than performing the bulk of these functions internally. For current development of its SmartNano battery, the Company has outsourced the majority of the work. From February of 2004 through March of 2007, the Company engaged Lucent/Bell Labs (now Nokia) to develop, using the science of nanotechnology, micro power cell arrays creating a structure for zinc batteries that separated the chemicals or electrolytes prior to initial activation. This was done by suspending on nano grass or small spoke-like pieces of silicon a liquid electrolyte taking advantage of a superhydrophobic effect that occurs as a result of the ability to manipulate materials of a very small size or less than 1/50,000 the size of a human hair. The Company has, as a result of outsourcing, been able to have access to facilities, equipment and research capabilities that the Company would not be able to develop on its own given the financial resources and time that would be required to build or acquire such research capabilities. The Company has also been able to achieve key strategic alliances with the U.S. Army to successfully test, under military combat conditions, its SmartBattery design, leading to further validation of its path to product development under a Cooperative Research and Development Agreement (CRADA). In addition, the Company has formed a relationship with Energy Storage Research Group, a center of excellence at Rutgers University, in New Jersey, that has enabled the Company to expand its battery development from a zinc to a lithium battery capable of delivering significantly more power. During fiscal years 2009 and 2010, the Company outsourced considerable foundry work for final development of the Smart NanoBattery to Silex, a Swedish company.

During the period from March of 2005 to April of 2007, the Company engaged the Bell Labs division of Lucent Technologies, Inc. to develop a magnetometer or electronic sensor also using the science of nanotechnology. Although the Company has, in order to conserve financial resources, currently suspended further development of its magnetometer product line, we believe that the intellectual property developed from the research to date could be resumed to develop viable military and industrial products depending upon future financial resources of the Company and future competitive market conditions.

Commencing in fiscal year ended June 30, 2013, the Company has limited product development of its Smart NanoBattery in order to conserve resources. The Company continues through fiscal year 2018 to protect its intellectual property with respect to the Smart NanoBattery through active management of its patent portfolio.

Patents and Licenses

We have filed and intend to file United States patents and/or copyright applications relating to some of our proposed products and technologies, either with our collaborators, strategic partners or on our own. There can be no assurance however, that any of the patents obtained will be adequate to protect our technologies or that we will have sufficient resources to enforce our patents.

Because we may license our technology and products in foreign markets, we may also seek foreign patent protection for some specific patents. With respect to foreign patents, the patent laws of other countries may differ significantly from those of the United States as to the patentability of our products or technology. In addition, it is possible that competitors in both the United States and foreign countries, many of which have substantially greater resources and have made substantial investments in competing technologies, may have applied for, or may in the future apply for and obtain, patents, which will have an adverse impact on our ability to make and sell our products. There can also be no assurance that competitors will not infringe on our patents or will not claim that we are infringing on their patents. Defense and prosecution of patent suits, even if successful, are both costly and time consuming. An adverse outcome in the defense of a patent suit could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties or require us to cease our operations.

The Company has intellectual property as follows:

Nano Technology, Micro Electrical Mechanical Systems (MEMS) and Battery Portfolio:

Various aspects of the mPhase technology are protected by patents either owned directly by the Company or with respect to which the Company has sub-licensing rights. The Company’s current battery related patent portfolio consists of ten issued or licensed patents, of which one is jointly owned with Nokia Corporation (formerly Alcatel Lucent Technologies), and five are licensed from Nokia Corporation. These cover such aspects of the technology as the ability to use electrowetting to create a moveable liquid lens, methodology and apparatus for reducing friction between a fluid and a body, methodology for etching planar silicon substrates to develop a reserve battery device, methodology and apparatus for controlling the flow resistance of a fluid on nanostructured or microstructured surfaces, methodology for creating a structured membrane with controllable permeability, methodology for a nanostructured battery with end of life cells, and methodology for making a multi-cell battery system with multiple chemistries in each individual cell of the battery pack. Some of these patents are specific to the development of a battery device while others are more generalized. The Company has four patent applications that are subject to reinstatement, of which three, the Company intends to submit for reinstatement.

Other Patents

On July 12, 2005, mPhase announced that it had been granted a U.S. patent that covers a series of techniques for splitting different voice and data signals in DSL access networks that is used in its Broadband Loop Watch product. The Company has discontinued further development and marketing of this product owing to the lack of demand for loop diagnostics systems by telephone service providers.

The Company has obtained trademark protection for its mPower Emergency Illuminator™ and mPower on Command™.

In July of 2009, the Company filed for 3 new patents covering the unique design features of its manually-activated lithium reserve battery and emergency flashlight products.

On May 20, 2011, the Company announced that it had been granted a U.S. patent for multi-chemistry battery architecture.

On February 10, 2012 the Company filed a U.S. provisional patent with the USPTO for a Non-Pump Enabled Drug Delivery System.

On February 11, 2013 the provisional patent application was converted to a patent application entitled Drug Delivery System.

In order to conserve financial resources, the Company did not file for patent protection any additional technology or products during Fiscal year ended June 30, 2018. As of the date hereof, the Company has rights under the following patents:

File Number	Invention Title	Filing Date	Issue Date	Patent Number	Patent Office
ALWA-001	Battery System	3/20/2008	9/20/2011	8,021,773	United States
ALWA-004	Tunable Liquid Microlens With Lubrication Assisted Electrowetting	9/13/2001	4/8/2003	6,545,815	United States
ALWA-005	Method And Apparatus For Controlling Friction Between A Fluid And A Body	8/27/2003	1/2/2007	7,156,032	United States
ALWA-006	Electrowetting Battery Having A Nanostructured Electrode Surface	11/18/2003	6/5/2007	7,227,235	United States
ALWA-007	Method And Apparatus For Controlling The Flow Resistance Of A Fluid On Nanostructured Or Microstructured Surfaces	9/30/2003	2/28/2012	8,124,423	United States
ALWA-009	Structured Membrane With Controllable Permeability	7/28/2006	4/13/2010	7,695,550	United States
ALWA-010	End Of Life Cycle, Nanostructured Battery	3/18/2004	11/17/2009	7,618,746	United States
ALWA-011	Adjustable Barrier For Regulating Flow Of A Liquid	8/10/2007			United States
ALWA-012	Event Activated Micro Control Devices	8/10/2007			United States
ALWA-013	Combined Wetting/Non-Wetting Element For Low and High Surface Tension Liquids	1/25/2008			United States
ALWA-014	Device For Fluid Spreading And Transport	1/25/2008		8,435,397	United States
ALWA-017	Electrical Device Having A Reserve Battery Activation System	9/2/2009			United States
ALWA-019	Modular Device	9/2/2009	1/1/2013	8,344,543	United States
ALWA-022	Reserve Battery	7/8/2009			United States
ALWA-029	Portable Battery Booster	9/17/2010			United States
ALWA-034	Reserve Battery System	3/2/2010	2/12/2013	8,372,531	United States
ALWA-038	Adjustable Barrier for Regulating Flow of a Liquid	3/10/2010			
*ALWA-043	Combined Wetting/Non-Wetting Element For Low and High Surface Tension Liquids (SOUTH KOREA)	8/18/2010			SOUTH KOREA
ALWA-046	Adjustable Barrier For Regulating Flow Of A Liquid				United States

ALWA-047	Drug Delivery System	2/11/2013	United States

We also rely on unpatented proprietary technology, and we can make no assurance that others may not independently develop the same or similar technology or otherwise obtain access to our unpatented technology.

Research and Development

From March of 2005 through March of 2007, the Company had engaged Bell Labs under separate Development Agreements for the development of a new generation of ultra-magnetic sensors (magnetometers) using the science of nanotechnology with a total cost of $2.4 million. The Company did not renew such its engagement with Bell Labs upon expiration and did not incur any further costs with respect to its magnetometer since the Company has discontinued further development of the product to conserve financial resources.

Our Smart NanoBattery and power cell technology research and development was performed by the Bell Labs division of Alcatel/Lucent from February of 2004 through March of 2007 at an aggregate cost of $3.8 million. The Company paid Bell Labs $300,000 covering the period from April 27, 2007 through July 30, 2007, at which time it determined that, in order to develop a lithium battery for higher density energy than zinc, it required facilities capable of handling lithium battery research that Bell Labs does not have. The Company engaged a number of small foundries during fiscal year ended June 30, 2008 for commercialization of its Smart NanoBattery at a cost of approximately $150,000. In fiscal year ended June 30, 2009, the Company engaged Eagle Picher at a cost of $75,000 to design and engineer a prototype of its manually-activated lithium reserve battery and Porsche Design studio at a cost of $79,123 for design of its emergency flashlight product. In addition, the Company secured a Co-Branding Agreement with Porsche Design Studio for its emergency flashlight product. In fiscal year ended June 30, 2010, the Company paid $950,018 in connection with producing and bringing this product to market, and in fiscal year ended June 30, 2011, the Company incurred $33,254 of expenses in connection with this product. During the fiscal year ended June 30, 2009, the Company engaged Silex, a silicon foundry in Sweden, at a cost of $21,200 for further development of its Smart NanoBattery; payments to Silex for fiscal year ended June 30, 2010 in connection with the Smart NanoBattery amounted to $396,780, and for fiscal year ended June 30, 2011 they were $40,800.

During fiscal years ended June 30, 2008, June 30, 2009 and June 30, 2010, the Company engaged in joint research with Rutgers University in connection with a $750,000 STTR Grant from the United States Army for purposes of developing an emergency reserve battery to back-up a computer memory application.

During fiscal years ended June 30, 2009, June 30, 2010 and June 30, 2011, the Company engaged MKE, an approved vendor of Porche Design Studio to manufacture prototypes as well as a series of commercialized emergency flashlights utilizing the design developed for the Company by Porsche Design Studio.

Commencing in fiscal year ended June 30, 2011, the Company engaged Porsche Design Studio to develop a jump starter for a dead battery as an additional automotive product for the Company. During fiscal year ended June 30, 2012, the Company continued the development of its Smart Nano Battery and progressed in the development of a final prototype of its jump starter product. In fiscal years ended June 30, 2013 and June 30, 2014 the Company cost-reduced its jump-starter product and began sales of its jump starter and mini jump starter products. The Company increased significantly the number of units sold of its previously developed mPower jump-starter products and rolled out two new products, the mPower Jump Plus and the mPower Truck Jump.

During fiscal years ended June 30, 2015 and June 30, 2016, the Company focused upon commercialization and sales of its since discontinued Jump Starter Products. Owing to limited resources the Company did not perform significant further research and development of its Smart Nano Battery during such period. During fiscal years ended June 30, 2017 and June 30, 2018 the Company focused primarily upon becoming current with respect to its periodic SEC filings.

During fiscal years ended June 30, 2017 and 2018 the Company focused upon raising capital in private placements to fund its operations and maintain its intellectual property. During such period the Company dedicated significant operational activity to raising monies in the capital markets in order to fund accounting and other costs necessary to become current in its SEC filings. Other operations included active management of its patent portfolio.

Employees

mPhase and its subsidiary companies presently have a total of 3 full-time employees who are the officers of the Company, and one part time accounting consultant.

ITEM 1A. RISK FACTORS

Risks Relating to the Company's Complete Dependence upon the Development of New Products

Our current "smart surface technology" is at an early stage of development and we may not develop products that can be commercialized.

We have derived very limited revenues from a Phase I Army Grant of approximately $100,000 and a Phase II Army Grant of approximately $750,000 with respect to our Smart NanoBattery product from inception of development in February 2004 through June 30, 2017.

We have limited manufacturing, marketing, distribution and sales capabilities which may limit our ability to generate revenues.

Due to the relatively early stage of our products, we have not yet invested in manufacturing, marketing, distribution or product sales resources. We cannot assure you that we will be able to invest or develop any of these resources successfully or as expediently as necessary. The inability to do so may inhibit or harm our ability to generate revenues or operate profitably.

We have a history of operating losses and we may not achieve future revenues or operating profits.

We have generated modest revenue to date from our operations. Historically we have had net operating losses each year since our inception. The Company has not generated significant revenue outside of STTR grants with respect to its Smart Nano Battery or other potential products related to Smart Surfaces. Additionally, even if we are able to commercialize our technologies or any products or services related to our technologies it is not certain that they will result in profitability.

The Company has never made an operating profit in its history.

If we continue to suffer losses as we have in the past, investors may not receive any return on their investment and may lose their entire investment. Our prospects must be considered speculative in light of the risks, expenses and difficulties frequently encountered by companies with new products in their early stages of development, particularly in light of the uncertainties relating to the new, competitive and rapidly evolving markets in which we anticipate we will operate. To attempt to address these risks, we must, among other things, further develop our technologies, products and services, successfully implement our research, development, marketing and commercialization strategies, respond to competitive developments and attract, retain and motivate qualified personnel. A substantial risk is involved in investing in us because, as a company we have fewer resources than an established company, our management may be more likely to make mistakes with respect to development of new products, and we may be more vulnerable operationally and financially to any mistakes that may be made, as well as to external factors beyond our control.

We have limited resources to manage development activities.

Our limited resources in conducting and managing development activities might prevent us from successfully designing or implementing new products. If we do not succeed in conducting and managing our development activities, we might not be able to commercialize our product candidates, or might be significantly delayed in doing so, which will materially harm our business.

Our ability to generate revenues from our Smart Nano Battery will depend on a number of factors, including our ability to successfully complete and implement our commercialization strategy. In addition, even if we are successful in bringing our Smart Nano Battery to market, we will be subject to the risk that the marketplace will not accept such product. We may, and anticipate that we will need to, transition from a company with a research and development focus to a company capable of supporting commercial activities and we may not succeed in such a transition.

Because of the numerous risks and uncertainties associated with our product development and commercialization efforts, we are unable to predict the extent of our future losses or when or if we will become profitable.

Our failure to successfully commercialize our Smart Nano Battery or to become and remain profitable could depress the market price of our Common Stock and impair our ability to raise capital, expand our business, diversify our product offerings and continue our operations.

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Our failure to successfully commercialize our Smart Nano Battery or to become and remain profitable could depress the market price of our Common Stock and impair our ability to raise capital, expand our business, diversify our product offerings and continue our operations.

