

REALBIZ MEDIA GROUP, INC

Form 10-Q

September 14, 2016

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended July 31, 2016**

**Or**

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

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission File Number 0-53359

**REALBIZ MEDIA GROUP, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State of incorporation)

**11-3820796**

(I.R.S. Employer Identification No.)

**201 W. Passaic Street, Suite 301**

**Rochelle Park, NJ**

(Address of principal executive offices) (Zip Code)

**07662**

Registrant's telephone number, including area code: (201) 845-7001 x303

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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 such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

+

**Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

**Applicable only to corporate issuers:**

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. As of September 14, 2016 there were 149,837,879 shares of the issuer’s common stock, \$0.001 par value,

outstanding.

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**RealBiz Media Group, Inc.**

**Form 10-Q**

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**REALBIZ MEDIA GROUP, INC.**

**CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE PERIOD ENDED JULY 31, 2016 AND 2015**

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REALBIZ MEDIA GROUP, INC.

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## **PART I – FINANCIAL INFORMATION**

This Quarterly Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the “Exchange Act”). These statements are based on management’s beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning our possible or assumed future results of operations set forth under the heading: “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements also include statements in which words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” “consider” or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions. Our future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

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**ITEM 1 Financial Statements****RealBiz Media Group, Inc.****Consolidated Balance Sheets**

	<b>July 31, 2016 (Unaudited)</b>	<b>October 31, 2015</b>
<b>Assets</b>		
Current Assets		
Cash	\$136,594	\$307,774
Accounts receivable, net of allowance for doubtful accounts	65,678	68,152
Due from former officer	-	87,500
Prepaid expenses	3,300	3,300
Total current assets	205,572	466,726
Property and equipment, net	16,407	34,747
Intangible product development	110,063	-
Due from affiliates, net of allowance	-	-
Restricted cash	27,977	-
Total assets	\$360,019	\$501,473
<b>Liabilities and Stockholders' Deficit</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$627,757	\$743,661
Deferred revenue	-	26,494
Derivative liabilities	-	628,762
Convertible notes payable, net of discount of \$182,292	947,708	-
Loans payable	170,000	220,000
Total current liabilities	1,745,465	1,618,917
Convertible notes payable, net of discount of \$875,656	-	690,210
Total Liabilities	1,745,465	2,309,127
<b>Contingencies ( Note 13)</b>		
<b>Stockholders' Deficit</b>		
Series A convertible preferred stock, \$.001 par value; 120,000,000 authorized and 49,691,682 and 46,188,600 shares issued and outstanding at July 31,2016 and October 31, 2015, respectively	49,692	46,189
Series B convertible preferred stock, \$.001 par value; 1,000,000 authorized and no shares issued and outstanding at July 31, 2016 and October 31, 2015, respectively	-	-

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Series C convertible preferred stock, \$.001 par value; 1,000,000 authorized and 35,000 shares issued and outstanding at July 31, 2016 and October 31, 2015	35	35
Common stock, \$.001 par value; 250,000,000 authorized and 149,837,879 shares issued and outstanding at July 31, 2016 and 133,687,500 shares issued and outstanding at October 31, 2015.	149,838	133,688
Additional paid-in-capital	19,866,377	19,047,754
Accumulated other comprehensive income (loss)	(63,315 )	(60,626 )
Accumulated deficit	(21,194,218)	(20,796,182)
Total stockholders' (deficit) attributable to Realbiz Media Group, Inc.	(1,191,591 )	(1,629,142 )
Non-controlling interest	(193,855 )	(178,512 )
Total stockholders' deficit	(1,385,446 )	(1,807,652 )
Total liabilities and stockholders' deficit	\$360,019	\$501,473

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



**RealBiz Media Group, Inc.****Consolidated Statements of Operations and Comprehensive Income (Loss)****(Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>July 31,</b>		<b>July 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Real estate media revenue	\$226,625	\$337,570	\$759,963	\$951,614
Operating expenses:				
Technology and development	1,244	94,359	47,551	450,790
Salaries and benefits	117,494	155,958	480,359	780,763
Selling and promotions expense	2,673	25,167	7,636	241,854
Amortization	-	522,015	-	1,548,974
General and administrative	116,378	255,889	320,652	1,313,168
Total operating expenses	237,789	1,053,388	856,198	4,335,549
Operating income (loss)	(11,164 )	(715,818 )	(96,235 )	(3,383,935 )
Other income (expenses):				
Interest expense	(164,773 )	(181,043 )	(487,318 )	(414,733 )
(Loss) on change on fair value of derivatives	-	(440,484 )	-	(352,626 )
Derivative liability expense		(55,489 )		(55,489 )
Gain on extinguishment of derivative liability			628,762	
Loss on conversion of convertible debt into common stock		(49,497 )		(49,497 )
Gain (loss) on extinguishment of convertible debt and accounts payable	-	73,666	(470,727 )	109,924
Foreign exchange transaction gain (loss)	-	(21,536 )	9,450	14,846
Other income (expense)	-	12,833	-	(5,114 )
Total other income (expenses)	(164,773 )	(661,550 )	(319,833 )	(752,689 )
Net loss	(175,937 )	(1,377,368 )	(416,069 )	(4,136,624 )
Less net loss attributable to non-controlling interest	3,511	19,303	15,321	149,294
Net loss attributable to Realbiz Media Group, Inc.	(172,426 )	(1,358,065 )	(400,748 )	(3,987,330 )
Preferred stock dividend		(236,992 )		(236,992 )
Net loss attributable to common shareholders	\$(172,426 )	\$(1,595,057 )	\$(400,748 )	\$(4,224,322 )
Loss per common share basic and diluted	\$-	\$(0.01 )	\$-	\$(0.04 )

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Weighted average common shares outstanding	149,112,992	107,852,668	146,502,264	100,360,642
Comprehensive income (loss):				
Unrealized loss on currency translation adjustment	(1,942 )	(66,514 )	(2,689 )	(94,662 )
Comprehensive loss	\$(177,879 )	\$(1,443,882 )	\$(403,437 )	\$(4,231,286 )

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

**RealBiz Media Group, Inc.****Consolidated Statements of Cash Flows****(Unaudited)**

	<b>For the Nine Months Ended July 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net cash used in operating activities	(241,117 )	(1,272,758 )
<b>Cash flows from investing activities:</b>		
Purchase of computer equipment	-	(17,688 )
Payments towards software developments costs	(110,063 )	(102,858 )
Net cash used in investing activities	(110,0063)	(120,546 )
<b>Cash flows from financing activities:</b>		
Proceeds from convertible promissory notes	-	1,610,000
Proceeds from loans payable	-	75,000
Payments on notes payable	(500,000 )	(75,000 )
Proceeds from the sale of common stock and warrants	680,000	120,000
Net cash provided by financing activities	180,000	1,730,000
<b>Effect of exchange rate changes on cash</b>	-	(94,662 )
Net increase (decrease) in cash	(171,180 )	242,034
Cash at beginning of period	307,774	20,066
Cash at end of period	\$136,594	\$262,100
<b>Supplemental disclosure:</b>		
Cash paid for interest	\$76,950	\$26,816

	<b>For the Nine Months Ended July 31, 2016</b>		<b>2015</b>
<b>Supplemental disclosure of non-cash investing and financing activity:</b>			
Settlement of prior year advances for subscriptions of common stock:			
Value	\$-		\$ 30,000
Shares	-		100,000
Warrants	-		100,000
Next 1 Interactive, Inc. Preferred Series A shares converted to common stock:			
Value	\$-		\$ 729,087
Shares	-		3,314,030
Next 1 Interactive, Inc. Preferred Series B shares converted to common stock:			
Value	\$-		\$ 485,000
Shares	-		2,900,000
Next 1 Interactive, Inc. Preferred Series C shares converted to common stock:			
Value	\$-		\$ 409,750
Shares	-		3,645,000
Next 1 Interactive, Inc. Preferred Series D shares converted to common stock:			
Value	\$-		\$ 407,995
Shares	-		2,719,862
Next 1 Interactive, Inc. promissory notes converted to common stock:			
Value	\$-		\$ 392,000
Shares	-		4,100,000
Common stock issued for conversion of promissory notes:			
Value	\$-		\$ 60,000
Shares	-		600,000
Common stock issued for accrued interest on convertible promissory notes:			
Value	\$ 126,450		\$ 32,033
Shares	1,246,500		320,333
Common stock retired:			
Value	\$ 50,000		\$ 750
Shares	1,000,000		750,000
Common stock issued to settle note payable:			
Value	\$ 50,000		\$ -
Shares	1,000,000		-