Risks Relating to Technology

We are dependent on new and unproven technologies.

Our risks as an early stage company are compounded by our heavy dependence on emerging and sometimes unproven technologies such as our Smart Nanobattery. If these technologies do not produce satisfactory results, our business may be harmed.

We may not be able to commercially develop our technologies and proposed product lines, which, in turn, would significantly harm our ability to earn revenues and result in a loss of investment.

Our ability to commercially develop our technologies will be dictated in, large part, by forces outside our control which cannot be predicted, including, but not limited to, general economic conditions. Other such forces include the success of our research and field testing, the availability of collaborative partners to finance our work in pursuing applications of “smart surfaces” or other developments in the field which, due to efficiencies or technological breakthroughs may render one or more areas of commercialization more attractive, obsolete or competitively unattractive. It is possible that one or more areas of commercialization will not be pursued at all if a collaborative partner or entity willing to fund research and development cannot be located. Our decisions regarding the ultimate products and/or services we pursue could have a significant adverse effect on our ability to earn revenue if we misinterpret trends, underestimate development costs and/or pursue wrong products or services. Any of these factors either alone or in concert could materially harm our ability to earn revenues or could result in a loss of any investment in us.

If we are unable to keep up with rapid technological changes in our field or compete effectively, we will be unable to operate profitably.

We are engaged in activities in the nanotechnology and microfluidics field, which is characterized by extensive research efforts and rapid technological progress. If we fail to anticipate or respond adequately to technological developments, our ability to operate profitably could suffer. We cannot assure you that research and discoveries by other companies will not render our technologies or potential products or services uneconomical or result in products superior to those we develop or that any technologies, products or services we develop will be preferred to any existing or newly-developed technologies, products or services.

Risks Related to Intellectual Property

Certain aspects of our technology are not protectable by patent.

Certain parts of our know-how and technology are not patentable. To protect our proprietary position in such know-how and technology, we require all employees, consultants, advisors and collaborators with access to our technology to enter into confidentiality and invention ownership agreements with us. We cannot assure you; however, that these agreements will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure. Further, in the absence of patent protection, competitors who independently develop substantially equivalent technology may harm our business.

Patent litigation presents an ongoing threat to our business with respect to both outcomes and costs.

It is possible that litigation over patent matters with one or more competitors could arise. We could incur substantial litigation or interference costs in defending ourselves against suits brought against us or in suits in which we may assert our patents against others. If the outcome of any such litigation is unfavorable, our business could be materially adversely affected. To determine the priority of inventions, we may also have to participate in interference proceedings declared by the United States Patent and Trademark Office, which could result in substantial cost to us. Without additional capital, we may not have the resources to adequately defend or pursue this litigation.

We may not be able to protect our proprietary technology, which could harm our ability to operate profitably.

Patent and trade secret protection is critical for the new technologies we utilize, nanotechnology and microfluidics, as well as the products and processes derived through them. Our success will depend, to a substantial degree, on our ability to obtain and enforce patent protection for our products, preserve any trade secrets and operate without infringing the proprietary rights of others. We cannot assure you that:

- we will succeed in obtaining any patents in a timely manner or at all, or that the breadth or degree of protection of any such patents will protect our interests,
- the use of our technology will not infringe on the proprietary rights of others,
- patent applications relating to our potential products or technologies will result in the issuance of any patents or that, if issued, such patents will afford adequate protection to us or not be challenged, invalidated or infringed, and
- patents will not issue to other parties, which may be infringed by our potential products or technologies.
- we will continue to have the financial resources necessary to prosecute our existing patent applications, pay maintenance fees on patents and patent applications, or file patent applications on new inventions.

The fields in which we operate have been characterized by significant efforts by competitors to establish dominant or blocking patent rights to gain a competitive advantage, and by considerable differences of opinion as to the value and legal legitimacy of competitors' purported patent rights and the technologies they actually utilize in their businesses.

Patents obtained by other persons may result in infringement claims against us that are costly to defend and which may limit our ability to use the disputed technologies and prevent us from pursuing research and development or commercialization of potential products.

If third party patents or patent applications contain claims infringed by either our technology or other technology required to make and use our potential products and such claims are ultimately determined to be valid, there can be no assurance that we would be able to obtain licenses to these patents at a reasonable cost, if at all, or be able to develop or obtain alternative technology. If we are unable to obtain such licenses at a reasonable cost, we may not be able to develop some products commercially. We may be required to defend ourselves in court against allegations of infringement of third-party patents. Patent litigation is very expensive and could consume substantial resources and create significant uncertainties. Any adverse outcome in such a suit could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties, or require us to cease using such technology.

We may not be able to adequately defend against piracy of intellectual property in foreign jurisdictions.

Considerable research in the areas of micro fluid dynamics is being performed in countries outside of the United States, and a number of potential competitors are located in these countries. The laws protecting intellectual property in some of those countries may not provide adequate protection to prevent our competitors from misappropriating our intellectual property. Several of these potential competitors may be further along in the process of product development and also operate large, company-funded research and development programs. As a result, our competitors may develop more competitive or affordable products, or achieve earlier patent protection or product commercialization than we are able to achieve. Competitive products may render any products or product candidates that we develop obsolete.

We may incur substantial expenditures in the future in order to protect our intellectual property.

We believe that our intellectual property with respect to our Smart NanoBattery and our proprietary rights with respect to the Company's permeable membrane design consisting of both micro and nano scale silicon features that are coated with a monolayer chemistry used to repel liquids is critical to our future success. The Company's current battery related patent portfolio consists of seven issued patents, of which one is jointly owned with Rutgers University, two are jointly owned with Nokia (formerly Lucent Technologies) and four are licensed from Nokia. We also have four patent applications related to the Smart Surfaces technology that have been filed with the United States Patent Office and other foreign patent offices that are in various stages of examiner review, as well as four additional patent applications related to other Smart Surfaces technologies under review. Our pending patent applications may never be granted for various reasons, including the existence of conflicting patents or defects in our applications. Even if additional U.S. patents are ultimately granted, there are significant risks regarding enforcement of patents in international markets. There are many patents being filed as the science of nanotechnology develops and the Company has limited financial resources compared to large, well established companies to bring patent litigation based upon claims of patent infringement.

Our products may not be accepted in the marketplace.

The degree of market acceptance of those products will depend on many factors, including:

Our ability to manufacture or obtain from third party manufacturers sufficient quantities of our product candidates with acceptable quality and at an acceptable cost to meet demand, and

Marketing and distribution support for our products.

We cannot predict or guarantee that either military or commercial entities, in general, will accept or utilize any of our product candidates. Failure to achieve market acceptance would limit our ability to generate revenue and would have a material adverse effect on our business. In addition, if any of our product candidates achieve market acceptance, we may not be able to maintain that market acceptance over time if competing products or technologies are introduced that are received more favorably or are more cost-effective.

Risks Related to Third Party Reliance

We depend on third parties to assist us in the development of new products extensively, and any failure of those parties to fulfill their obligations could result in costs and delays and prevent us from successfully commercializing our product candidates on a timely basis, if at all.

We engage consultants and contract research organizations to help design, develop and manufacture our products. The consultants and contract research organizations we engage provide us critical skills, resources and finished products for sale that we do not have within our own company. As a result, we depend on these consultants and contract research and product supply organizations to deliver our existing automotive products and to perform the necessary research and development to create new products. We may face delays in developing and bringing new products to market if these parties do not perform their obligations in a timely or competent fashion or if we are forced to change service providers.

We depend on our collaborators to help us develop and test our proposed products, and our ability to develop and commercialize products may be impaired or delayed if collaborations are unsuccessful.

Our strategy for the development, testing and commercialization of our proposed products requires that we enter into collaborations with corporate partners, licensors, licensees and others. We are dependent upon the subsequent success of these other parties in performing their respective responsibilities and the continued cooperation of our partners. Under agreements with collaborators, we may rely significantly on such collaborators to, among other things:

Fund research and development activities with us;

Pay us fees upon the achievement of milestones under STIR and SBIR programs; and

Market with us any commercial products that result from our collaborations.

Our collaborators may not cooperate with us or perform their obligations under our agreements with them. We cannot control the amount and timing of our collaborators' resources that will be devoted to our research and development activities related to our collaborative agreements with them. Our collaborators may choose to pursue existing or alternative technologies in preference to those being developed in collaboration with us.

The development and commercialization of potential products will be delayed if collaborators fail to conduct these activities in a timely manner, or at all.

If various outside vendors and collaborators do not achieve milestones set forth in our agreements, or if our collaborators breach or terminate their collaborative agreements with us, our business may be materially harmed.

Our reliance on the activities of our non-employee consultants, research institutions, and scientific contractors, whose activities are not wholly within our control, may lead to delays in development of our proposed products.

We rely extensively upon and have relationships with outside consultants and companies having specialized skills to conduct research. These consultants are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. We have limited control over the activities of these consultants and, except as otherwise required by our collaboration and consulting agreements to the extent they exist, can expect only limited amounts of their time to be dedicated to our activities. These research facilities may have commitments to other commercial and non-commercial entities. We have limited control over the operations of these collaborators and can expect only limited amounts of time to be dedicated to our research and product development goals.

Risks Related to Competition

The market for energy storage products is highly competitive.

We expect that our most significant competitors will be large more established companies. These companies are developing products that compete with ours and they have significantly greater capital resources in research and development, manufacturing, testing, obtaining regulatory approvals, and marketing capabilities. Many of these potential competitors are further along in the process of product development and also operate large, company-funded research and development programs. As a result, our competitors may develop more competitive or affordable products, or achieve earlier patent recognition and filings.

Our industry is characterized by rapidly evolving technology and intense competition. Our competitors include major multinational energy-storage device and battery companies as well as nanotechnology companies that specialize in micro fluid dynamics and smart surfaces.

Many of these companies are well-established and possess technical, research and development, financial and sales and marketing resources significantly greater than ours. In addition, certain smaller nanotechnology companies have formed strategic collaborations, partnerships and other types of joint ventures with larger, well established industry competitors that afford these companies' potential research and development and commercialization advantages. Academic institutions, governmental agencies and other public and private research organizations are also conducting and financing research activities which may produce products directly competitive to those we are developing. Moreover, many of these competitors may be able to obtain patent protection, obtain regulatory approvals and begin commercial sales of their products before we do.

Our competition includes both public and private organizations and collaborations among academic institutions and large companies, most of which have significantly greater experience and financial resources than we do.

Private and public academic and research institutions also compete with us in the research and development of nanotechnology products based on micro-fluid dynamics. In the past several years, the nanotechnology industry has selectively entered into collaborations with both public and private organizations to explore the development of new products evolving out of research in micro-fluid dynamics.

RISKS RELATED TO FINANCIAL ASPECTS OF OUR BUSINESS

We may not be able to raise the required capital to conduct our operations and develop and commercialize our products. We require substantial additional capital resources in order to conduct our operations and develop and commercialize our products and run our facilities. We will need significant additional funds or collaborative partners, or both, to finance the research and development activities of our potential products. Accordingly, we are continuing to pursue additional sources of financing. Our future capital requirements will depend upon many factors, including:

The continued progress and cost of our research and development programs,

The costs in preparing, filing, prosecuting, maintaining and enforcing patent claims,

The costs of developing sales, marketing and distribution channels and our ability to sell the products if developed,

The costs involved in establishing manufacturing capabilities for commercial quantities of our proposed products,

Competing technological and market developments,

Market acceptance of our proposed products,

The costs for recruiting and retaining employees and consultants.

Additional financing through strategic collaborations, public or private equity financings or other financing sources may not be available on acceptable terms, or at all Our prior failure to be timely in our required periodic filings of quarterly and annual financial reports with the SEC may significantly limit our ability to raise additional capital. Additional equity financing could result in significant dilution to our shareholders. Further, if additional funds are obtained through arrangements with collaborative partners, these arrangements may require us to relinquish rights to some of our technologies, product candidates or products that we would otherwise seek to develop and commercialize on our own. If sufficient capital is not available, we may be required to delay, reduce the scope of or eliminate one or more of our programs or potential products, any of which could have a material adverse effect on our financial condition or business prospects.

The large number of shares of common stock outstanding have caused significant dilution and resulted in our common stock becoming a sub penny stock. FINRA has previously denied the Company the right to complete a reverse split of our common stock owing to prior securities law violations of 2 officers of the Company

In order to complete a reverse split of our common stock our Chief Executive Officer and Chief Operating Officer each of which are Directors of the Company must resign their respective positions with the Company. The loss of these two key officers could have a material negative effect on the Company’s operations. Absent a reverse split of the stock it is unlikely the common stock of the Company will trade above either sub-penny or penny value.

Risks Relating to Our Debt Financings

If we are required for any reason to repay our outstanding convertible debt we would be required to deplete our working capital, if available, or raise additional funds. Our failure to repay the convertible debentures, if required, could result in future legal action against us, which could require the sale of substantial assets or liquidation of the Company.

We had outstanding, as of June 30, 2018, aggregate principal amount of $997,697, plus accrued interest of $72,638, of convertible debt, that could be converted into approximately 765,042,167 shares of common stock immediately, and up to 11,219,196,667 shares of common stock if the forbearance agreement discussed below is settled in shares of common stock. Sales of a substantial number of shares of our Common Stock in the public market could adversely affect the market price for our Common Stock and make it more difficult for you to sell shares of our Common Stock at times and prices that you feel are appropriate.

As of December 15, 2014, a Convertible Debenture Holder has a Judgment in the amount of approximately $1.6 million entered into by the United States District Court of the Northern District of Illinois

The Company has entered into a Forbearance Agreement, as amended with John Fife currently its largest Convertible Security holder arising out of a lawsuit and judgment in connection with the default on a Convertible Note in the original principal amount of $550,000 issued on September 13, 2011. The monthly payment is required either in cash or by issuing Fife additional shares of common stock at a 20% discount from the market price of the Company's common stock. Failure to pay such amount either as a result of an inability to pay such amount will enable Fife to immediately enforce the entire amount of the Judgment.