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

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**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)  
JULY 31, 2016**

**NOTE 1: NATURE OF BUSINESS AND BASIS OF PRESENTATION**

Nature of Business

We are engaged in the business of providing digital media and marketing services for the real estate industry. We currently generate revenue from service fees (video creation and production and website hosting (ReachFactor)) and product sales (Nestbuilder Agent 2.0 and Microvideo app). We were formed through the merging of three divisions: (i) our fully licensed real estate division (formerly known as Webdigs); (ii) our TV media contracts (Home Preview Channel /Extraordinary Vacation Homes) division; and (iii) our Real Estate Virtual Tour and Media group (Realbiz 360). The assets of these divisions were used to create a new suite of real estate products and services that create stickiness through the utilization of video, social media and loyalty programs. At the core of our programs is our proprietary video creation technology which allows for an automated conversion of data (text and pictures of home listings) to a video with voice and music. We provide video search, storage and marketing capabilities on multiple platform dynamics for web, mobile, and TV. Once a home, personal or community video is created using our proprietary technology, it can be published to social media, email or distributed to multiple real estate websites, broadband or television for consumer viewing.

**Products and Services:**

We currently offer the following products and services:

*Enterprise Video Production:* We service some of the largest and well known franchisor accounts in the North America Real Estate Market in compiling listings into a Video format and distributing to those franchisor's websites, brokers and agents and lead generation platforms 24/7. Some of these multiyear contracts produced over 10 million video listings from 2012-2014 and will be eclipsing that production in 2016. This core area significantly contributes to our growth not only in this core service but continues to allow us access to national databases and directly agents and brokers to allow us access to upgrades and upsell other core products and services. We currently have the ability to produce over 15,000 videos per day and have exclusive agreements with key players such as Century21 Scheetz and ERA systems.

*Nestbuilder Agent 2.0 (formerly PowerAgent):* Nestbuilder Agent 2.0 is a newly developed comprehensive marketing toolset for the professional real estate agent which utilizes our proprietary video technology to allow any agent to create videos for their listings, edit them with music and an introduction and market the videos through multiple sources. This product is powered by an intuitive CRM (contact management) and has been designed to allow agents to extend their marketing reach through social media management, email marketing and web site syndication. In addition, the iOS and Android apps work in conjunction with Nestbuilder Agent 2.0 allowing the agent to take many of the capabilities mobile, right to where the asset is located. Nestbuilder Agent 2.0 has been in beta testing for the past 8-months with over 180 agents introduced to the agent community in January 2016. Early reviews of this product from industry experts have been extremely favorable. We intend to sell this product via a monthly subscription model.

*The Virtual Tour (VT) and Microvideo App (MVA):* These programs were developed and implemented to allow agents to access specific video based product strategies that are designed specifically to increase the SEO rank and traffic credit to real estate franchise systems and/or their brokers. The MVA is a proprietary video widget marketing application designed to deliver video and integrate SEO strategies, traffic generation, e-mail, lead generation with mobile-friendly viewing. This solution gives those franchises and brokers a much needed tool to lower their cost of prospect acquisition.

*ReachFactor:* Our social media and marketing platform under the “ReachFactor” brand name offers a variety of solutions to agents and brokers such as web design and web hosting, digital ad campaigns, blogging, social media management, reputation management and search engine optimization.

*NestBuilder Website Portal:* We provide a consumer real estate portal at [www.nestbuilder.com](http://www.nestbuilder.com) which contains over 1.5 million listings. Unlike other leaders in the space that agents are seeking alternatives to, NestBuilder focuses on building agent’s brands and delivering high-quality leads. They achieve this by offering fully customizable webpages in NestBuilder Agent that will follow their homebuyer throughout the home search, ultimately turning NestBuilder.com into each agent’s very own national portal. We provide this website free of charge to consumer and agent.

*Nestbuilder Agent:* This agent-only platform allows agents to claim and customize their own web page to be used as a marketing platform. This platform interacts with nestbuilder.com site allowing agents to claim their listings and then create customized listing pages, as well as being able to pull other MLS property listings to create specialized marketing messages. Additionally, the agent can view the effectiveness of their marketing efforts through a dashboard that shows multiple statistics including number of views, time spent, origination and lead generation. This platform is provided free of charge and empowers the real estate agent with content and assets that they can use to pursue prospects and generate leads.

**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 1: NATURE OF BUSINESS AND BASIS OF PRESENTATION, continued**

*Ezflix Mobile App:* The ezflix app is a free mobile/web video editor that pre-integrates with an agent's listing data, allowing them to edit all of their listing's data, and convert them into video with live video interstitial capabilities, audio recording and music. Ezflix can then share videos to all social media, email, and multiple other real estate portals including NestBuilder (www.nestbuilder.com) thereby giving agents a way to personalize their listing videos with entertaining local relevant content. This application is available in both Web and Mobile, was initially launched in both the Android and iOS versions in January and February 2015. This platform as it evolves will combine our VT (Virtual Tour) and MVA (Microvideo App) platform into one solution and distribute to multiple partners and resellers including Photographer and Videographer service providers' network. This product integration has been substantially upgraded during 2015 and is expected to integrate with our Nestbuilder Agent 2.0 product released in January 2016.

Basis of Presentation

The unaudited interim consolidated financial information furnished herein reflects all adjustments, consisting only of normal recurring items, which in the opinion of management are necessary to fairly state RealBiz Media Group, Inc. and its subsidiaries' (collectively, the "Company" or "we," "us" or "our") financial position, results of operations and cash flows for the dates and periods presented and to make such information not misleading. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to rules and regulations of the Securities and Exchange Commission ("SEC"); nevertheless, management of the Company believes that the disclosures herein are adequate to make the information presented not misleading.

These unaudited consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2015, contained in the Company's Annual Report on Form 10-K filed with the SEC on February 18, 2016. The results of operations for the nine months ended July 31, 2016, are not necessarily indicative of results to be expected for any other interim period or the fiscal year ending October 31, 2016.



## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Use of Estimates

The preparation of unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 unaudited consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. If actual results significantly differ from the Company's estimates, the Company's financial condition and results of operations could be materially impacted. These estimates include the useful life of fixed assets, amortization of debt discounts, allowance for doubtful accounts and all other general contingency items.

### Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows, the Company considers all unrestricted demand deposits, money market funds and highly liquid debt instruments with an original maturity of less than 90 days to be cash and cash equivalents. There were no cash equivalents at July 31, 2016 and October 31, 2015.

### Accounts Receivable

The Company provides its marketing and promotional services to agents or brokers via a web-based portal that allows for credit card payments. The Company recognizes accounts receivable for amounts uncollected from the credit card service provider at the end of the accounting period. The Company regularly reviews outstanding receivables and provides for estimated losses through an allowance for doubtful accounts. In evaluating the level of established loss reserves, the Company makes judgments regarding its customers' ability to make required payments, economic events and other factors. As the financial condition of these parties change, circumstances develop or additional information becomes available, adjustments to the allowance for doubtful accounts may be required. The Company maintains reserves for potential credit losses, and such losses traditionally have been within its expectations. The allowance for doubtful accounts at July 31, 2016 and October 31, 2015, respectively is \$-0-.