The issuance of shares upon conversion of the convertible debt will cause immediate and substantial dilution to our existing stockholders.

The issuance of shares upon conversion of the convertible debt and shares issued under our equity line of credit will result in substantial dilution to the interests of other stockholders since the selling security holders may ultimately convert and sell the full amount issuable on conversion. Although no single selling security holder may convert its convertible debentures and/or exercise its warrants if such conversion or exercise would cause it to own more than 4.99% of our outstanding Common Stock, this restriction does not prevent each selling security holder from converting some of its holdings and then converting the rest of its holdings. In this way, each selling security holder could sell more than this limit while never holding more than this limit. There is no upper limit on the number of shares that may be issued, which will have the effect of further diluting the proportionate equity interest and voting

power of holders of our Common Stock.

The Company has been forced to curtail development of all products except its Smart NanoBattery in order to conserve financial resources

The Company has been forced to focus on commercialization of only one of its products, thereby eliminating product diversification. The Company's lack of financial resources to simultaneously develop multiple products increases its overall risk profile as a company.

mPhase's stock price has suffered significant declines during the past ten years and remains volatile.

The market price of our common stock closed at $7.88 on July 26, 2000 and at $.0001 as of June 30, 2018. During such period the number of shares outstanding of the Company increased from approximately 30 million shares to approximately 18 billion shares. This increase was the result of periodic private placements and other financing arrangements involving convertible debt issued by the Company in order to finance company operations. Stocks in microcap companies having stock values below $1.00 per share have been very volatile during such period. Our common stock is a highly speculative investment and is suitable only for such investors with financial resources that enable them to sustain the loss of their entire investment in such stock. Because the price of our common stock is less than $5.00 per share and is not traded on the NASDAQ National or NASDAQ Small Cap exchanges, it is considered to be a "penny stock," limiting the type of customers that broker/dealers can sell to. Such customers consist only of "established customers" and "Accredited Investors" (within the meaning of Rule 501 of Regulation D of the Securities Act of 1933, as amended), generally individuals and entities of substantial net worth, thereby limiting the liquidity of our common stock.

We may not be able to raise sufficient capital to market our Smart NanoBattery product applications of our technology on any meaningful scale.

We may not be able to obtain the amount of additional capital needed until the Company has established significant and predictable sales and revenues from our technology. We have been successful in the past as a micro-cap development stage company in raising capital; however, recent trends in the capital markets are likely to pose significant challenges for the Company. Factors affecting the availability of capital include:

(1) the price, volatility and trading volume of our common stock;

(2) future financial results including sales and revenues generated from operations;

(3) the market's view of the business sector of nanotechnology reserve batteries and emergency flashlights; and

(4) the perception in the capital markets of our ability to execute our business plan.

We have reported net operating losses for each of our fiscal years from our inception in

We have reported net operating losses for each of our fiscal years from our inception in 1996 through the present and may not be able to operate profitability in the future.

We have had net losses of approximately $211,678,692 since our inception in 1996 and cannot be certain when or if we will ever be profitable. We expect to continue to have net losses for the foreseeable future. We need to raise not less than $1 million in additional cash in the next 12 months through further equity private placements to continue operations and potentially complete a merger with Scepter Commodities LLC. As of June 30, 2018, we have working capital deficit of approximately $(3,993,269) and a stockholders' deficit of $(3,992,469).

Our independent auditor's report expresses doubt about our ability to continue as a going concern.

The reports of the Company's outside auditors Assurance Dimensions, and its prior auditors D'Arelli Pruzansky, P.A., Demetrius Berkower, LLC., Rosenberg, Rich, Baker, Berman & Company, and Arthur Andersen & Co., with respect to its latest audited reports on Form10-K for each of the fiscal years commencing in the fiscal year ended June 30, 2001 through the fiscal year ended June 30, 2018, stated that "there is substantial doubt of the Company's ability to continue as a going concern." Such opinion from our outside auditors makes it significantly more difficult and

expensive for the Company to raise additional capital necessary to continue our operations.

Our common stock is subject to significant further dilution upon issuance of shares we have reserved for future issuance.

As of June 30, 2018, outstanding convertible debt plus accrued interest is equal to $1,070,335 which could have the right to convert into additional shares of our common stock at discounts of up to 20% of mPhase's then current stock price computed on a formula basis that may adversely affect the future price of our common stock that may result in future conversion shares of our Common Stock based upon our stock price at June 30, 2018.

RISK FACTORS RELATED TO OUR OPERATIONS

We have not to date had completed final military or commercial development of our flagship product, the Smart NanoBattery.

We have derived no material revenues from our Smart NanoBattery from inception of development in February 2004 through June 30, 2018.

The loss of key personnel could adversely affect our business

Management and employment contracts with all of our officers have expired and no assurances can be given that such executives will remain with the Company or that the Company will be able to successfully enter into agreements with such key executives. All of our officers have made significant investments in the Company in the form of equity periodic purchases of common stock and bridge loans and been granted stock and stock options that are intended to represent a key component of their compensation. Such grants may not provide the intended incentives to such officers if our stock price declines or experiences significant volatility. In addition our three corporate officers accumulated past accrued and unpaid salaries in the aggregate amount of approximately $538,777 certain notes and accrued interest were settled for stock and an amended conversion feature (see Note 9) during the FYE June 30, 2017 and portions of the fiscal year ended June 30, 2018 and have and have agreed to convert such amounts into common stock of the Company based upon the availability of shares..

RISKS RELATED TO OUR TARGETED MARKETS

The sale of new high technology products often has a long lead-time and a multiplicity of risks.

Commercialization of new technology products often has a very long lead time since it is not possible to predict when major companies will license such technology for sale to their customers. The science of nanotechnology and microfluidics used to develop our Smart NanoBattery is in its very early stages and acceptance and demand for such products can often be a long evolutionary process.

The science of nanotechnology is at a very early stage as a discipline and is subject to great uncertainty and swift changes in technology.

Microfluid dynamics and the manipulation of materials of nano size and dimensions is a very new science and the creation of new products is dependent upon new and different properties of such materials created that will result in many uncertain applications and rapid change. The evolution of nanotechnology as a new science adds greater uncertainty to new applications and new and improved product introductions is unpredictable.

We may not be able to create new products from our intellectual property using microfluidics that will be acceptable in water purification, oil separation from water and other environment markets.

The market for “green” products and solutions is characterized by changing regulatory standards, new and improved product introductions, and changing customer demands.

Large companies such as General Electric with great resources are currently focusing significant monies for new solutions.

Our future success will depend upon our ability to achieve compelling technology innovations that are economic and practical to produce in large quantities. Success in new technology, products and services is a complex and uncertain process requiring high levels of innovation, highly-skilled engineering and development personnel, and the accurate anticipation of technological and market trends. We may not be able to identify, develop, market or support new or enhanced technology, products, or services on a timely basis, if at all, owing to our size and limited financial

resources.

The commercialization of many applications of our technologies will depend on our ability to establish strategic relationships with commercial partners.

We are seeking commercial partners with established lines of business and greater financial resources than our own. Such partners may not place the priority that we do on joint projects because the success or failure of such projects is not as material to other existing well- developed lines of business.

Our Smart NanoBattery and our potential applications of our technology are components of end products and therefore our products are tied to the success of such end products.

The compelling need for critical mission batteries and other applications of our nanotechnology will depend upon both military and commercial needs going forward and the demand for our products as components. Thus the success of our Smart NanoBattery and other applications of our technology will depend upon the continuing need for the end user products and market demand.

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Our future success will depend upon our ability to achieve compelling technology innovations that are economic and practical to produce in large quantities. Success in new technology, products and services is a complex and uncertain process requiring high levels of innovation, highly-skilled engineering and development personnel, and the accurate anticipation of technological and market trends. We may not be able to identify, develop, market or support new or enhanced technology, products, or services on a timely basis, if at all, owing to our size and limited financial resources.

General Risks Relating to Our Business

We depend on key personnel for our continued operations and future success, and a loss of certain key personnel could significantly hinder our ability to move forward with our business plan.

Because of the specialized nature of our business, we are highly dependent on our ability to identify, hire, train and retain highly qualified scientific and technical personnel for the research and development activities we conduct or sponsor. The loss of one or more certain key executive officers, or scientists, would be significantly detrimental to us. In addition, recruiting and retaining qualified scientific personnel to perform research and development work is critical to our success. Our anticipated growth and expansion into areas and activities requiring additional expertise, such as new applications for “smart surfaces”, manufacturing and marketing, will require the addition of new management personnel and the development of additional expertise by existing management personnel. Despite the current economic conditions and job market there is significant competition for qualified personnel in the areas of our present and planned activities, and there can be no assurance that we will be able to continue to attract and retain the qualified personnel necessary for the development of our business. The failure to attract and retain such personnel or to develop such expertise would adversely affect our business.

Our insurance policies are limited in scope and coverage and may potentially expose us to unrecoverable risks.

We do not carry director and officer insurance and have limited commercial insurance policies. Any significant insurance claims would have a material adverse effect on our business, financial condition and results of operations. Insurance availability, coverage terms and pricing continue to vary with market conditions. We endeavor to obtain appropriate insurance coverage for insurable risks that we identify, however, we may, due to limited financial resources, be unable to correctly cover those risks that we can anticipate or quantify as insurable risks. We may not be able to obtain appropriate insurance coverage, and insurers may not respond as we intend to cover insurable events that may occur. We have observed rapidly changing conditions in the insurance markets relating to nearly all areas of traditional corporate insurance. Such conditions have resulted in higher premium costs, higher policy deductibles, and lower coverage limits. For some risks, we may not have or maintain insurance coverage because of cost or availability.

We have no product liability insurance, which may leave us vulnerable to future claims we will be unable to satisfy.

The testing, manufacturing, marketing and sale of consumer products entail an inherent risk of product liability claims, and we cannot assure you that substantial product liability claims will not be asserted against us. We have no product liability insurance. In the event we are forced to expend significant funds on defending product liability actions, and in the event those funds come from operating capital, we will be required to reduce our business activities, which could lead to significant losses.

We cannot assure you that adequate insurance coverage will be available in the future on acceptable terms, if at all, or that, if available, we will be able to maintain any such insurance at sufficient levels of coverage or that any such insurance will provide adequate protection against potential liabilities. Whether or not a product liability insurance policy is obtained or maintained in the future, any product liability claim could harm our business or financial condition.

We presently have members of management and other key employees located in various locations throughout the country which adds complexities to the operation of the business.

Presently, we have members of management and other key employees located in both Connecticut and New Jersey, which adds complexities to the operation of our business.

We face risks related to compliance with corporate governance laws and financial reporting standards.

The Sarbanes-Oxley Act of 2002, as well as related new rules and regulations implemented by the Securities and Exchange Commission and the Public Company Accounting Oversight Board, require changes in the corporate governance practices and financial reporting standards for public companies. These new laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002 relating to internal control over financial reporting, referred to as Section 404, have materially increased our legal and financial compliance costs and made some activities more time-consuming and more burdensome.

ITEM 2. PROPERTIES

The Company leases office and storage space in Staten Island, New York

The lease is month to month with a rent of $400 per month plus allocated utilities.

The property located in Norwalk Connecticut has limited security and was abandoned in February 2016. We have recorded $22,000 of arrearage with respect to the unpaid rental obligations as a result of such abandonment.

ITEM 3. LEGAL PROCEEDINGS

On February 2, 2015 the Securities and Exchange Commission upheld the denial of a corporate action by the Financial Industry Regulatory Authority (FINRA) in connection with the Company's seeking to reverse split its common stock pursuant to FINRA Rule 6490 (see Securities Exchange Act of 1934 Release No 7418 Admin Proc File No. 3-15130 of February 2, 2015). The action was found as deficient by FINRA on the basis that two corporate officers and directors of the Company had previously entered into a Consent Decree with the SEC in October of 2007 by them when they were previously officers of another company named Packetport.com.

On November 20, 2012, mPhase Technologies, Inc. (the "Company") formally received an Event of Default and Redemption Notice dated November 16, 2012 with respect to an 8% Convertible Note dated September 13, 2011 issued by the Company to St. George Investments LLC and assigned to John Fife. The Triggering Events include alleged defaults with respect to payments owed by the Company under the Convertible Note and the failure to convert the Note into shares of the Company's common stock. The alleged amount owed according to the notice is approximately $902,279. A lawsuit was commenced in late November in the Federal District Court, Northern District of Illinois Eastern Division by Fife against the Company alleging breach of contract and other actions in connection with the 8% Convertible Note.

On December 15, 2014, a Memorandum Opinion and Order was issued by the United States District Court Northern District of Illinois Eastern Division granting the motion of John Fife, plaintiff ("Plaintiff"), for summary judgment against mPhase Technologies, Inc. (the "Company") for breach of contract (the "Opinion"). All other claims and counterclaims were dismissed.

Effective February 10, 2015, the Company entered into a Forbearance Agreement with the Holder. The agreement provides that the Holder would forego his right to enforce its remedies pursuant to the judgment, which include demand for immediate payment of approximately $1.6 million, provided the Company satisfy its forbearance obligation of $1,003,943, and after accounting for a payment of $15,000 the Company paid, under the terms of the agreement.

The terms of the agreement, as amended, provide for interest to accrue on the unpaid portion at 9% per annum with monthly payments in cash or conversions into common stock of the Company; commencing with an initial $15,000 payment due on February 15, 2015, and thereafter and on or before the 15th day of each month thereafter the Company agrees to pay to Holder the following amounts ; $30,000.00 per month on each of the following dates: March 15, 2015, April 15, 2015, May 15, 2015, June 15, 2015, and July 15, 2015; $15,000.00 per month on each of the following dates: August 15, 2015 and September 15, 2015; $20,000.00 per month on each of the following dates: October 15, 2015, November 15, 2015, and December 15, 2015; $35,000.00 per month on each of the following dates: January 15, 2016 and February 15, 2016 and March 15, 2016; and $50,000.00 per month thereafter until the Forbearance Amount has been paid in full. The Company has been able to meet its monthly payment obligations through September 2015.