### Property and Equipment

All expenditures on the acquisition for property and equipment are recorded at cost and capitalized as incurred, provided the asset benefits the Company for a period of more than one year. Expenditures on routine repairs and maintenance of property and equipment are charged directly to operating expense. The property and equipment is depreciated based upon its estimated useful life after being placed in service. The estimated useful life of computer equipment is 3 years. When equipment is retired, sold or impaired, the resulting gain or loss is reflected in earnings.



**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Impairment of Long-Lived Assets

In accordance with Accounting Standards Codification 360-10, "Property, Plant and Equipment", the Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. During the nine months ended July 31, 2016, the Company did not record any impairment losses on its long-lived assets.

Website Development Costs

The Company accounts for website development costs in accordance with Accounting Standards Codification 350-50 "Website Development Costs". Accordingly, all costs incurred in the planning stage are expensed as incurred, costs incurred in the website application and infrastructure development stage that meet specific criteria are capitalized and costs incurred in the day to day operation of the website are expensed as incurred.

Software Development Costs

The Company capitalizes internal software development costs subsequent to establishing technological feasibility of a software application in accordance with guidelines established by "350-40" Internal Use Software, requiring certain software development costs to be capitalized upon the establishment of technological feasibility. The establishment of technological feasibility and the ongoing assessment of the recoverability of these costs require considerable judgment by management with respect to certain external factors such as anticipated future revenue, estimated economic life, and changes in software and hardware technologies. Amortization of the capitalized software development costs begins when the product is available for general release to customers. Capitalized costs are amortized based on the straight-line method over the remaining estimated economic life of the product and is included in operating expenses in the accompanying statement of operations.

During the nine months ended July 31, 2016, the Company started development of a new stand alone software application. The company has capitalized \$110,063 of costs associated with the development of this new application. These costs related primarily to labor costs incurred for those engineers that are developing the new technology. The company expects to complete the development during fiscal 2016 and anticipates generating revenue from this product during fiscal 2017. All other technology costs incurred during the quarter were related to maintenance activities and were charged to technology and development expenses in the statement of operations.

### Goodwill and Other Intangible Assets

In accordance with ASC 350-30-65 "Goodwill and Other Intangible Assets", the Company assesses the impairment of identifiable intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers to be important which could trigger an impairment review include the following:

1. Significant underperformance compared to historical or projected future operating results;
2. Significant changes in the manner or use of the acquired assets or the strategy for the overall business; and
3. Significant negative industry or economic trends.

When the Company determines that the carrying value of an intangible may not be recoverable based upon the existence of one or more of the above indicators of impairment and the carrying value of the asset cannot be recovered from projected undiscounted cash flow, the Company records an impairment charge equal to the amount that the book value exceeds fair value. The Company measures fair value based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent to the current business model. Significant management judgment is required in determining whether an indicator of impairment exists and in projecting cash flows.

During the year ended October 31, 2015, the company recorded an impairment charge on this older technology in the amount of \$1,802,106 which represented the full unamortized value of the capitalized website development costs and other intangible assets at that time.

The Company incurred amortization expense related to website development costs and other intangible assets of \$-0- and \$1,018,218 for the nine months ended July 31, 2016 and 2015, respectively.



**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Derivative Instruments**

The Company enters into financing arrangements that consist of freestanding derivative instruments or are hybrid instruments that contain embedded derivative features. The Company accounts for these arrangements in accordance with Accounting Standards Codification topic 815, Accounting for Derivative Instruments and Hedging Activities (“ASC 815”) as well as related interpretations of this standard. In accordance with this standard, derivative instruments are recognized as either assets or liabilities in the balance sheet and are measured at fair values with gains or losses recognized in earnings. Embedded derivatives that are not clearly and closely related to the host contract are bifurcated and are recognized at fair value with changes in fair value recognized as either a gain or loss in earnings. The Company determines the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, considering all of the rights and obligations of each instrument.

The Company estimates fair values of derivative financial instruments using various techniques (and combinations thereof) that are considered consistent with the objective measuring fair values. In selecting the appropriate technique, the Company considers, among other factors, the nature of the instrument, the market risks that it embodies and the expected means of settlement. For less complex derivative instruments, such as freestanding warrants, the Company generally uses the Black-Scholes model, adjusted for the effect of dilution, because it embodies all of the requisite assumptions (including trading volatility, estimated terms, dilution and risk free rates) necessary to fair value these instruments. Estimating fair values of derivative financial instruments requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors. In addition, option-based techniques (such as Black-Scholes model) are highly volatile and sensitive to changes in the trading market price of our common stock. Since derivative financial instruments are initially and subsequently carried at fair values, our income (expense) going forward will reflect the volatility in these estimates and assumption changes. Under the terms of the new accounting standard, increases in the trading price of the Company’s common stock and increases in fair value during a given financial quarter result in the application of non-cash derivative expense. Conversely, decreases in the trading price of the Company’s common stock and decreases in trading fair value during a given financial quarter result in the application of non-cash derivative income.

Based upon ASC 815-25 the Company has adopted a sequencing approach regarding the application of ASC 815-40 to its outstanding convertible debentures. Pursuant to the sequencing approach, the Company evaluates its contracts based upon earliest issuance date.

### Convertible Debt Instruments

The Company records debt net of debt discount for beneficial conversion features and warrants, on a relative fair value basis. Beneficial conversion features are recorded pursuant to the Beneficial Conversion and Debt Topics of the FASB Accounting Standards Codification. The amounts allocated to warrants and beneficial conversion rights are recorded as debt discount and as additional paid-in-capital. Debt discount is amortized to interest expense over the life of the debt.

### Fair Value of Financial Instruments

The Company adopted ASC topic 820, "Fair Value Measurements and Disclosures" (ASC 820), formerly SFAS No. 157 "Fair Value Measurements," effective January 1, 2009. ASC 820 defines "fair value" as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There was no impact relating to the adoption of ASC 820 to the Company's unaudited consolidated financial statements.

ASC 820 also describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial instruments consist principally of cash, accounts receivable, prepaid expenses, due from affiliates, accounts payable, accrued liabilities and other current liabilities. The carrying amounts of such financial instruments in the accompanying balance sheets approximate their fair values due to their relatively short-term nature. The fair value of long-term debt is based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying amounts approximate fair value. It is management's opinion that the Company is not exposed to any significant currency or credit risks arising from these financial instruments.





**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition

The Company recognizes revenue when all of the following criteria are met: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the Company's price to its customer is fixed or determinable and (4) collectability is reasonably assured.

The Company provides its marketing and promotional services to agents or brokers via a web-based portal that allows for credit card payments. Customers may pay a monthly recurring fee or an annual fee. Some customers additionally pay a one-time set up fee. Monthly recurring fees are recognized in the month the service is rendered.

Technology and Development

Costs to research and develop our products are expensed as incurred. These costs consist of primarily of technology and development related expenses including third party contractor fees and technology software services. Technology and development also includes amortization of capitalized costs of the Nestbuilder website associated with the development of our marketplace. The amortization of the Nestbuilder website for the nine months ending July 31, 2016 and 2015 is -0- and \$263,285, respectively.

Advertising Expense

Advertising costs are charged to expense as incurred and are included in selling and promotions expense in the accompanying unaudited consolidated financial statements. Advertising expense for the nine months ended July 31, 2016 and 2015 was \$0 and \$94,386, respectively.

Share-Based Compensation

The Company computes share based payments in accordance with Accounting Standards Codification 718-10 “Compensation” (ASC 718-10). ASC 718-10 establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods and services at fair value, focusing primarily on accounting for transactions in which an entity obtains employees services in share-based payment transactions. It also addresses transactions in which an entity incurs liabilities in exchange for goods and services that are based on the fair value of an entity’s equity instruments or that may be settled by the issuance of those equity instruments. In March 2005, the SEC issued SAB No. 107, Share-Based Payment (“SAB 107”) which provides guidance regarding the interaction of ASC 718-10 and certain SEC rules and regulations. The Company has applied the provisions of SAB 107 in its adoption of ASC 718-10. The Company accounts for non-employee share-based awards in accordance with ASC Topic 505-50, Equity Based Payments to Non-Employees. The Company estimates the fair value of stock options by using the Black-Scholes option pricing model.