As of August 11, 2015 the Company entered into an Amendment No. 1 with Fife to the Forbearance Agreement rescheduling the monthly payment schedules (see Form 8K filed with the SEC on August 2, 2015).

As of January 19, 2016 the Company entered into a Second Amendment to the Forbearance Agreement again rescheduling certain of the monthly payments. The Amendment was filed with the SEC on Form 8k on January 22, 2016.

As of May 12, 2016 the Company entered into a Third Amendment to the Forbearance Agreement again rescheduling certain of the monthly payments. The Amendment was filed with the SEC on Form 8k on May 23, 2016.

On August 18, 2017 the Company entered into a Judgment Settlement Agreement with John Fife with respect to the Judgment in favor of Fife, which reduces the balance under the amended agreement to $360, 000, without conversion rights, in connection with the default by the Company under a Convertible Debenture dated September 13, 2011.

In April of 2017, the Company received a judgment from the Federal District Court of Northern Illinois Eastern Division in its favor with prejudice dismissing a claim by River North Equity covering Convertible Securities of the Company which effectively negated the two notes River North Equity obtained from JMJ Financial. At June 30, 2017 the amount recorded in Current Liabilities for all three convertible notes and accrued interest thereon previously issued to JMJ Financial was $1,212,940. At June, 30 2017 the amount recorded in Current Liabilities for the two notes and accrued interest thereon subject to the River North Equity claim was $1,046,416.

In February of 2018 the Company entered into another Amendment with Fife governing the Forbearance Agreement that modified the payment schedule for the Convertible Debenture issued September 13, 2011.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(A) MARKET PRICES OF COMMON STOCK. The primary market for mPhase's common stock is the OTC Pink Quotation System, where it trades under the symbol "XDSL." The Company became publicly traded through a merger with Lightpaths TP Technologies, formerly known as Tecma Laboratories, Inc. pursuant to an agreement dated February 17, 1997. The following table sets forth the high and low closing prices for the shares for the periods indicated as provided by the NASDAQ's OTCBB System. The quotations shown reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not represent actual transactions.

YEAR/QUARTER	HIGH	LOW
Fiscal year ended June 30, 2018		
First Quarter	$0.0001	$0.00
Second Quarter	0.0001	0.00
Third Quarter	0.0001	0.00
Fourth Quarter	0.0001	0.00
Fiscal year ended June 30, 2017		
First Quarter	$0.0001	$0.00
Second Quarter	0.0001	0.00
Third Quarter	0.0001	0.00
Fourth Quarter	0.0001	0.00

(B) HOLDERS

Common Stock

As of June 30, 2018, mPhase had approximately 16,860,514,523 shares of common stock outstanding and approximately 23,000 stockholders of record. The Company originally reserved 1,000,000,000 shares for obligations to John Fife of which 812,500,000 and 187,500,000 shares of common stock were converted in Fiscal Year June 30, 2016 and 2017 respectively resulting in no shares remaining in the forbearance reserve maintained by the transfer agent for issuance upon the conversion of convertible securities of which may be required to be issued under the forbearance obligation with John Fife. At June 30, 2018 this obligation was convertible into approximately 11,067,050,000 shares of the Company's Common stock, and presently has been renegotiated whereby no additional

shares would be available for conversion upon completion of approximately $300,000 to $375,000 in cash payments. Finally, subject to availability, the Company has reserved 7,779,120,000 shares for conversion of officer notes. Such notes may only be converted if the Board of Directors determines that such shares are not needed for general corporate financing or other purposes.

Preferred stock and increase in Authorized shares of common stock

At a Special Meeting of the Board of Directors of the Company held on December 31, 2013 the Board authorized 20,000,000 shares of a new class of Series A $25 par value preferred stock with a 6% quarterly cumulative dividend payable in preferred stock. The Series A preferred stock have a conversion feature into common stock commencing two years from the date of purchase. To date no shares of Series A preferred stock have been issued.

Effective August 22, 2018 the Company increased its authorized shares of common stock from 18 billion to 72 billion shares.

(C) DIVIDENDS

mPhase has never declared or paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The Company currently intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be based upon mPhase’s financial condition, operating results, capital requirements, plans for expansion, restrictions imposed by any financing arrangements and any other factors that the Board of Directors deems relevant.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

Not Applicable

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS AND PLAN OF OPERATIONS

The following is management's discussion and analysis of certain significant factors which have affected mPhase's financial position and should be read in conjunction with the accompanying financial statements, financial data and the related notes.

RESULTS OF OPERATIONS

OVERVIEW

In fiscal year ended June 30, 2018 focused on the management of intellectual property associated with the development of innovative power cells and related products through the science of microfluidics, microelectromechanical systems (MEMS) and nano- technology. Owing to limited financial resources during fiscal years ended June 30, 2018 and June 30,2017 the Company's operations consisted of actively raising funds in the private placement market to fund outside accounting cost necessary to become current in its SEC filings. The Company continued its primarily focused on commercializing its first nanotechnology-enabled product for military and commercial applications - the Smart NanoBattery. The commercialization process was severely constrained during the past two fiscal years owing to limited funds available.

As previously described, our new patented and patent-pending battery technology, based on the phenomenon of electrowetting, offers a unique way to store energy and manage power that could revolutionize the battery industry. Features of the Smart NanoBattery include potentially infinite shelf life, environmentally friendly design, fast ramp to power, programmable control, and direct integration with microelectronic devices. The platform technology behind the Smart NanoBattery is a porous nanostructured material used to repel and precisely control the flow of liquids. The material has a Smart Surface that can potentially be designed for heart pacemakers and other medical devices.

During the fiscal year ended June 30, 2018, the Company actively sought a privately-held company seeking to become a public company to potentially merge with in order to achieve a larger critical mass and a wider variety of product lines. This effort culminated in a preliminary Letter of Intent with Scepter Commodities, LLC, an entity with a proprietary blockchain platform facilitating trading on a global basis for small dealers of tin, mPhase also spent considerable time and effort during the fiscal year ended June 30, 2018 on restructuring of its convertible debt obligations.

Discontinuance of Jump Starter Products during Fiscal Year 2016

Commencing in April of 2016, the Company began discontinuing its line of Jump Starter products owing to increased competition and declining margins. (See Note 3 under the caption “Discontinued Operations”).

YEAR ENDED JUNE 30, 2018 VS. JUNE 30, 2017

Continuing Operations

General and Administrative Expenses. General and administrative expenses charged to continuing operations were $734,343 for the year ended June 30, 2018 compared to $228,386 for the year ended June 30, 2017, an increase of $505,957. The Company recorded a $575,000 charge to continuing operations for stock awards for officers, a director and strategic consultants during the fiscal year ended June 30, 2018 compared to no such awards in fiscal 2017. The Company eliminated the accrual of the salaries of the three officers of the Company in fiscal year ended June 30, 2018 resulting in lower payroll of approximately $180,000 to executive officers when compared to fiscal year ended June 30, 2017.

Other Income and Expense. Interest expense charged to continuing operations was $246,162 in FYE 2018 compared to $302,905 in FYE 2017, a decrease of $56,743 due to reduced liability balances. During FYE 2018 other income from continuing operations was $1,107,922 on debt extinguishments. During the FYE 2017 other income from continuing operations included $153,320 of debt extinguishments.

Continuing Operations – (continued)

Net Income (loss). mPhase recorded a net income of $313,904 for the fiscal year ended June 30, 2018 consisting of $126,734 income from continuing operations plus a $187,170 gain from discontinued operations as compared to a net loss of ($381,920) from continuing operations for the year June 30, 2017, offset by a $71,155 gain from discontinued operations, resulting in a net loss of $310,765 for the prior year..

This represents a net income per common share of $0.00 in 2018 as compared to a net loss per common share of $(0.00) in 2017, based upon weighted average common shares outstanding of 16,684,055,107 and 17,904,555,752 during the years ending June 30, 2018 and June 30, 2017 respectively.

Discontinued Operations

Revenues. Total revenues for the year ended June 30, 2018 decreased to $0 from $20,516 in Fiscal 2017, or 100%. The revenue decrease for the current fiscal year was derived solely due to the terminated sales of the mPower Jump products.

Cost of sales**.** Cost of sales decreased $20,471 for the year ended June 30, 2018 to $0 from $20,471 in Fiscal 2017. This decrease is directly attributable to the termination of sales of our mPower Jump products.

Research and Development. Research and development expenses were $0 for the year ended June 30, 2018 compared to $38 for the year ended June 30, 2017.

Selling and Marketing Expenses. Selling and marketing expenses were $0 for the year ended June 30, 2018 compared to $11,154 for the year ended June 30, 2017 a decrease of 100%. The decrease is attributable to the elimination of the Company’s sales force and marketing efforts with respect to its line of Jump Products.

General and Administrative Expenses. General and administrative expenses charged to discontinued operations were $19,694 for the fiscal year ended June 30, 2018 compared to $78,228 for the year ended June 30, 2017 a decrease of $58,533. The Company eliminated a portion of the salaries of the three officers of the Company in fiscal year ended June 30, 2018 resulting in lower payroll expense charged to discontinued operations of approximately $70,000 for

executive officers as compared to fiscal year ended June 30, 2017.

Other Income and Expense. Interest expense charged to discontinued operations was $41,957 in FYE 2018 compared to $47,635 in FYE 2017. During the FYE 2018 other income from discontinued operations included $2,875 in a Co-exist agreement for trade name rights offset by $2,309 net termination costs and $250,570 of income from debt extinguishments. During the FYE 2017 other income from discontinued operations included $12,500 from the conditional sale of a patent and $195,664 of debt extinguishments.

Net Income from Discontinued Operations. mPhase recorded a net gain from discontinued operations of $187,170 for the year ended June 30, 2018 as compared to $71,155 for the year ended June 30, 2017.

This represents net income from discontinued operations per common share of $0.00 in 2018 as compared to $0.00 in 2017, based upon weighted average common shares outstanding of 16,684,055,107 and 17,904,555,752 during the years ending June 30, 2018 and 2017 respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company has incurred cumulative losses of ($211,678,692) and a working capital deficit of ($3,993,269) as of June 30, 2018. The auditors' report for the fiscal year ended June 30, 2018 includes the statement that "there is substantial doubt of the Company's ability to continue as a going concern". As of June 30, 2018, the Company had a negative net worth of ($3,992,469) compared to a negative net worth of ($4,508,943) as of June 30, 2017 because of continuing net losses.

During the twelve months ended June 30, 2018, the Company issued 1,800,000,000 shares of its common stock in connection with private placements, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended, raising net proceeds of $81,000 and incurred finder's fees in the amount of $9,000. The proceeds were used by the Company as working capital.

During the twelve months ended June 30, 2017, the Company issued 900,000,000 shares of its common stock in connection with private placements, pursuant to Rule 506 of Regulation D and Section 4(a)(2) of the Securities Act of 1933, as amended, raising net proceeds of $40,500 and incurred finder's fees in the amount of $4,500. The proceeds were used by the Company as working capital.

Also, during the twelve months ended June 30, 2017, an unaffiliated shareholder advanced the Company $1,000, and an additional $2,000 in fiscal 2018. Additionally, the Director who had loaned the Company $90,000 in the fourth quarter of the fiscal year ended June 30, 2015 advanced the Company $20,000, net of repayments, in the twelve months ended June 30, 2016, together with $5,486 of accrued interest resulted in a balance of $115,486 on June 30, 2016. The Director has not demanded repayment, and together with $7,665 and $7,123 of accrued interest for the fiscal years ended June 30, 2018 & 2017 resulted in a balance of $130,274 outstanding as of June 30, 2018. This director converted $126,364 of this note and accrued interest into 1,263,642,700 shares of the Company's common stock in September 2018.

During the fiscal years ended June 30, 2018 and 2017, the officers advanced $77,326 and $15,880 to provide working capital to the Company and $44,274 and $37,288 was charged to interest expense on the loans from officers. At June 30, 2018 and 2017 these notes and accrued interest at the rate of 6% totaled $777,712 and $658,311, respectively. In September 2018 the officers converted $702,105 of notes payable and accrued interest into 7,021,050,000 shares of the Company's common stock.

The Company believes that private placements of its common stock to be issued from time to time will fund our short term capital needs and in November 2017 the Board of Directors determined it necessary increase its authorized

shares of common stock. On August 22, 2018 the Company received approval from New Jersey Secretary of State to Increase authorized Common Shares from 18 billion to 72 billion shares.

The Company does not expect to derive any material revenue from its nanotechnology product development until after a deployment and custom tailoring of its Smart Nanobattery in the foreseeable future owing to its current financial condition which does not allow further work to complete the product.

MANAGEMENT'S PLANS AND CURRENT STATUS

The Company is currently considering strategic alternatives to best monetize its remaining patent portfolio, including partnering to exploit its opportunities for our drug delivery system. The Company is seeking to engage a grant and project proposal consultant to obtain government funding available under the Departments of Defense & Homeland Security for targeted applications for its smart nano-battery applications including The Department of Defense Ordnance Technology Consortium "DOTC", Small Business Innovative Research "SBIR", Cooperative Research and Development Agreements (CRADA) and similar programs. To maintain our economic viability the Company has taken and completed substantial steps in the restructuring, settlement and the revising its debt obligations and Our capital structure. The Company has aborted its efforts with respect to selling its line of automotive jump starter products owing to increased competition resulting in poor margins because of commodity pricing of such products to preserve our limited working capital. The Company is seeking alternative products for development of our nano-technology which would require a strategic partner or additional equity funding.

In our effort to revising its debt obligations and Our capital structure, the Company and the note holder for arrangements 1, JMJ Financial, have been renegotiating the settlement of these agreements; Previously as of June 30, 2017 the amount recorded in Current Liabilities for the two notes and accrued interest thereon subject to the River North Equity (See footnote Stockholders Equity and Convertible Debt Arrangements) claim was $1,046,416. Such amount is included in the amount recorded in Current Liabilities for all three convertible notes and accrued interest thereon previously issued to JMJ Financial which totaled $1,212,940 on that date. River North Equity LLC which had purchased notes previously issued to JMJ Financial failed to appeal a Judgement in favor of the Company negating such Notes by July 17, 2017 and the Judgement become final. As a result of this proceeding the Company recorded the cancellation of the two notes assigned to River North from JMJ Financial for a total of $693,060 of principal and $358,534 accrued interest thereon. This resulted in a $1,051,594 gain from the cancellation of debt during the fiscal year ended June 30, 2018. As of June 30, 2018 the Company, has been negotiating a settlement for the remaining $109,000 of principle and $69,520 of accrued interest thereon due to JMJ, and anticipates a cash settlement for approximately $25,000.