#### Foreign Currency and Other Comprehensive Income (Loss)

The functional currency of our foreign subsidiaries is typically the applicable local currency. The translation from the respective foreign currencies to United States Dollars (U.S. Dollar) is performed for balance sheet accounts using current exchange rates in effect at the balance sheet date and for income statement accounts using a weighted average exchange rate during the period. Gains or losses resulting from such translation are included as a separate component of accumulated other comprehensive income. Gains or losses resulting from foreign currency transactions are included in foreign currency income or loss except for the effect of exchange rates on long-term inter-company transactions considered to be a long-term investment, which are accumulated and credited or charged to other comprehensive income.

Transaction gains and losses are recognized in our results of operations based on the difference between the foreign exchange rates on the transaction date and on the reporting date. We recognized net foreign exchange gain of \$9,450 and \$14,846 for nine months ended July 31, 2016 and 2015, respectively. The foreign currency exchange gains and losses are included as a component of other income (expense), net, in the accompanying Unaudited Consolidated Statements of Operations and Comprehensive Income (Loss). For the nine months ended July 31, 2016 and 2015, the change in accumulated comprehensive income was a loss of \$747 and \$94,662, respectively.

**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Foreign Currency and Other Comprehensive Income (Loss) (continued)

The exchange rate adopted for the foreign exchange transactions are the rates of exchange as quoted on an internet website. Translation of amounts from Canadian dollars into United States dollars was made at the following exchange rates for the respective periods:

As of July 31, 2016 - Canadian dollar \$1.30364 to US \$1.00

For the nine months ended July 31, 2016 - Canadian dollar \$1.33197 to US \$1.00

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, Accounting for Income Taxes, as clarified by ASC 740-10, Accounting for Uncertainty in Income Taxes. Under this method, deferred income taxes are determined based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities and net operating loss and tax credit carryforwards given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on changes to the assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which the Company operates, estimates of future taxable income, and available tax planning strategies. If tax regulations, operating results or the ability to implement tax-planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required. Valuation allowances are recorded related to deferred tax assets based on the “more likely than not” criteria of ASC 740.

ASC 740-10 requires that the Company recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the “more-likely-than-not” threshold, the amount recognized in the unaudited consolidated financial

statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

### Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period.

Diluted earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. Diluted loss per common share is considered to be equal to basic because it is anti-dilutive. The Company's common stock equivalents include the following:

	<b>July 31, 2016</b>
Series A convertible preferred stock issued and outstanding	49,691,682
Series C convertible preferred stock issued and outstanding	35,000
Warrants to purchase common stock issued, outstanding and exercisable	16,055,000
Shares on convertible promissory notes	11,300,000
	77,081,682

### Concentrations, Risks and Uncertainties

The Company's operations are related to the real estate industry and its prospects for success are tied indirectly to interest rates and the general housing and business climates in the United States.

**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued an accounting standard update on revenue recognition that will be applied to all contracts with customers. The update requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This guidance will be required to be applied on a retrospective basis, using one of two methodologies, and will be effective for annual reporting periods beginning after December 15, 2016, with early application not being permitted. The Company is currently evaluating the impact that this guidance will have on its financial position and results of operations.

In August 2014, the FASB issued an accounting standard update which provides guidance on determining when and how to disclose going concern uncertainties in the financial statements. The update requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. It also requires management to provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. This guidance will be required for annual reporting periods ending after December 15, 2016, and interim reporting periods thereafter, with early application permitted. The Company is currently evaluating the impact that this guidance will have on its financial position and results of operations.

**NOTE 3: GOING CONCERN**

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

The Company has incurred a net loss of \$416,069 and had net cash used in operations of \$241,117 for the nine months ended July 31, 2016. At July 31, 2016, the Company had a working capital deficit of \$1,539,893 and an accumulated deficit of \$21,194,218. It is management's opinion that these facts raise substantial doubt about the Company's ability to continue as a going concern. . The unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In order to meet its working capital needs through the next twelve months, the Company may consider plans to raise additional funds through the issuance of additional shares of common or preferred stock and or through the issuance of debt instruments. Although the Company intends to obtain additional financing to meet our cash needs, the Company may be unable to secure any additional financing on terms that are favorable or acceptable to it, if at all.

**NOTE 4: RESTRICTED CASH**

At July 31, 2016 the company has posted a surety bond with the California Department of Labor in the amount of \$27,977 as required in connection with an appeal of an assessment relating to an employment matter. (Also see Note 14).

**NOTE 5: PROPERTY AND EQUIPMENT**

At July 31, 2016, the Company's property and equipment are as follows:

	<b>July 31, 2016</b>			
	<b>Remaining Useful Life (Years)</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Carrying Value</b>
Computer equipment	1.5	\$ 82,719	\$ 66,311	\$ 16,407

The Company has recorded \$18,339 and \$18,953 of depreciation expense as a component of general and administrative expenses for the nine months ended July 31, 2016 and 2015, respectively.



**REALBIZ MEDIA GROUP, INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)****JULY 31, 2016****NOTE 6: ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

At July 31, 2016, the Company's accounts payable and accrued expenses are as follows:

	<b>July 31, 2016</b>
Trade payables	\$224,221
Accrued interest payable	163,581
Accrued payroll and commissions	220,000
Accrued expenses	19,955
Total accounts payable and accrued expenses	\$627,757

**NOTE 7: DUE FROM/TO AFFILIATES**

During the normal course of business, the Company receives and/or makes advances for operating expenses and various debt obligation conversions to/from our former parent Company, Monaker Group, Inc. As a result of these transactions the Company is due \$1,287,517 as of July 31, 2016 and October 31, 2015, respectively. Management has elected to record an allowance against the entire amount due from affiliate. The allowance was required due to the uncertainty of the collectability of the outstanding balance. On May 11, 2016, the Company filed a lawsuit against Monaker Group, Inc. seeking collection of this balance (see Note 13).

**NOTE 8: DERIVATIVE LIABILITIES**

The company had derivative liabilities related to Himmil Investments Ltd. based on the variable feature of the conversion price. The derivative liability was reduce to zero upon the extinguishment of the related notes payable.



(See note 9) The following table sets forth a summary of change in fair value of our derivative liabilities for the nine month's ended July 31, 2016.

Balance @ October 31, 2015	\$628,762
Gain on extinguishment of derivative liability	(628,762)
Balance @ July 31, 2016	\$-

**REALBIZ MEDIA GROUP, INC.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)****JULY 31, 2016****NOTE 9: CONVERTIBLE NOTES PAYABLE**

In December 2015, the company consummated a settlement with Himmil Investments Ltd. pursuant to which we redeemed our outstanding 7.5% convertible promissory note issued to Himmil and cancellation of their common stock purchase warrants for \$500,000. The transaction resulting in a loss on the extinguishment of convertible debt, calculated as follows:

Cash paid to noteholder	\$(500,000)
Principal balance of note on October 31, 2015	435,866
Debt discount on convertible note	(406,593)
Loss on the extinguishment of convertible debt	\$(470,727)

At July 31, 2016, the company had convertible notes payable with an outstanding principle balance of \$1,130,000. The notes mature on December 31, 2016 and bear interest at the rate of 24% which is payable quarterly. The noteholders can elect to receive their interest payments in all common stock or a combination of common stock at 12% per annum based upon \$0.10 (ten) cents per share and cash at 12% per annum.. The noteholders, at their option have the right, but not the obligation, at any time and from time to time, to convert all or any portion of the principal and interest into fully paid and non-assessable shares of Company common stock at the conversion price of \$0.10 per share. The unamortized debt discount at July 31, 2016 related to these convertible notes is \$182,292.

**NOTE 10: LOANS PAYABLE**

During the nine months ended July 31, 2016, the Company issued its former Chairman 1,000,000 common shares with a value of \$50,000 in exchange for the cancellation of the existing loan payable at that time. There was no activity for the nine months ended July 31, 2016 for the non-related third party investors and the remaining principal balance is \$170,000.