On August 18, 2017 the Company entered into a Judgment Settlement Agreement with John Fife with respect to the Judgment in favor of Fife, which reduces the balance under the amended agreement to $300,000 to $375,000, without conversion rights, in connection with the default by the Company under a Convertible Debenture dated September 13, 2011, depending on how long the Company takes to pay the settlement. At June 30, 2018 we had recorded $885,364 for the value of the forbearance debt obligation. as amended.

On December 1, 2017 the Company announced in a Form 8k filing that as part of an over recapitalization of the Company that, subject to filing with the Secretary of State of New Jersey of an Amendment to its Certificate of Incorporation increasing it authorized shares of common stock to 72 billion shares, the Board of Directors has approved the granting of a total of 5,750,000,000 shares of common stock to Officers, Directors and an Accounting Consultant of the Company. It is necessary for the Company to complete the filing of 4 years of back state and federal income tax returns with the Department of Revenue of New Jersey in order to amend its Certificate of Incorporation. In addition, the Board of Directors approved the issuance of 16,000,000,000 shares to Officers and Directors and the Company’s accounting Consultant in exchange for aggregate indebtedness and fees owed to such persons in the approximate amount of $1,600,000. In September 2018 the Company issued the 5,750,000 shares of its common stock pursuant to the announced stock award. Also, in September 2018 the Company settled $1,652,746 of related party and strategic vendor debts pursuant to this part of our recapitalization plan as follows:

a.) the officers converted $538,777 accrued wages into 5,387,770,000 shares and $702,105 of notes payable and accrued interest into 7,021,050,000 shares, &;

b.) a director converted $186,000 of accrued fees into 1,860,000,000 shares and $126,364 of a note and accrued interest into 1,263,642,700 shares, &;

c.) strategic vendors converted $99,500 of accounts payable into 990,500,000 shares: of the Company's common stock.

On December 28, 2017 the Company entered into a Letter of Intent with Scepter Commodities LLC for Scepter to merge into mPhase wherein shareholders of Scepter would own 80% of the outstanding common stock of the Company with mPhase shareholders owning 20% of the common stock of the combined company. As part of this transaction, if consummated under the outlined term sheet, the merged Company that shareholders of Scepter would own 80% of the outstanding common stock of the Company with mPhase shareholders owning 20% of the common stock of the newly combined company would include the mPhase Technologies, Inc. parent and our Medds, Inc subsidiary; and would not include our mPower, Inc. Subsidiary, which would retain approximately $500,000 of liabilities and all our present patent portfolio, which would be distributable to our shareholders at the time of the Scepter transaction.

Going Concern

The accompanying financial statements have been prepared on a going concern basis. The Company has used net cash in its operating activities of approximately $164,000 and $56,000 during the year ended June 30, 2018 and 2017, respectively and has a working capital deficit of approximately $1,765,523 at June 30, 2018.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due, to fund possible future acquisitions, and to generate profitable operations in the future, once a merger with an operating company is consummated. Management plans may continue to provide for its capital requirements by issuing additional equity securities and debt and the Company will continue to find possible acquisition targets. The outcome of these matters cannot be predicted at this time and there are no assurances that, if achieved, the Company will have sufficient funds to execute its business plan or generate positive operating results.

Capital Raising Transactions

During the fiscal years ended June 30, 2018 & 2017, the Company received $81,000 and $40,500 of net proceeds from the issuance of 1,800,000,000 and 900,000,000 shares of common stock in private placements with accredited investors, incurring finder's fees of $9,000 and $4,500, respectively.

Conversion of debt securities

During the fiscal year ended June 30, 2018 & 2017 the Company incurred the conversion of $0 and $15,000 of Convertible Debt and Accrued Interest thereon relating to the forbearance agreement into 0 and 187,500,000 shares of the Company's Common stock, respectively.

Subsequent Debt Conversions

In September 2018:

a.) Officers' Durando, Dotoli & Smiley converted $538,777 of accrued wages into 5,387,770,000 shares and $702,105 of notes payable and accrued interest into 7,021,050,000 shares,

b.) a director converted $186,000 of accrued fees into 1,860,000,000 shares and $126,364 of a note and accrued interest into 1,263,642,700 shares,

c.) Strategic vendors converted $99,500 of accounts payable into 990,500,000 shares; of the Company's common stock.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Climate Change

Our opinion is that neither climate change, nor governmental regulations related to climate change, have had, or are expected to have, any material effect on our operations.

Critical Accounting Policies

The Company's critical accounting policies are as follows:

Convertible Instruments - The Company evaluates and accounts for conversion options embedded in its convertible instruments in accordance with ASC 815.

ASC 815 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments in accordance with EITF 00-19. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of ASC 815. ASC 815 also provides an exception to this rule when the host instrument is deemed to be conventional (as that term is described).

The Company accounts for convertible instruments (when it has determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with the provisions of ASC 470 20 "Debt with Conversion Options" Accordingly, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their earliest date of redemption. The Company also records when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note.

The Company believes the certain conversion features embedded in convertible notes payable are not clearly and closely related to the economic characteristics of the Company's stock price. Accordingly, the Company has recognized derivative liabilities in connection with such instruments. The Company uses judgment in determining the fair value of derivative liabilities at the date of issuance at every balance sheet thereafter. The Company uses judgment in determining which valuation is most appropriate for the instrument (e.g., Black Scholes), the expected volatility, the implied risk free interest rate, as well as the expected dividend rate.

ITEM 7A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISKS

Not Applicable

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is included in Item 15 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES

Assessment of Internal Controls Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our President and Chief Executive Officer and our Chief Financial Officer (our principal financial and accounting officer) to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e).

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with participation of management, including our President and Chief Executive Officer and our Chief Financial Officer (our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President and Chief Executive Officer and Chief Financial officer have concluded that our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. The Company utilizes the COSO Framework for internal control over financial reporting. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the interim or annual financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of June 30, 2018. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

The Company did identify control deficiencies regarding its present accounting structure:

Lack of segregation of duties and control procedures that would include multiple levels of supervision and review have both been limited due to the reduced level of accounting staff and the Company's lack of funding.

The Company remediated these deficiencies by increasing the role of an external contract controller.

There was no change in our internal control over financial reporting during the Year Ended June 30, 2018.

This report does not include an attestation report of our registered public accounting firm regarding our internal controls over financial reporting. The disclosure contained under this Item 9A was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only the disclosure under this Item 9A in this annual report.

Changes in Internal Control over Financial Reporting

The Company has obtained, on a fee basis, an outside consultant to act as an accounting manager to assist the Company with the accounting of convertible debentures and derivatives and the consultant was utilized during all four quarters of each of the fiscal years ended June 30, 2018 & 2017. However, mPhase Technologies is a small company with a total staff of approximately 3 full-time employees, at reduced salary, and one accounting & one bookkeeping consultant. This size limits, and may continue to limit, the Company's ability to provide for adequate backup of financial personnel. Accordingly, efforts individually and in the aggregate may be insufficient to fully eliminate the condition that could adversely affect the organization's ability to record, summarize and report financial data consistent with the assertions of management in the financial statements.

There were no changes in our internal control over financial reporting during the fiscal year ended June 30, 2018 that have materially affected, other than the increased inventory control procedures we instituted as discussed above, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Executive officers are selected by the Board of Directors. No family relationships exist between any of the executive officers or directors. The following table sets forth certain information with respect to each person who is an executive officer or director. mPhase's executive officers and directors as of June 30, 2018 are as follows:

NAME	AGE	POSITION(S)
Ronald A. Durando	61	Chief Executive Officer and Director
Gustave T. Dotoli (2)	83	Chief Operating Officer and Director
Martin Smiley	70	Chief Financial Officer
OUTSIDE DIRECTORS		
Abraham Biderman (1)(2)	70	Director
Dr. Victor Lawrence	69	Director

(1) Member of the Audit Committee
(2) Member of the Compensation Committee

RONALD A. DURANDO is a co-founder of mPhase and has served as the Company's President, Chief Executive Officer and Director since its inception in October 1996. Since 1994 through February 2015, Mr. Durando had been an Officer of Microphase Corporation. Mr. Durando was a Director of Microphase Corporation and since February 2015, Mr. Durando has been employed as a Strategic Advisor to Microphase Corporation. From 1986-1994, Mr. Durando was President and Chief Executive Officer of Nutley Securities, Inc., a registered broker-dealer. Mr. Durando also served as president of PacketPort until his resignation in February, 2008, when PacketPort merged with Wyndstorm Corporation.

GUSTAVE T. DOTOLI has served as mPhase's Chief Operating Officer as well as a Director since October 1996. Prior to joining the Company, Mr. Dotoli was President and CEO of State Industrial Safety, Inc. from 1986-1996. In addition, Mr. Dotoli previously servedas the Vice President of Corporate Development of Microphase Corporation. Mr. Dotoli was also a Director and Vice President of Packet Port. He was formerly the President and Chief Executive Officer of the following corporations: Imperial Electro- Plating, Inc., World Imports USA, Industrial Chemical Supply, Inc., SISCO Beverage, Inc., and Met Pack, Inc. Mr. Dotoli received a B.S. in Industrial Engineering from Fairleigh Dickenson University in 1959.

ABRAHAM BIDERMAN has been a member of the Board since August 3, 2000. He currently is the Managing Director of Eagle Advisers, Inc, a small investment banking firm. From 1990 through September 30, 2003, Mr. Biderman had been employed by Lipper & Co. as Executive Vice President; Executive Vice President, Secretary and Treasurer of the Lipper Funds; and Co-Manager of Lipper Convertibles, L.P. Prior to joining Lipper & Co. in 1990, Mr. Biderman was Commissioner of the New York City Department of Housing, Preservation and Development from 1988 to 1989 and Commissioner of the New York City Department of Finance from 1986 to 1987. He was Chairman of the New York City Retirement System from 1986 to 1989. Mr. Biderman was Special Advisor to former Mayor Edward I. Koch from 1985 to 1986 and assistant to former Deputy Mayor Kenneth Lipper from 1983 to 1985. Mr. Biderman is a Director of the Municipal Assistance Corporation for the City of New York. Mr. Biderman graduated from Brooklyn College and is a certified public accountant.

MARTIN SMILEY was elected on June 28, 2006 to the Board of Directors. He joined mPhase as Executive Vice President, Chief Financial Officer and General Counsel in August 2000. Mr. Smiley has over forty years of experience as a corporate finance and securities attorney and as an investment banker. Prior to joining the company, Mr. Smiley served as a Principal at Morrison & Kibbey, Ltd., a mergers and acquisitions and investment banking firm, from 1998 to 2000, and as a Managing Director for CIBC Oppenheimer Securities from 1994 to 1998. He served as a Vice President of Investment Banking at Chase Manhattan Bank from 1989 to 1994, and as a Vice President and Associate General Counsel for Chrysler Capital Corporation from 1984 to 1989. Mr. Smiley graduated with a B.A. in Mathematics from the University of Pennsylvania and earned his law degree from the University of Virginia, School of Law.

DR VICTOR LAWRENCE is Batcheler Chair Professor of Electrical Engineering and Associate Dean for Special Programs in the Charles V Schafer, Jr. School of Engineering, at Stevens Institute of Technology. Dr. Victor Lawrence is a member of the National Academy of Engineering and has worked in the information technology and communications field for over thirty years. He is an industry leader in digital communications R&D and services, an entrepreneur, an active member of engineering professional organizations, an author, and a teacher who has extensive international experience. Prior to joining Stevens Institute of Technology, Dr. Lawrence was Vice President, Advanced Communications Technology, Bell Laboratories, Lucent Technologies. He led the development of technologies that go into the most innovative, reliable, and cost-effective communications networks for the leading telecommunications service providers. He has supported Lucent's businesses with a staff of about 500 leading technologists and a budget of about $100M. Major projects included gigabit, photonic, and wireless networking developments and services. He was responsible for a team of engineers that worked on performance analysis, simulations and development of broadband access and backbone networks for many national and international service providers. All of Lucent's R&D organizations relied on his high-technology support of computer-aided hardware design, physical and thermal design, systems compliance testing and certification, and design for high performance network control, signaling, and management. Earlier, he was Director, Advanced Multimedia Communications at Bell Labs, where he was responsible for systems engineering, exploratory development of multimedia signal processing, transmission, and switching, including speech and audio coding, modems, broadband transmission, ATM switching and protocols, and wireless communication and signal processing. He held a variety of leadership positions in data communications research, digital techniques, and information systems. His application of digital signal processing to data communications in the late 1980s and early 1990s led to many significant advances in high-speed transmission over copper lines (e.g., voice band modems and DSL), which helped create a global industry that leverages the public switched telephone network. Dr. Lawrence played a significant role in the development of major international voiceband modem standards, making high-speed data communication over international networks possible. The universal availability of high-speed data connectivity stimulated the growth and widespread use of the Internet. He led the development of high-speed modem/fax chip sets that are used in data terminals, computers, and voice terminals for secure communications worldwide. His work on high-speed transceivers for local loop and for premises applications led to the development of a variety of DSL technologies, many of which are deployed today for broadband services. As an entrepreneur, Dr. Lawrence spun off several ventures internal and external to Lucent to maximize the impact of technology developed in his organization.

At each annual meeting of stockholders, the newly elected directors' terms begin on the date of election and qualification and continue through the next annual meeting following election. Terms may differ in the event a director resigns or is removed from office, or continues until a successor director is elected and qualified.