## NOTE 11: STOCKHOLDERS' DEFICIT

On July 31, 2014, the Board and the holders of a majority of the voting power of our shareholders approved an amendment to our articles of incorporation to increase our authorized shares of common stock to 250,000,000 from 125,000,000 and increased the Company's Series A Convertible Preferred Stock to 120,000,000 from 100,000,000. Additionally, on July 31, 2014, the Board designated the terms of Series B Convertible Preferred Stock and 1,000,000 shares were authorized. Additionally, on August 6, 2015, the Board designated the terms of Series C Convertible Preferred Stock and 1,000,000 shares were authorized.

The total number of shares of all classes of stock that the Company shall have the authority to issue is 570,000,000 shares consisting of 250,000,000 shares of common stock with a \$0.001 par value per share of which 149,837,879 are outstanding as of July 31, 2016 and as of the date of this report and 320,000,000 shares of preferred stock, par value \$0.001 per share of which (A) 120,000,000 shares have been designated as Series A Convertible Preferred of which 49,691,682 are outstanding as of July 31, 2016, and the date of this report (B) 1,000,000 shares have been designated as Series B Convertible Preferred Stock, of which no shares are outstanding as of July 31, 2016 and as of the date of this report and (C) 1,000,000 have been designated as Series C Convertible Preferred Stock, of which 35,000 shares are outstanding as of July 31, 2016 and as of the date of this report.

### Common Stock

During the nine months ended July 31, 2016, the Company had the following transactions:

On November 19, 2015, the Company agreed to issue 1 million shares of common stock valued at \$0.05 per share (based on the quoted market price on that date) to a company controlled by its former Chairman in consideration of his agreement to cancel and extinguish a 0%, \$50,000 promissory note issued to him on August 29, 2015. There was no gain or loss recorded on this transaction.

On November 30, 2015, the Company sold 13,600,000 units ("Units") at a price of \$0.05 per Unit for gross proceeds of \$680,000. Each Unit consists of 1 share of common stock and a warrant to purchase 1 share of common stock requiring the issuance of 13,600,000 shares of common stock and 1-year warrants to purchase 13,600,000 shares of our common stock with an exercise price of \$0.05 per share. The Company used \$500,000 of these proceeds as the final payment required under our Settlement Agreement and Release with Himmil Investments, Ltd. including repayment in full of its outstanding 7.5% \$500,000 convertible promissory note issued to Himmil Investments Ltd. A company controlled by our former Chairman, purchased 6,000,000 Units for \$300,000 and our Chief Financial Officer purchased 200,000 Units for \$10,000.



**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 11: STOCKHOLDERS' DEFICIT, continued**

On December 1, 2015, the Company issued 421,500 shares of its common stock valued at \$42,150 as payment for accrued interest on certain convertible promissory notes as requested by the note holders in accordance with contractual terms at \$0.10 per share. The Company did not receive any proceeds for the issuance of these shares.

On December 10, 2015, a former employee returned 1,000,000 shares of its common stock to the Company to resolve an outstanding dispute, which was valued at \$50,000, based on the quoted market price \$0.05 per share. These shares were subsequently cancelled.

On January 20, 2016, the Company issued 800,000 shares of common stock to a third-party consultant in consideration of professional services rendered. The market value of these shares was based on the closing price (0.04) on the date of issuance which was approximately \$32,000 and included as a component of general and administrative expenses.

On March 1, 2016, the Company issued 421,500 shares of its common stock valued at \$42,150 as payment for accrued interest on certain convertible promissory notes as requested by the note holders in accordance with contractual terms at \$0.10 per share. The Company did not receive any proceeds for the issuance of these shares.

On June 1, 2016, the Company issued 421,500 shares of its common stock valued at \$42,150 as payment for accrued interest on certain convertible promissory notes as requested by the note holders in accordance with contractual terms at \$0.10 per share. The Company did not receive any proceeds for the issuance of these shares

*Common Stock Warrants*

The following table sets forth common share purchase warrants outstanding as of July 31, 2016:

	<b>Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Intrinsic Value</b>
Outstanding, October 31, 2015	4,980,000	\$ 0.12	\$ 0.00
Warrants granted and issued	13,600,000	\$ 0.05	\$ 0.00
Warrants exercised/forfeited	(2,325,000 )	\$ (0.14 )	\$ 0.00
Outstanding, July 31, 2016	16,055,000	\$ 0.058	\$ 0.00
Common stock issuable upon exercise of warrants	16,055,000	\$ 0.058	\$ 0.00

<b>Range of Exercise Prices</b>	<b>Common Stock Issuable Upon Exercise of Warrants Outstanding</b>			<b>Common Stock Issuable Upon Warrants Exercisable</b>	
	<b>Number Outstanding At July 31, 2016</b>	<b>Weighted Average Contractual Life (Years)</b>	<b>Weighted Average Exercise Price</b>	<b>Number Exercisable at October 31, 2015</b>	<b>Weighted Average Exercise Price</b>
\$ 0.05	13,600,000	0.33	\$ 0.05	13,600,000	\$ 0.05
\$ 0.10	2,455,000	2.37	\$ 0.10	2,455,000	\$ 0.10
	16,055,000	0.64	\$ 0.058	16,055,000	\$ 0.058

**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 11: STOCKHOLDERS' DEFICIT (continued)**

*Convertible Preferred Stock Series A*

As of July 31, 2016, the Company had 49,691,682 shares of Convertible Preferred Stock Series A issued and outstanding. The preferred shares were issued at \$.001 par and bear dividends at a rate of 10% per annum payable on a quarterly basis when declared by the board of directors. Dividends accumulate whether or not they have been declared by the board. At the election of the Company, Preferred Dividends may be converted into Series A Stock, with each converted share having a value equal to the market price per share, subject to adjustment for stock splits. In order to exercise such option, the Company delivers written notice to the holder. Each share of Series A Stock is convertible at the option of the holder thereof at any time into a number of shares of Common Stock determined by dividing the Stated Value of a \$1 per share by the Conversion Price then in effect. The conversion price for the Series A Stock is equal to \$1.00 per share. Each holder of Series A stock shall be entitled to one vote for each whole share of common stock that would be issuable upon conversion of such share on the record date for determining eligibility to participate in the action being taken.

In the event of (a) the sale, conveyance, exchange, exclusive license, lease or other disposition of all or substantially all of the intellectual property or assets of the Company, (b) any acquisition of the Company by means of consolidation, stock exchange, stock sale, merger of other form of corporate reorganization of the Company with any other entity in which the Company's stockholders prior to the consolidation or merger own less than a majority of the voting securities of the surviving entity, or (c) the winding up or dissolution of the Company, whether voluntary or involuntary (each such event in clause (a), (b) or (c) a "liquidation event"), the Board shall determine in good faith the amount legally available for distribution to stockholders after taking into account the distribution of assets among, or payment thereof over to, creditors of the Company (the "net assets available for distribution"). The holders of the Series A stock then outstanding shall be entitled to be paid out of the net assets available for Distribution (or the consideration received in such transaction) before any payment or distribution shall be made to the holders of any class of preferred stock ranking junior to the Series A Stock or to the Common Stock, an amount for each share of Series A Stock equal to all accrued and unpaid Preferred Dividends plus the Stated Value, as adjusted (the "Series A Liquidation Amount").

In September 2015, the Company entered into an agreement with the holders of our Series A Preferred Stock under which they agreed to waive and cancel any further dividends owing on the Series A Preferred from and after May 1, 2015 in exchange for our agreement to pay all accrued dividends through July 31, 2015.

During the nine months ended July 31, 2016, the Company recorded the following activity with respect to its Series A Convertible Preferred Stock:

On December 1, 2015, the Company retired 1,000,000 of its Series A Preferred shares held by Monaker Group Inc., in accordance with the original securities and purchase agreement of October 2012. This was based upon the issuances of 1 million RealBiz common shares issued for conversion of 30,000 shares of Monaker Group, Inc. Series D preferred stock on such date.