SECTION 16 (A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Directors, executive officers, and individuals owning more than 10 percent of mPhase common stock are required to file initial reports of ownership and changes in ownership with the SEC under Section 16(a) of the Securities Exchange Act of 1934, as amended. The SEC regulations also require those persons to provide copies of all filed Section 16(a) reports to the Company. mPhase has reviewed the report copies filed in fiscal year 2018 and, based also on written representations from those persons, the Company believes that there was compliance with Section 16(a)

filing requirements for fiscal year 2018. All the officers and directors filed all of the required forms in a timely manner.

ITEM 11. EXECUTIVE COMPENSATION

NAME & PRINCIPAL POSITION	YEAR	SALARY	BONUS	STOCK AWARDS	OPTION AWARDS	NON-EQUITY INCENTIVE	PENSION VALUE	OTHER	TOTAL
Ronald Durando Chief Executive Officer	**2018**	$	$ -	$200,000	$	$ -	$ -	$25,678 (1)	$225,678
	2017	$100,000 (2)	$ -	$-	$ -	$ -	$ -	$22,242 (1)	122,242
Gustave Dotoli Chief Operating Officer	**2018**	$	$ -	$100,000	$	$ -	$ -	$8,623 (1)	$108,623
	2017	$40,000	$ -	$-	$ -	$ -	$ -	$8,020 (1)	$48,020
Martin Smiley CFO and General Counsel	**2018**	$	$ -	$100,000	$	$ -	$ -	$7,973 (1)	$107,973
	2017	$40,000	$ -	$-	$ -	$ -	$ -	$7,026 (1)	$47,026

FOOTNOTES

(1) Interest on loans to the Company.

(2) Does not include $14,500 of fees charged by Karen Durando, the wife of the Company's president, for product marketing services during the fiscal years ended June 30, 2017.

OUTSTANDING EQUITY AWARDS at FISCAL YEAR END JUNE 30, 2018

	Number of Securities underlying Unexercised Options (Exercisable)	Number of Securities underlying Unexercised Options (Unexercisable)	Equity Incentive Plan awards Number of Securities	Option Exercise Price	Option Expiration Date	Number of shares of stock that has not been vested	Market Value of Shares not vested	Equity Incentive
Ronald Durando President CEO	-	-	-	$ - $		-	-	-
Gustave Dotoli	-	-	-	$ -		-	-	-

COO				$				
Martin Smiley	-	-	-	$	-	-	-	-
Executive VP				$				
CFO Chief Legal Counsel				$				

EMPLOYMENT AGREEMENTS WITH EXECUTIVE OFFICERS

The Company does not have written employment agreements with any of the named Executive Officers. As previously noted under “Risk Factors” the Company has accrued, and unpaid salary owed to its 3 Officers and is continuing such practice owing to limited financial resources.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during fiscal 2018 were Messrs. Dotoli and Biderman. Mr. Biderman has never been an mPhase officer or employee. None of the Company’s directors or executive officers served as a member of the Compensation Committee (or other board committee performing equivalent functions or, in the absence of such committee, the entire Board of Directors) of another entity during fiscal 2018 that has a director or executive officer serving also as a director on mPhase’s Board of Directors.

COMPENSATION OF DIRECTORS

No Directors received compensation for their services as a Director.

AUDIT COMMITTEE

No members of the Audit Committee received compensation for their services on the Committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of June 30, 2018 certain information regarding the beneficial ownership of our shares:

1. by each person who is known by us to be beneficial owner of more than five percent (5%) of our outstanding common stock;

2. each of our directors;

3. by each executive officer named in the summary Compensation Table; and

4. by all of our directors and executive officers as a group.

June 30, 2018

AFFILIATES (1 & 2)	Shares	Warrants/ conversion rights	Options	TOTAL	%
Victor Lawrence	10,100,000	-	-	10,100,000	0.03 %
Anthony Guerino	-	-	-	-	0.00 %
Abraham Biderman (5)	4,168,869,590	228,197,200	-	4,397,066,790	11.06%
Gustave Dotoli (3)	3,708,869,504	87,236,600	-	3,796,106,104	9.58 %
Ron Durando (3)(4)	10,378,976,109	1,047,243,400	-	11,426,219,509	28.15%
Ned Ergul	24,213,343	-	-	24,213,343	0.06 %
Martin Smiley (3)	3,600,053,529	381,664,600	-	3,981,718,129	9.97 %
Total Affiliates	21,891,082,075	1,744,341,800	-	23,635,423,875	58.85%

(1) Unless otherwise indicated, the address of each beneficial owner is 688 New Dorp Lane,Staten Island, New York, New York 10306.

(2) Unless otherwise indicated, mPhase believes that all persons named in the table have sole voting and investment power with respect to all shares of the Company beneficial owned by them. The percentage for each beneficially owner listed above is based on 39,537,976,123 shares outstanding on September 24, 2018, and, with respect to each person holding options or warrants to purchase shares that are exercisable within 60 days after September 24, 2018 the number of options and warrants are deemed to be outstanding and beneficially owned by the person for the purpose of computing such person's percentage ownership, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

(3) Includes as warrants 228,197,200 shares, 87,236,600 shares, 1,047,243,400 and 381,664,600 shares issuable for unpaid fees, loans plus accrued interest since January 1, 2018 still due to Mssrs. Biderman, Dotoli, Durando and Smiley at June 30, 2018 at $.00005 as comparable to private placements concurrently entered into during that

period.

(4) Includes 1,040,671,992 shares owned by Karen Durando, his wife.

(5) Includes 4,123,642,700 shares owned by Eagle Strategic Advisory LLC, a Company controlled by Mr. Biderman.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Material Related Party Transactions

Transactions with Microphase Corporation

The Company has material related party transactions. The Company has incurred costs for engineering, design and production of prototypes and certain administrative functions from Microphase Corporation in the past through fiscal year ended June 30, 2015.During a portion of the fiscal year ended June 30, 2016, the Company leased office space from Microphase at its Norwalk location. Rental expense charged by Microphase was $4,500 from July 1, 2015 through June 30, 2016. In April of 2016 mPhase ceased to be a tenant of Microphase establishing its own independent office in Norwalk, Connecticut At June 30, 2016, 2017 and 2018 $32,545 remains outstanding to Microphase Corporation.

Mr. Durando, President and CEO of mPhase, was an officer of Microphase Corporation until January 22, 2015. Mr. Ergul is a director of Microphase Corporation until December 1, 2016.

During fiscal year ended June 30, 2015 the three officers of the Company received a total of $346,147 of their aggregate salaries and a total of $58,333 of their respective aggregate unpaid salaries of $400,000 was accrued as unpaid compensation owed to such officers. Such action was necessary for the Company to conserve financial resources to continue minimal operations. Such unpaid salary is convertible into common stock of the Company at $.0004 per share at the option of each of such officers. During the fiscal year ended June 30, 2015, no such debt conversions have been exercised by any of the officers. During fiscal years ended June 30, 2016 and 2017, an additional $308,000 and $180,000 was accrued and reduced by $7,556 of payments in fiscal 2016 and $538,777 remained as unpaid compensation owed to such officers at June 30, 2017. During fiscal year ended June 30, 2018 the three officers of the Company received a total of $0 cash payments and no additional amounts were accrued toward their respective aggregate unpaid salaries of $538,777. The Company amended the conversion price that unpaid salary is convertible into common stock of the Company to $.0001 per share for the officers in November 2017. Such action was necessary for the Company to conserve financial resources to continue minimal operations and ultimately in September 2018 the officers converted their respective aggregate unpaid salaries of $538,777 into 5,387,770,000 shares of the Company’s common stock.

During the years ended June 30, 2018 and 2017, a firm owned by Mr. Biderman charged finders’ fees of $9,000 and $4,500 in connection with raising $81,000 and $40,500 in private placements for the Company which funds were used

for working capital purposes. Mr. Biderman converted $186,000 of unpaid fees into 1,860,000,000 shares of the Company's common stock in September 2018.

Additionally, Mr. Biderman loaned the Company $90,000 in the fourth quarter of the fiscal year ended June 30, 2015 advanced the Company $20,000, net of repayments, in the twelve months ended June 30, 2016, together with $5,486 of accrued interest resulted in a balance of $115,486 on June 30, 2016. Mr. Biderman has not demanded repayment, and together with $7,665 and $7,123 of accrued interest for the fiscal years ended June 30, 2018 & 2017 resulted in a balance of $130,274 outstanding as of June 30, 2018. Mr. Biderman converted $126,364 of this note and accrued interest into 1,263,642,700 shares of the Company's common stock in September 2018.

Conversion Feature and Conversions of Debt to Officers'

The Company amended the conversion feature to provide for the conversion of the remaining Officers' loans into shares of common stock at a conversion price of $.0004 for a term of five years effective March 31, 2014. The Company amended the conversion price that the remaining Officers' loans are convertible into common stock of the Company to $.0001 per share in November 2017.

During fiscal year ended June 30, 2016, officers of the Company did not convert any of the officer notes into common stock. The Company amortized $121,570 of the approximately $455,894 previously deferred charge to beneficial conversion feature interest expense for the year ended June 30, 2016. At June 30, 2016 $334,318 of deferred charges for beneficial conversion feature interest expense remain as a reduction of additional paid in capital which will be amortized on a straight-line basis over the life of the warrant or sooner if and when converted.

At June 30, 2016 these notes and accrued interest at the rate of 6% totaled $597,331. On June 30, 2016, these Notes are convertible into approximately 1,493,326,550 shares of common stock, if available.

During fiscal year ended June 30, 2018, officers of the Company did not convert any of the officer notes into common stock. The Company amortized $121,570 of the approximately $212,746 previously deferred charges remaining to beneficial conversion feature interest expense for the year ended June 30, 2018. At June 30, 2018 $91,176 of deferred charges for beneficial conversion feature interest expense remain as a reduction of additional paid in capital which will be amortized on a straight-line basis over the life of the warrant or sooner if and when converted.

During the fiscal years ended June 30, 2018 and 2017, the officers advanced $77,326 and $15,880 to provide working capital to the Company and $44,274 and $37,288 was charged to interest expense on the loans from officers. At June 30, 2018 and 2017 these notes and accrued interest at the rate of 6% totaled $777,712 and $658,311, respectively. In September 2018 the officers converted $702,105 of notes payable and accrued interest into 7,021,050,000 shares of the Company's common stock.

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ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Audit Fees

The audit fees billed to us by Assurance Dimensions firm for the Fiscal Year June 30, 2018 were $35,000.

The audit fees billed to us by Assurance Dimensions firm for the Fiscal Year June 30, 2017 were $40,000.

The audit fees billed to us by Demetrius Berkower LLC. firm for the Fiscal Year June 30, 2016 were $9,000.

Audit Related Services

There were no fees for audit related services billed for the fiscal year ended June 30, 2018 and 2017.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Form 10-K (1) Consolidated Financial Statements

(2) Financial Statement Schedules None.

(3) The Exhibits filed with this Form 10-K or, where so indicated by footnote in the case of previously filed exhibits, incorporated by reference are as set forth below:

2.1*	Exchange of Stock Agreement and Plan of Reorganization (incorporated by reference to Exhibit 2(a) to our registration statement on Form 10SB-12G filed on October 16, 1998 (file no. 000-24969)).
2.2*	Exchange of Stock Agreement and Plan of Reorganization dated June 25, 1998 (incorporated by reference to Exhibit 2(b) to our registration statement on Form 10SB-12G filed on May 6, 1999 (file no. 000-24969)).
3.1***	Certificate of Incorporation of the Company.
3.2***	Bylaws of the Company
4.1*	Minutes of Special Meeting of the Board of Directors held on April 27, 2009, authorizing convertibility of officers' promissory notes. (Amendment No. 4 to Form 10-K for the period ended June 30, 2010, filed January 11, 2011 (file no. 000-30202))
10.1*	License Agreement, dated March 26, 1998, between the Company and Georgia Tech Research Corporation (incorporated by reference to Exhibit 10(e) to our registration statement on Form 10SB-12G filed on October

	16, 1998 (file no. 000- 24969)).
10.2*	First Amendment to the License Agreement dated January 8, 2001, between the Company and Georgia Tech Research Corporation (incorporated by reference to Exhibit 10.2 to our registration statement on Form S-1 filed on June 18, 2001 (file no. 33-63262)).
10.9*	Facilities/Services Agreement between the Company and Microphase Corporation, dated as of July 1, 1998 (incorporated by reference to Exhibit 10.9 to our registration statement on Form S- 1 filed on June 18, 2001 (file no. 33- 63262).
10.10*	Company's 2001 Stock Incentive incorporated by reference to Exhibit C to Preliminary Proxy on Schedule 14A filed on March 21, 2001 (file no. 000- 30202).
10.18***	Development Agreement effective February 3, 2004 between Lucent Technologies, Inc. and mPhase Technologies, Inc. for development of micro fuel cell Nano Technology.
10.21***	Development Agreement effective March 1, 2005 between Lucent Technologies Inc and mPhase Technologies relating to development of Magnetometers.
10.22***	Amendment No. 2 to Development Agreement executed as of March 9, 2005 amending Development Agreement effective as of February 5, 2004, as amended relating to Micro Power Source Cells between mPhase Technologies, Inc. and Lucent Technologies, Inc.
10.33***	Amendment No. 3 dated May 19, 2006 to Development Agreement between Lucent Technologies, Inc. and mPhase Technologies, Inc. effective February 3, 2004 for Development of micro fuel cell Nanotechnology.
10.34***	Amendment No. 4 dated February 3, 2007 to Development Agreement between Lucent Technologies, Inc. and mPhase Technologies, Inc. effective February 3, 2004 for Development of micro fuel cell Nanotechnology.
10.35***	Cooperative Research Agreement Rutgers University and mPhase Technologies, Inc. executed October 18, 2005.
10.36***	Modification No. 1 to Cooperative Research Agreement with Rutgers University dated February 22, 2006.
10.37***	Modification No. 2 to Cooperative Research Agreement with Rutgers University dated September 22, 2006.
10.38***	Modification No. 3 to Cooperative Research Agreement with Rutgers University dated February 7, 2007.
10.40***	CT NanoBusiness Alliance Consulting Agreement dated May 10, 2007.

10.41***	Amendment No.5 dated April 28, 2007 to Development Agreement between Lucent Technologies, Inc. and mPhase Technologies, Inc. effective February 3, 2004 for Development of micro fuel cell Nanotechnology.
10.43*	Cooperative Research and Development Agreement between US Army Picatinny Arsenel and mPhase Technologies, Inc. dated December 20, 2006. (Exhibit 43 to Form S-1 filed July 12, 2007, File No. 333-144527).
10.44***	Small Business Technology Transfer Collaboration Agreement between Rutgers University and mPhase Technologies, Inc. dated June 25, 2007.
10.46*	Phase I Army Grant dated July 7, 2007 (Form 10-K filed October 7, 2009, Commission File No. 000-24969)
10.47*	Securities Purchase Agreement dated December 11, 1007 between mPhase Technologies, Inc. and Golden Gate Investors and Related Documents in connection with $1,500,000 Convertible Debenture Financing (Form 10-K filed October 7, 2009, Commission File No. 000-24969)
10.48*	Securities Purchase Agreement dated February 29, 2008 between St. George Investments and mPhase Technologies, Inc and Related Documents in connection with $550,000 Convertible Debenture Financing. (Form 10-K filed October 7, 2009, Commission File No. 000-24969)
10.49*	Documentation including $350,000 Convertible Note and $1,000,000 Convertible Note and Secured Note for $1,000,000 Financing between mPhase Technologies, Inc. and JMJ Financial dated March 25, 2008 (Form 10-K filed October 7, 2009, Commission File No. 000-24969)
10.52*	Phase II Army Grant dated August 29, 2008 (Form 10-K filed October 7, 2009, Commission File No. 000-24969)
10.53*	Securities Purchase Agreement dated September 12, 2008 between mPhase Technologies, Inc. and La Jolla Cove Investors and Related Documents in connection with $2,000,000 Convertible Debenture Financing (Form 8K filing dated September 18, 2008)
10.54*	Design Development Agreement between mPhase Technologies, Inc. and Porsche Design Studio for Emergency Flashlight dated November 3, 2008. (Form 8K filed on March 12, 2009) **
10.55*	Documentation dated December 31, 2008 for $1,100,000 Convertible Note and Secured Note Financing between mPhase Technologies, Inc. and JMJ Financial and Amendment to $350,000 Convertible Note Financing (Form 8K Filing dated January 21, 2009, Commission File No. 000-24969)
10.56*	Eagle Picher Proposal for mPhase Technologies, Inc. dated January 26, 2009 for design and development of mechanically- activated Reserve Battery to be used in Emergency Flashlight. (Form 8-K filed January 30, 2009)**
10.57*	Termination Agreement with Golden Gate Investors dated March 17, 2009 with respect to Convertible Debenture Financing dated December 11, 2007 (Form 10-K filed October 7, 2009, Commission File No. 000-24969)
10.59*	

	Documentation including $1,870,000 Convertible Note and Secured Note for Financing with JMJ Financial dated August 21, 2009 (Form 8K dated August 21, 2009, Commission File No. 000-24969)
10.60*	Documentation including two $1,200.00 Convertible Notes executed September 23, 2009 and November 17, 2009 and Secured Notes in connection with financing with JMJ Financial (Forms 8k dated December 23, 2009 and December 30, 2009 respectively each Commission File No. 000-25969))
10.61*	Promissory Notes Payable to Mr. Durando (Amendment No. 4 to Form 10-K for the period ended June 30, 2010, filed January 11, 2011 30202))
10.62*	Promissory Notes Payable to Mr. Dotoli (Amendment No. 4 to Form 10-K for the period ended June 30, 2010, filed January 11, 2011 (fil 10.63*Promissory Notes Payable to Mr. Smiley (Amendment No. 4 to Form 10-K for the period ended June 30, 2010, filed January 11, 2011 (fi 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
10.63*	Promissory Notes Payable to Mr. Smiley (Amendment No. 4 to Form 10-K for the period ended June 30, 2010, filed January 11, 2011 (Commission File No. 000-30202))
10.64*	Forbearance Agreement dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Exhibit 99.1 to Form 8k filed September 16, 2011, (Commission file No. 000-24969))
10.65*	Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc and John Fife (Exhibit 99.2 to Form 8k filed September 16, 2011, (Commission file No. 000-24969))
10.66*	Officer’s Certificate delivered pursuant to Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Exhibit 99.3 to Form 8k filed September 16, 2011, (Commission file No. 000- 24969))
10.67*	Confession of Judgment 1 delivered pursuant to Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Exhibit 99.4 to Form 8k filed September 16, 2011, (Commission file No. 000- 24969))

10.68*	Confession of Judgment 2 delivered pursuant to Securities Purchase Agreement, dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Exhibit 99.5 to Form 8k filed September 16, 2011, (Commission file No. 000- 24969))
10.69*	Registration Rights Agreement dated as of September 13, 2011 between mPhase Technologies, Inc. and John Fife (Exhibit 99.6 to Form 8k filed September 16, 2011, (Commission file No. 000-24969))
10.70*	Convertible Note dated September 13, 2011issued by mPhase Technologies, Inc. to John Fife (Exhibit 99.7 to Form 8k filed September 16, 2011, (Commission file No. 000-24969))
10.71*	Convertible Note dated August 11, 2011 issued by mPhase Technologies to Jay Wright (Exhibit 10.71 to Amendment No.4 to Form S-1 filed January 17, 2012(Commission File No. 333-77248))
10.72*	Warrant dated August 11, 2011 issued by mPhase Technologies to Jay Wright (Exhibit 10.72 to Amendment No.4 to Form S-1 filed January 17, 2012(Commission File No. 333-77248))
10.73*	Investment Agreement for Equity Line of Credit dated as of November 30, 2011 between mPhase Technologies, Inc. and Dutchess Opportunity Fund L.L.P. (Exhibit 10.73 to Amendment No.4 to Form S-1 filed January 17, 2012(Commission File No. 333-77248))
10.74*	Registration Rights Agreement for Equity Line of Credit dated as of November 30, 2011 between mPhase Technologies, Inc. and Dutchess Opportunity Fund II L.L.P. (Exhibit 10.74 to Amendment No.4 to Form S-1 filed January 17, 2012(Commission File No. 333-77248))
10.75*	Securities Purchase Agreement dated as of November 17, 2011 between Asher Enterprises, Inc. and mPhase Technologies, Inc.(Exhibit 99.1 to Form 8K filed November 30, 2011 (Commission file No. 000-24969))
10.76*	8%Convertible Note issued to Asher Enterprises, Inc. dated November 17, 2011 by mPhase Technologies, Inc.(Exhibit 99.2 to Form 8K filed November 30, 2011 (Commission file No. 000-24969))
10.77*	Securities Purchase Agreement dated as of January 5, 2012 between Asher Enterprises, Inc. and mPhase Technologies, Inc.(Exhibit 99.1 to Form 8K filed January 17, 2012 (Commission file No. 000-24969))
10.78*	8% Convertible Note issued to Asher Enterprises, Inc. dated January 5, 2012 by mPhase Technologies, Inc.(Exhibit 99.2 to Form 8K filed January 17, 2012 (Commission file No. 000-24969))
10.79*	Securities Purchase Agreement dated as of May 4, 2012 between Asher Enterprises, Inc. and mPhase Technologies, Inc.(Exhibit 10.79 to Form 10K for the fiscal year ended June 30, 2012 filed September 24, 2012 (Commission file No. 000-24969))
10.80*	8% Convertible Note issued to Asher Enterprises, Inc. dated May 4, 2012 by mPhase Technologies, Inc. (Exhibit 10.80 to Form 10K for the fiscal year ended June 30, 2012 filed September 24, 2012 (Commission file No. 000-30202))
10.81*	Stand Still and Restructuring Agreement entered into as of May 31,2012 with John Fife (Exhibit 99.1 to Form 8K filed June 5, 2012 (Commission file No. 000-24969))

10.82*	Stand Still and Restructuring Agreement entered into as of June 1,2012 with JMJ Fiancial (Exhibit 99.2 to Form 8K filed June 5, 2012 (Commission file No. 000-24969))
10.83*	Securities Purchase Agreement, dated as of December 4, 2012 between mPhase Technologies, Inc and Asher Enterprises, Inc. (Exhibit 99.1 to Form 8K dated December 13, 2012(Commission File No. 000-24969))
10.85*	Securities Purchase Agreement dated as of January 18, 2003 between mPhase Technologies, Inc. and Black Arch Opportunity Fund L.P. (Exhibit 99.1 to Form 8K dated January 22, 2013 (Commission File No. 000-24969))
10.86*	12% Convertible Promissory Note with an issue date of January 14, 2013 issued by mPhase Technologies, Inc. to Black Arch Opportunity Fund L.P. (Exhbit 99.2 to Form 8K dated January 22, 2013 (Commission File No. 000-24969))
10.87*	Securities Purchase Agreement dated as of January 31, 2013 between mPhase Technologies, Inc. and Asher Enterprises, Inc. (Exhibit 99.1 to Form 8K dated February 15, 2013 (Commission File No. 000-24969))
10.88*	8% Convertible Promissory Note dated as of January 31, 2013 issued by mPhase Technologies, Inc. to Asher Enterprises, Inc. (Exhibit 99.2 to Form 8k dated February 15, 2013 (Commission File No. 000-24969))
10.89*	Securities Purchase Agreement dated as of June 26, 2013 between mPhase Technologies, Inc. and Asher Enterprises, Inc. (Exhibit 99.1 to Form 8k dated July 18, 2013 (Commission File No. 000-24969))
10.90*	8% Convertible Promissory Note dated as of June 26, 2013 (Exhibit 99.2 to Form 8K dated July 18, 2013 (Commission File No. 000-24969))
10.91*	Securities Purchase Agreement dated as of January 10, 2014 between mPhase Technologies, Inc. and M H Investment Trust (Exhibit 99.1 to Form 8K dated January 10, 2014 (Commission File No 000-24969))

10.92*	12% Convertible Promissory Note dated as of January 10, 2014 between mPhase Technologies, Inc. and M H Investment Trust (Exhibit 99.2 to Form 8K dated January 10, 2014 (Commission File No 000-24969))
	12% Convertible Promissory Note dated as of August 26, 2014 between mPhase Technologies, Inc. and M H Investment Trust (Exhibit 99.1 to Form 8K dated September 5, 2014 (Commission File No. 000-24969))
10.93*	Forbearance Agreement and Amendment thereto dated February 15, 2015 as amended on August 11, 2015 with John Fife (Exhibits 99.1 and 99.2 to form 8K filed August 12, 2015)
10.94*	Second Modification to Forbearance Agreement with John Fife (Exhibit 99.1 to Form 8k filed January 22, 2016)
10.95*	Third Modification to Forbearance Agreement with John Fife (Exhibit 99.1 to Form 8k filed May 23rd, 2016)
10.96*	Amendment to Judgement Settlement Agreement with John Fife (Exhibit 10.12 to Form 8k filed February 23, 2018)
10.97	Debt/Equity Conversion Agreements of Related Parties, dated as of January 1, 2018
10.98*	Form 8k announcing increased in the Company's authorized shares of common stock to 72 Billion Shares filed August 24, 2018
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Incorporated by reference.

**

All or portions of such Agreements have been omitted and the Company has requested that the omitted sections be treated as “Confidential Information” pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended and has been filed with the Securities and Exchange Commission separately.

*** Incorporated by reference from Amendment No. 6 to Form 10K for the period ended June 30, 2009 file on August 13, 2009.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of mPhase Technologies, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of mPhase Technologies, Inc. (the Company) as of June 30, 2018 and 2017, and the related statements of operations, changes in stockholders' deficit, and cash flows for each of the years in the two-year period ended June 30, 2018, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended June 30, 2018, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has no revenues, has negative working capital at June 30, 2018, has incurred recurring negative cash flow from operating activities, and has an accumulated deficit which raises substantial doubt to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of

the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Assurance Dimensions
Assurance Dimensions, Inc.
We have served as the Company's auditor since 2016.
Coconut Creek, FL
October 15, 2018

mPHASE TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS

	June 30, 2018	June 30, 2017
ASSETS		
CURRENT ASSETS		
Cash	$261	$4,163
Assets of discontinued operations	-	4,527
TOTAL CURRENT ASSETS	261	8,690
Property and equipment, net	-	683
Other assets	800	800
TOTAL ASSETS	$1,061	$10,173
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable	$421,056	$442,746
Accrued expenses	1,273,569	894,930
Due to related parties	226,045	217,045
Notes payable, Officers'	777,912	658,311
Notes payable, Director & Investor	133,274	123,609
Current Portion, Long term convertible debentures	997,698	1,615,266
Liabilities of discontinued operations	163,976	567,209
TOTAL CURRENT LIABILITIES	3,993,530	4,519,116
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' DEFICIT		
Common stock, par value $.001, 18,000,000,000 shares authorized, 16,860,514,523 and 17,764,713,048 shares issued and outstanding at June 30, 2018 & 2017, respectively	16,860,514	17,764,712
Additional paid in capital	190,825,709	189,718,941
Accumulated deficit	(211,678,692)	(211,992,596)
TOTAL STOCKHOLDERS' DEFICIT	(3,992,469)	(4,508,943)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$1,061	$10,173

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

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mPHASE TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended June 30, 2018	June 30, 2017
REVENUES	$-	$-
COSTS AND EXPENSES		
General and Administrative (including $575,000 non-cash stock related charges in 2018)	734,343	228,386
Depreciation and amortization	683	2,948
TOTAL COSTS AND EXPENSES	735,026	231,334
OPERATING LOSS	(735,026)	(231,334)
OTHER INCOME (EXPENSE)		
Interest (Expense)	(246,162)	(302,906)
Other income - gain on debt extinguishments	1,107,922	152,320
TOTAL OTHER INCOME (EXPENSE)	861,760	(150,586)
Income (Loss) From Continuing Operations, before Income Taxes	126,734	(381,920)
Income From Discontinued Operations	187,170	71,155
Income Taxes	-	-
Net Income (Loss)	$313,904	$(310,765)
Basic & Diluted Net loss per share:		
Income (Loss) per share From Continuing Operations	$0.00	$(0.00)
Income per share From Discontinued Operations	$0.00	$0.00
Net Income (Loss) per share	$0.00	$(0.00)
Weighted Average Number of Shares Outstanding;		
Basic	16,684,055,107	17,904,555,752
Diluted	18,000,000,000	18,000,000,000