The company increased its reported outstanding Series A Preferred shares by 4,503,082 (with a value of \$4,503) to true up the balance to agree to the company's internal stock transfer register. This correction, although immaterial, resulted in a corresponding reduction to Additional Paid in Capital.

#### Convertible Preferred Stock Series B

On July 31, 2014, the Company's Board of Directors approved the creation of a new Series B Preferred stock and on October 14, 2014 a certificate of designation was filed with the state of Delaware designating 1,000,000 shares with a par value of \$0.001, a stated value of \$5.00 per share and convertible into the Company's common stock at \$0.05 per share. As of July 31, 2016, the Company had no shares of Convertible Preferred Stock Series B issued and outstanding. The Series B Preferred stock will bear dividends at a rate of 10% per annum and shall accrue on the stated value of such shares of the Series B Stock. Dividends accrue whether or not they have been declared by the Board of Directors. At the election of the Company, it may satisfy its obligations hereunder to pay dividends on the Series B stock by issuing shares of common stock to the holders of Series B stock on a uniform and prorated basis. Each share of Series B Stock is convertible at the option of the holder thereof at any time into a number of shares of Common Stock determined by dividing the Stated Value by the Conversion Price then in effect. The conversion price for the Series B Stock is equal to \$0.05 per share. Each holder of Series B stock shall be entitled to the number of votes equal to two hundred (200) votes for each shares of Series B stock held by them.



**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 11: STOCKHOLDERS' DEFICIT (continued)**

In the event of (a) the sale, conveyance, exchange, exclusive license, lease or other disposition of all or substantially all of the intellectual property or assets of the Company, (b) any acquisition of the Company by means of consolidation, stock exchange, stock sale, merger of other form of corporate reorganization of the Company with any other entity in which the Company's stockholders prior to the consolidation or merger own less than a majority of the voting securities of the surviving entity, or (c) the winding up or dissolution of the Company, whether voluntary or involuntary (each such event in clause (a), (b) or (c) a "liquidation event"), the Board shall determine in good faith the amount legally available for distribution to stockholders after taking into account the distribution of assets among, or payment thereof over to, creditors of the Company (the "net assets available for distribution"). The holders of the Series B stock then outstanding shall be entitled to be paid out of the net assets available for Distribution (or the consideration received in such transaction) before any payment or distribution shall be made to the holders of any class of preferred stock ranking junior to the Series B Stock or to the Common Stock, an amount for each share of Series B Stock equal to all accrued and unpaid Preferred Dividends plus the Stated Value, as adjusted (the "Series B Liquidation Amount"). There were no Series B Preferred stock outstanding at July 31, 2016 and October 31, 2015.

*Convertible Preferred Stock Series C*

Pursuant to authority granted by our certificate of incorporation and applicable state law, our Board of Directors, without any action or approval by our stockholders, may designate and issue shares in such classes or series (including other classes or series of preferred stock) as it deems appropriate and establish the rights, preferences and privileges of such shares, including dividends, liquidation and voting rights. The rights of holders of other classes or series of capital stock, including preferred stock that may be issued could be superior to the rights of the shares of common stock offered hereby. The designation and issuance of shares of capital stock having preferential rights could adversely affect other rights appurtenant to the shares of our common stock. Finally, any issuances of additional capital stock (common or preferred) will dilute the percentage of ownership interest of our stockholders and may dilute the per-share book value of the Company. Each share of our series C preferred stock is convertible into that number of shares of shares of common stock determined by dividing (i) the stated value (\$5.00) by (ii) the conversion price then in effect (\$0.05). For example, our Series C Preferred contain voting rights which provide each share of Series C Preferred Stock with 100 votes for each shares of common stock into which the Series C Preferred Stock is convertible. Accordingly, our currently outstanding 35,000 shares of Series C Preferred Stock (which are convertible into 3,500,000 shares) are entitled to 350,000,000 votes on any matter presented for a vote to our common

stockholders. This has resulted in the holders of our Series C Preferred Stock having majority voting control of our corporation. There were 35,000 shares of Series C Preferred Stock outstanding on July 31, 2016.

**REALBIZ MEDIA GROUP, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**JULY 31, 2016**

**NOTE 12: RELATED PARTY TRANSACTIONS**

Equity transactions with the Company's former parent are described in Note 11.

On November 19, 2015, the Company agreed to issue 1 million shares of common stock valued at \$0.05 per share to a company controlled by its former Chairman in consideration of his agreement to cancel and extinguish a 0%, \$50,000 promissory note issued to him on August 29, 2015.

On November 30, 2015, a company controlled by the Company's former Chairman purchased 6 million units at a price of \$0.05 per unit for an aggregate purchase price of \$300,000. Each unit consisted of 1 share of common stock and a 1-year warrant to purchase 1 share of common at an exercise price of \$0.05 per share. This resulted in the issuance of 6 million shares of common stock and a 1-year warrant to purchase 6 million shares of our common stock at an exercise price of \$0.05 per share. In addition, our Chief Financial Officer purchased 200,000 Units for \$10,000.

On December 1, 2015, the Company's Chief Executive Officer (Alex Aliksanyan) converted 30,000 shares of Monaker Group Inc. Series D Preferred Stock into 1 million shares of our common stock pursuant to the terms of the Series D Preferred. Mr. Aliksanyan originally received these preferred shares in consideration of his sale of assets of Stingy Travel to Monaker Group in February 2015. Mr. Aliksanyan became an officer and director upon closing of this transaction in February 2015.

**NOTE 13: CONTINGENCIES**

On August 17, 2015, the Company filed a Complaint in the Superior Court of the State of California, in San Diego County, California, against former employees Steven Marques, Sherry Marques and Sean Herschmiller as well as Ken Marques, Amozai LLC, Mike O'Donnell, Bobbie Ayers, Showoff.com, Inc., Philip Bliss, Tom Klawnsuc, and Perceptible Inc. ("Defendants"). The Complaint further alleges that the Defendants misappropriated confidential

business information and proprietary and confidential trade secrets of the Company in setting up a rival business utilizing the Company's proprietary technology and current customers. The Complaint further alleges that the former employees Steven Marques, Sherry Marques and Sean Herschmiller breached their positions of trust and confidence and their duties of loyalty to the Company by using their positions with the company and information acquired in those positions to set up a business in direct competition with the Company, and the remaining Defendant's conspired with the Company's former employees to misappropriate and use the Company's confidential business information and solicit and attempt to steal clients from the Company. The Complaint seeks, among other things, (i) general and special damages in an amount to be proven at trial; (ii) punitive and exemplary damages in an amount sufficient to punish and deter such conduct; and (iii) a temporary restraining order and preliminary and permanent injunctions enjoining and restraining the Defendants from using or otherwise disclosing or distributing the Company's property or trade secrets. At July 31, 2016 the company had posted a surety bond with the California Department of Labor in the amount of \$27,977 as required in connection with an appeal of an assessment relating to an employment matter with the parties named above.

On May 11, 2016, the Company filed a lawsuit in the United States District Court for the Southern District of Florida against Monaker Group, Inc. seeking collection of the balance owed to the Company in the amount of \$1,287,517, for advances on operating expenses and various debt obligation conversions to and from Monaker Group, Inc. The company is currently in the discovery phase of this litigation. Management is unable to estimate the final outcome of this matter at this time.

#### **NOTE 14: SUBSEQUENT EVENTS**

The Company has settled several court cases. The following is a list of such cases:

Settled a suit the Company had brought in California Superior Court against various former employees and consultants for various damages to the Company caused by actions of such employees. The case was settled with no payments by either party.

Settled two suits brought by two former employees before the California Labor Board against the Company. The employees were paid the expenses they had accrued while employed of the Company. We are awaiting the release and return of the surety bond from the California Department of Labor in the amount of \$27,977.

Settled a suit brought in California Superior Court against the Company by The Relocation Information Service, Inc. for various media related claims dating back to December 2014. Full settlement was achieved with a payment of \$3,750.

Settled a suit that was filed in Canada against the Company by ALMA Consulting for non-payment for services rendered several years ago. Full settlement was achieved with a payment of \$5,000.

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

*The following discussion should be read in conjunction with the attached consolidated unaudited financial statements and notes thereto, and our consolidated audited financial statements and related notes for our fiscal year ended October 31, 2015 found in our Annual Report on Form 10-K. In addition to historical information, the following discussion contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) that involve risks, uncertainties and assumptions. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission. Where possible, we have tried to identify these forward looking statements by using words such as "anticipate," "believe," "feel", "foresee", "intends," or similar expressions. Our actual results could differ materially from those anticipated by the forward-looking statements due to important factors and risks including, but not limited to, those set forth in our annual report on Form 10-K.*

### **Cautionary Note Regarding Forward-Looking Statements**

Some of the statements made in this section of our report are forward-looking statements. These forward-looking statements generally relate to and are based upon our current plans, expectations, assumptions and projections about future events. Our management currently believes that the various plans, expectations, and assumptions reflected in or suggested by these forward-looking statements are reasonable. Nevertheless, all forward-looking statements involve risks and uncertainties and our actual future results may be materially different from the plans, objectives or expectations, or our assumptions and projections underlying our present plans, objectives and expectations, which are expressed in this section.

In light of the foregoing, prospective investors are cautioned that the forward-looking statements included in this filing may ultimately prove to be inaccurate—even materially inaccurate. Because of the significant uncertainties inherent in such forward-looking statements, the inclusion of such information should not be regarded as a representation or warranty by RealBiz Media Group, Inc. or any other person that our objectives, plans, expectations or projections that are contained in this filing will be achieved in any specified time frame, if ever. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document. The risks discussed in Item 1A. Risk Factors of our annual report on Form 10-K for the year ended October 31, 2015, filed with the Securities and Exchange Commission on February 18, 2016, should be considered in evaluating our prospects and future performance.

## **Critical Accounting Policies and Estimates**

The discussion and analysis of the Company's financial condition and results of operations are based upon its consolidated unaudited financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these unaudited financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities. On an on-going basis, management evaluates past judgments and estimates, including those related to bad debts, potential impairment of intangible assets, accrued liabilities, and contingencies. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The accounting policies and related risks described in the Company's annual report on Form 10-K are those that depend most heavily on these judgments and estimates. As of July 31, 2016, there had been no material changes to any of the critical accounting policies contained therein.

## **General Overview**

We are engaged in the business of providing digital media and marketing services for the real estate industry. We currently generate revenue from service fees (video creation and production and website hosting (ReachFactor)) and product sales (Nestbuilder Agent 2.0 (formerly PowerAgent) and Microvideo app). We were formed through the merging of three divisions: (i) our fully licensed real estate division (formerly known as Webdigs); (ii) our TV media contracts (Home Preview Channel /Extraordinary Vacation Homes) division; and (iii) our Real Estate Virtual Tour and Media group (Realbiz 360). The assets of these divisions were used to create a new suite of real estate products and services that create stickiness through the utilization of video, social media and loyalty programs. At the core of our programs is our proprietary video creation technology which allows for an automated conversion of data (text and pictures of home listings) to a video with voice and music. We provide video search, storage and marketing capabilities on multiple platform dynamics for web, mobile, and TV. Once a home, personal or community video is created using our proprietary technology, it can be published to social media, email or distributed to multiple real estate websites, broadband or television for consumer viewing.

Operating loss during the three months ended July 31, 2016 was (\$11,164) down from a loss of (\$715,818) during the three months ended July 31, 2015. For the nine months ended July 31, 2016 operating loss was (\$96,235) compared to a loss of (\$3,383,935), down over 97% compared to the nine months ended July 31, 2015. Revenues for the three months ended July 31, 2016 were \$226,625 were down 33% compared to the three months ended July 31, 2015, driven by the continual decline in the demand for video production. While we remain the market leader in such technology, significant pricing pressure emanating from the commoditizing of such technology was notable during the three months ended July 31, 2016. In combating these forces we have produced a new suite of products and implemented significant cost cutting actions and efficiencies.

Net loss was (\$175,937) and (\$416,069) down 87% and 90% for three months and nine months ended July 31, 2016, respectively compared to the three and nine months ended July 31, 2015. Interest costs represented 94% of the net

loss for the three months ended July 31, 2016. We feel pricing pressure on our video products will continue to negatively impact our revenues and thus have implemented a long term growth strategy. Our suites of products branded under NestbuilderAgent have been well received by the industry. Additionally we foresee a dramatic repositioning of the Company utilizing our video expertise and knowledge of the real estate marketplace.

Most importantly, our net loss during the nine months ended July 31, 2016 decreased to \$416,069, or approximately 90% from \$4,136,624 in the same period last year.



**Results of Operations****Three and nine months ended July 31, 2016 compared to the three and nine months ended July 31, 2015.*****Revenues***

Our total revenues decreased 13% to \$759,963 for the nine months ended July 31, 2016, compared to \$951,614 for the nine months ended July 31, 2015, a decrease of \$191,651. The decrease in sales is attributable to decrease in the volume of virtual tour video produced due to pricing pressures offset by a modest increase in the licensing of the Nestbuilder Agent 2.0 marketing agent product.

***Operating Expenses***

Our operating expenses, which include technology and development, salaries and benefits, selling and promotion and general and administrative expenses decreased to \$856,198 for the nine months ended July 31, 2016, compared to \$4,335,549 for the nine months ended July 31, 2015, a decrease of \$3,479,351 or approximately 80%. This decrease was substantially due to a reduction in amortization expense of \$1,548,974, salaries and benefits of \$300,404, selling expenses of \$234,218, technology and development fees of \$403,239 and general and administrative expenses of \$992,515.

	<b>Three Months Ended July 31,</b>		<b>Nine Months Ended July 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Technology and development	\$ 1,244	94,359	\$47,551	\$450,790
Salaries and benefits	117,494	155,958	480,359	780,763
Selling and promotions expense	2,673	25,167	7,636	241,854
Amortization	-	522,015	-	1,548,974
General and administrative	116,378	255,889	320,652	1,313,168
Total operating expenses	\$237,789	\$1,053,388	\$856,198	\$4,335,549

For the nine months ended July 31, 2016 as compared to July 31, 2015 the decrease in general and administrative expenses was primarily due to a decrease in consulting expense of \$574,326, a decrease of investor relations expense of \$355,981, a decrease of travel expense of \$54,686 and a decrease in occupancy expense of \$44,681.

For the three and nine months ended July 31, 2016 and 2015, general and administrative expenses consisted of the following:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>July 31, 2016</b>	<b>2015</b>	<b>July 31, 2016</b>	<b>2015</b>
Professional and legal fees	\$67,839	\$36,279	\$146,034	\$111,518
Web hosting	33,022	64,141	98,762	91,533
Broker commissions	-	-	21,600	-
Depreciation expense	6,097	6,769	18,339	18,953
Consulting expense	-	98,000	10,099	584,425
Occupancy expense	-	2,210	-	44,681
Telephone expense	1,081	2,780	2,267	12,391
Travel expense	3,104	4,469	6,888	61,574
Investor relations	-	53,111	4,750	360,732
Other	5,235	(11,870 )	11,913	27,361
	\$116,378	\$255,889	\$320,652	\$1,313,168

***Other Income (Expenses)***

We had other expense of \$319,833 in the nine months ended July 31, 2016 as compared to other expenses of \$752,689 for the nine months ended July 31, 2015, for a decrease in expenses of \$432,856 in the 2016 period. This decrease was substantially due to the increase in gain on change in fair value of derivatives of \$628,762 in the nine months ended July 31, 2016 as compared to the 2015 period, which amount was offset by increase in loss on extinguishment of convertible debt and accounts payable of \$470,727 in the 2016 period as compared to a gain on settlement of accounts payable of \$109,925 in the 2015 period. Interest expense, which includes amortization of debt discount amounted to \$487,318 and \$414,733 for 2016 and 2015, respectively

***Net Loss***

We had a net loss of \$416,069 for the nine months ended July 31, 2016, compared to a net loss of \$4,136,624 for the nine months ended July 31, 2015, a decrease of \$3,720,555. The decrease in net loss from 2015 to 2016 was substantially due to a decrease in amortization expense of \$1,548,974, in technology and development expense of \$403,239, in salaries and benefits of \$300,404, and in general and administrative expenses of \$992,515.