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

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mPHASE TECHNOLOGIES, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

FOR THE TWO YEARS ENDED JUNE 30, 2018

	Common Stock Shares	$.001 Par Value	Additional Paid in Capital	Accumulated Deficit	Stockholders' Deficit
Balance June 30, 2016	17,772,643,845	$17,772,643	$189,533,940	$(211,681,831)	$(4,375,248)
Issuance of Common Stock to accredited investors in private placements, net of $4,500 fees	900,000,000	900,000	(859,500)	-	40,500
Issuance of Common Stock for the Conversion on a Convertible Debenture & accrued interest thereon	187,500,000	187,500	(172,500)	-	15,000
Beneficial Conversion Feature Interest Expense Charged to Additional Paid in Capital	-	-	121,570	-	121,570
Return to treasury of shares cancelled by significant shareholders	(1,095,430,797)	(1,095,431)	1,095,431	-	-
Net Loss for the Year Ended June 30, 2017	-	-	-	(310,765)	(310,765)
Balance June 30, 2017	17,764,713,048	$17,764,712	$189,718,941	$(211,992,596)	$(4,508,943)
Issuance of Common Stock to accredited investors in private placements, net of $9,000 fees	1,800,000,000	1,800,000	(1,719,000)	-	81,000
Beneficial Conversion Feature Interest Expense Charged to Additional Paid in Capital	-	-	121,570	-	121,570
Return to treasury of shares cancelled by significant shareholders	(2,704,198,525)	(2,704,198)	2,704,198	-	-
Net Income for the Year Ended June 30, 2018	-	-	-	313,904	313,904

Balance June 30, 2018	16,860,514,523	$16,860,514	$190,825,709	$(211,678,692)	$(3,992,469)

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

mPHASE TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended June 30,	
	2018	2017
Cash Flow From Operating Activities:		
Net Income (Loss) from continuing operations	$126,734	$(381,920)
Net Income from discontinued operations	187,170	71,155
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	683	2,948
(Gain) on debt extinguishments - continuing operations	(1,107,922)	(152,320)
(Gain) on debt extinguishments - discontinued operations	(250,570)	(195,664)
Gain on sale of patent	-	(12,500)
Other non-cash charges including amortization of deferred compensation and beneficial conversion interest expense	121,570	121,570
Amortization of loan discount, finance company	11,532	10,197
Changes in assets and liabilities:		
Accounts receivable	-	440
Inventories	3,477	20,074
Prepaid expenses and Other current assets	1,050	130
Other assets	-	(800)
Accounts payable & Accrued expenses	733,048	276,359
Due to/from related parties Officers	-	180,000
Net cash used in operating activities	$(173,228)	$(60,331)
Cash Flow Used in Investing Activities:		
Net Cash used in investing activities	**$-**	**$-**
Cash Flow from Financing Activities:		
Proceeds from issuance of common stock, net of finder's fees	81,000	40,500
Due from related party - Eagle	9,000	4,500
Proceeds of demand note - investor	2,000	1,000
Repayment to Finance Company	-	(2,103)
Proceeds from notes payable officers'	78,404	32,784
Repayment of notes payable officers'	(1,078)	(16,904)
Net cash provided by financing activities	$169,326	$59,777
Net increase (decrease) in cash	(3,902)	(554)
CASH AND CASH EQUIVALENTS, beginning of period	4,163	4,717
CASH AND CASH EQUIVALENTS, end of period	$261	$4,163

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

mPHASE TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

1. ORGANIZATION AND NATURE OF BUSINESS

mPhase Technologies, Inc. ("mPhase" or the "Company") was initially incorporated in New Jersey in 1979 under the name Tecma Laboratory, Inc. In 1987, the Company changed its name to Tecma Laboratories, Inc. As Tecma Laboratories, Inc., the Company was primarily engaged in the research, development and exploration of products in the skin care field. On February 17, 1997, the Company acquired Lightpaths, Inc., a Delaware corporation, which was engaged in the development of telecommunications products incorporating DSL technology, and the Company changed its name to Lightpaths TP Technologies, Inc.

On May 5, 1997, the Company completed a reverse merger with Lightpaths TP Technologies, Inc. and thereafter changed its name to mPhase Technologies, Inc. on June 2, 1997.

mPhase, a New Jersey corporation is a publicly-held company with approximately 16.9 billion shares of common stock outstanding as of June 30, 2018. The Company's common stock is traded on the OTC Pink Quotation System under the ticker symbol XDSL.

The Company from inception through June 30, 2010 focused much of its efforts in the commercial deployment of its TV+ products for delivery of broadcast IPTV, and DSL component products which include POTS splitters. Beginning in 2004, the Company added a new line of power cell batteries and electronic sensors (magnetometers) being developed through the use of nano-technology. The Company discontinued its TV+ line of products as of June 30, 2010 as well as its electronic sensor products.

In recent years, the Company has shifted its primary business focus to the development of innovative power cells and related products through the science of microfluidics, microelectromechanical systems (MEMS) and nano-technology. Using these disciplines, it has developed a battery that has a significantly longer shelf life prior to activation than conventional batteries. In addition, such battery product, unlike conventional batteries, is capable of disposal after use without harm to the environment. This technology is the primary technology and business of the Company today. Presently the Company is pursuing strategic alternatives to best monetize its patent portfolio, including partnering to exploit its opportunities for our drug delivery system. The Company is seeking to engage a

grant and project proposal consultant to obtain government funding available under the Departments of Defense & Homeland Security including The Department of Defense Ordnance Technology Consortium “DOTC”, Small Business Innovative Research “SBIR”, Cooperative Research and Development Agreements (CRADA) and similar programs for targeted applications for its smart nano-battery applications.

mPower Technologies, Inc. is a New Jersey corporation and is a wholly-owned consumer products subsidiary of mPhase Technologies, Inc. This subsidiary had its last significant sale of Jump products during the first Quarter of Fiscal 2017 and this product line is treated as Discontinued Operations in these financial statements. Medds, Inc is a Wyoming Corporation that was formed to capitalize on opportunities for our drug delivery system.

We are presently headquartered in New Dorp Lane, Staten Island, New York.

mPHASE TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

2. GOING CONCERN AND MANAGEMENT'S PLANS

Through June 30, 2018, the Company incurred cumulative losses reflected in its accumulated deficit of $211,678,692 and at June 30, 2018 had a working capital deficit of $3,993,269. Funding in our traditional capital markets was difficult during FYE 2016, 2017 and 2018. These matters raise substantial doubt about the Company's ability to continue as a going concern for the twelve months from the issue date of this report.

The Company was able to enter into convertible debt arrangements and private placements of equity with independent investors to provide liquidity and capital resources during the preceding two fiscal years. In addition, and from time to time during FYE 2018 and 2017, the Company raised necessary working capital via bridge loans from officers. During FYE June 30, 2018 and 2017, the Company received net proceeds from private placements with accredited investors of approximately $81,000 and $40,500 respectively.

The Company is currently focused on preserving the ability to continue the development and commercialization of its battery products using the science of nanotechnology. Presently the Company is pursuing strategic alternatives to best monetize its patent portfolio, including partnering with to exploit its opportunities for our drug delivery system in the medical device industry and pursuing development programs in the Defense & Homeland Security departments for targeted applications for our smart nano-battery applications. In April of 2016, the Company began the wind-down of its entire line of mPower Jump products owing to increased competition and erosion of pricing in the market. The Company had its last significant sale of Jump products during the first Quarter of Fiscal 2017 and this product line is treated as Discontinued Operations in these financial statements.

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) successfully develop, market and sell its products. The Company believes that it will be able to complete the necessary steps in order to meet its cash flow requirements throughout fiscal 2018 and continue its development and commercialization efforts.

However, there can be no assurance that mPhase will generate sufficient revenue to provide positive cash flows from operations or that sufficient capital will be available, when required, to permit the Company to realize its plans. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of mPhase and its wholly-owned owned subsidiaries, mPower Technologies, Inc. & Medds, Inc. Significant inter-company accounts and transactions have been eliminated in consolidation.

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 period. These include net realizable inventories, prepaid expenses, accrued expenses and stock based compensation expense. Actual results could differ from those estimates.

ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s financial instruments include cash, accounts payable, current and long-term debt, line of credit, convertible debt and due to related parties. Management believes the estimated fair value of cash, accounts payable and debt instruments at June 30, 2018 and 2017 approximate their carrying value as reflected in the balance sheets due to the short-term nature of these instruments or the use of market interest rates for debt instruments. Fair value of due to related parties cannot be determined due to lack of similar instruments available to the Company.

mPHASE TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

DEBT DISCOUNTS

Costs incurred with parties who are providing the actual long-term financing, which generally may include loan fees, the value of warrants, 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.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are recorded on the balance sheet at fair value. The conversion features of the convertible debentures 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.

LONG-LIVED ASSETS

The Company reviews long-term assets for impairment whenever events or circumstances indicate that the carrying amount of those assets may not be recoverable. The Company also assesses these assets for impairment based on their estimated future cash flows.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of three to five years.

RESEARCH AND DEVELOPMENT -Discontinued Operations

Research and Development cost are charged to operations when incurred. The amounts charged to expense for the years ended June 30, 2018 and 2017 were $0 and $38, respectively.

PATENTS AND LICENSES

Patents and licenses are capitalized when mPhase determines there will be a future benefit derived from such assets and are stated at cost. Amortization is computed using the straight-line method over the estimated useful life of the asset, generally five years. As of June 30, 2018, and 2017, the book value of such assets, or $214,383, has been fully amortized and no amortization expense was recorded for the years ended June 30, 2018 and 2017, respectively. During the years ended June 30, 2018 and 2017 the Company included in other income $0 and $12,500 for the conditional sale of a patent which had no capitalized costs associated with the patent.

INVENTORIES -Discontinued Operations

The Company uses the First-In First Out method (FIFO) to account for inventory which is carried at the lower of cost and net realizable value. As of June 30, 2018, and 2017, inventory was valued at $0 and $3,477, net of a $72,503 and $69,106 reserve, respectively. The amounts of inventory write downs charged to the reserve for the year ended June 30, 2018 was $2,000.

mPHASE TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

LOSS PER COMMON SHARE, BASIC AND DILUTED

mPhase accounts for net loss per common share in accordance with the requirements FASB ASC 260 Earnings Per Share. Basic loss per share is computed by dividing net 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 has convertible securities held by third parties and convertible notes plus accrued interest thereon held by officers of the Company, subject to availability, convertible into approximately 765,042,167 shares immediately, and up to 11,219,196,667 shares if the forbearance agreement discussed in Note 8 is settled entirely in stock, for convertible notes held by third parties; and 16,404,630,000 shares, if available, for officer and director notes and unpaid wages and fees of the Company's common stock based upon the conversion terms at June 30, 2018. If all were fully converted at June 30, 2018 based upon the terms at that date it would total 27,623,826,667 shares of the Company's Common Stock.

In periods reporting a loss the inclusion of warrants and potential common shares to be issued in connection with convertible debt have an anti-dilutive effect on diluted loss per share and have been omitted in such computation.

The following Table Illustrates shares of the Company's Common Stock subject to Convertible Obligations as of June 30, 2018

	June 30, 2018				
				Shares Convertible	
	Note Principle	**Accrued Interest**	**Total**	**immediately**	**over full term, when available**
Arrangement #1 - JMJ Financial, Inc	$109,000	$69,520	$178,520	44,630,000	44,630,000
	885,364	-	885,364	625,000,000	11,067,050,000

Arrangement #2 - St. George Investments/Fife Forbearance Obligation					
Arrangement #3 - MH Investment trust II	3,333	3,118	6,451	107,516,667	107,516,667
Total Convertible Notes payable	997,697	72,638	1,070,335	777,146,667	11,219,196,667
Notes Payable- Officers (1) (2)	531,932	245,980	777,912	-	7,779,120,000
Accrued Wages-Officers (1) (2)	538,777	-	538,777	-	5,387,770,000
Fees Payable- Director (1) (2)	193,500	-	193,500	-	1,935,000,000
Notes Payable- Director (1) (2)	130,274	-	130,274	-	1,302,740,000
Total	$2,392,180	$318,618	$2,710,798	777,146,667	27,623,826,667

(1) Shares convertible at $.0001 when available pursuant to November 28, 2017 Board resolution to increase authorized common shares to 72 billion

(2) On August 22, 2018 the Company received approval from New Jersey Secretary of State to Increase authorized Common Shares to 72 billion. In September 2018 a.) the officers converted $538,777 accrued wages into 5,387,770,000 shares and $702,105 of notes payable and accrued interest into 7,021,050,000 shares, &; b.) a director converted $186,000 of accrued fees into 1,860,000,000 shares and $126,364 of a note and accrued interest into 1,263,642,700 shares, of the Company's common stock.

REVENUE RECOGNITION

As required, mPhase has adopted the Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin (“SAB”) No. 104, “Revenue Recognition in Financial Statements,” which provides guidelines on applying generally accepted accounting principles to revenue recognition based on the interpretations and practices of the SEC. The Company has recognized revenue on it JUMP products (SEE Discontinued Operation caption herein) when the products were shipped, and title passed to the customer.

mPHASE TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, 2018 and 2017.

THE ASSETS AND LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS INCLUDED IN OUR CONSOLIDATED BALANCE SHEET WERE AS FOLLOWS:

	June 30, 2018			**June 30, 2017**		
	Total	***Discontinued***	***Continuing***	***Total***	***Discontinued***	***Continuing***
ASSETS						
CURRENT ASSETS						
Cash	$261	$ -	$ 261	$4,163	$ -	$ 4,163
Inventory, net	-	-		3,477	3,477	
Prepaid and other current assets	-	-		1,050	1,050	
TOTAL CURRENT ASSETS	**261**	**-**	**261**	**8,690**	**4,527**	**4,163**