***Assets and Employees; Research and Development***

We do not currently anticipate purchasing any equipment or other assets in the near term, however, as we expand operations, we will need additional equipment and employees to create and market our products.

***Liquidity and Capital Resources; Anticipated Financing Needs***

At July 31, 2016, the Company had \$136,594 of cash and a working capital deficit of \$1,539,893 as compared to cash of \$307,774 and a working capital deficit of \$1,152,191 as of October 31, 2015.

Net cash used in operating activities was \$241,117 for the nine months ended July 31, 2016 resulting primarily from our net loss attributable to common shareholders of \$416,069, a gain on extinguishment of convertible debt and accounts payable of \$407,727, an increase in restricted cash of \$27,977, a decrease in accounts payable and accrued expenses of \$113,542 and a decrease in deferred revenue of \$26,494 which amounts were offset by amortization and depreciation of \$18,339, amortization of debt discount of \$286,771, stock based consulting fees of \$32,000, decrease in accounts receivable of \$2,474 and a decrease in amounts due from former officer of \$37,500. This is compared to net cash used in operating activities of \$1,272,758 in the nine months ended July 31, 2015 resulting primarily from the

net loss attributable to RealBiz Media Group, Inc. of \$3,987,330 offset by non-cash items totaling \$2,296,599, including items such as depreciation of \$18,953, amortization expense of \$1,548,973, loss on change in the fair value of derivative liability of \$352,626, shares issued for services rendered of \$581,914, and share-based compensation of \$3,855.

Investing activities in the nine months ended July 31, 2016 totaled \$110,063 as compared to \$120,546 of cash used in investment activities for the nine months ended July 31, 2015 related primarily to software development costs.

We have financed our operations since inception primarily through proceeds from equity financings and revenue derived from operations. During the nine months ended July 31, 2016, we had \$180,000 of net cash provided by financing activities which consisted of \$680,000 in proceeds from the sale of 13,600,000 shares of our common stock and related warrants which amount was offset by payments of \$500,000 on convertible notes. During the nine months ended July 31, 2015, we raised \$1,730,000 from issuance of convertible promissory notes, short term advances and from the sale of common stock and warrants. Our continued operations will primarily depend on our ability to raise additional capital from various sources including equity and debt financings, as well as our revenue derived from operations. We can give no assurances that any additional capital that we are able to obtain will be sufficient to meet our needs or will be on favorable terms. Based on our current plans, we believe that our cash provided from the above sources may not be sufficient to enable us to meet our planned operating needs for the next 12 months.

We have based our estimate on assumptions that may prove to be wrong. We may need to obtain additional funds sooner or in greater amounts than we currently anticipate. Potential sources of financing include strategic relationships, public or private sales of our shares or debt and other sources. We may seek to access the public or private equity markets when conditions are favorable due to our long-term capital requirements. We do not have any committed sources of financing at this time, and it is uncertain whether additional funding will be available when we need it on terms that will be acceptable to us, or at all. If we raise funds by selling additional shares of common stock or other securities convertible into common stock, the ownership interest of our existing stockholders will be diluted. If we are not able to obtain financing when needed, we may be unable to carry out our business plan. As a result, we may have to significantly limit our operations and our business, financial condition and results of operations would be materially harmed.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We do not hold any derivative instruments and do not engage in any hedging activities.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the ‘Exchange Act’). Disclosure controls and procedures include, without limitation, controls and other procedures that are designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, because of the Company's limited resources and limited number of employees, management concluded that our disclosure controls and procedures were ineffective as of July 31, 2016.

Management has identified control deficiencies regarding the lack of segregation of duties and the need for a stronger internal control environment. Management of the Company believes that these material weaknesses are due to the small size of the Company's accounting staff. The small size of the Company's accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation.

To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of external legal and accounting professionals. As we grow, we expect to increase our number of employees, which should enable us to implement adequate segregation of duties within the internal control framework.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to our consolidated financial statements may not be prevented or detected on a timely basis. In light of this material weakness, we performed additional analyses and procedures in order to conclude that our consolidated financial statements for the quarter ended July 31, 2016, included in this Quarterly Report on

Form 10-Q were fairly stated in accordance with US GAAP. Accordingly, management believes that despite our material weaknesses, our consolidated unaudited financial statements for the quarter ended July 31, 2016 are fairly stated, in all material respects, in accordance with US GAAP.

### **Limitations on Effectiveness of Controls and Procedures**

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include, but are not limited to, the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II – OTHER INFORMATION**

### **Item 1. Legal Proceedings**

On May 11, 2016, we filed a lawsuit in the United States District Court for the Southern District of Florida against Monaker Group, Inc. seeking collection of the balance owed to us, in the amount of \$1,287,517, for advances on operating expenses and various debt obligation conversions to and from Monaker Group, Inc.

In addition to the matter presented above, in the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

### **Item 1A. Risk Factors.**

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information required by this item.

### **Item 2. Unregistered Sales of Equity Securities**

Effective June 1, 2016, we issued 421,500 shares of our common stock valued at \$42,150 as payment for accrued interest on certain convertible promissory notes as requested by the note holders in accordance with contractual terms at \$0.10 per share. We did not receive any proceeds for the issuance of these shares. The issuance of the shares of common stock above were exempt from registration pursuant to Rule 506 of Regulation D and Section 4(a)(2) under the Securities Act of 1933, as amended. The recipients of these shares represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions.

### **Item 3. Defaults Upon Senior Securities**

There were no defaults upon senior securities during the quarter ended July 31, 2016.

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

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**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 10-12b filed with the Securities and Exchange Commission on June 20, 2008, File No. 001-34106)
3.2	Amendment to Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.2 of the Registrant's Form 10-12b filed with the Securities and Exchange Commission on June 20, 2008, File No. 001-34106)
3.3	Bylaws (Incorporated by reference to Exhibit 3.3 of the Registrant's Form 10-12b filed with the Securities and Exchange Commission on June 20, 2008, File No. 001-34106)
3.4	Certificate of Ownership (Incorporated by reference to Exhibit 3.1 of the Registrant's Form 8-K filed with the Securities and Exchange Commission on October 15, 2012, File No. 001-34106)
3.5	Certificate of Designations for Series A Convertible Preferred Stock (Incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)
3.6	Amendment to the Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.6 of the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 13, 2015, File No. 001-34106)
3.7	Amendment to the Certificate of Designations for Series A Preferred Stock (Incorporated by reference to Exhibit 3.7 of the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 13, 2015, File No. 001-34106)
3.8	Certificate of Designations for Series B Preferred Stock (Incorporated by reference to Exhibit 3.8 of the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 13, 2015 File No. 001-34106)
3.9	Certificate of Designations of Series C Preferred Stock (Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 8, 2015, File No. 001-34106)
3.10	Certificate of Designations for Next 1 Series B Convertible Preferred Stock (Incorporated by reference to Exhibit 4.1 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)
3.11	Certificate of Designations for Next 1 Series C Convertible Preferred Stock (Incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)

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- 3.12 Certificate of Designations for Next 1 Series D Convertible Preferred Stock(Incorporated by reference to Exhibit 4.3 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)
- 4.1 Certificate of Designations for Next 1 Series B Convertible Preferred Stock (Incorporated by reference to Exhibit 4.1 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)
- 4.2 Certificate of Designations for Next 1 Series C Convertible Preferred Stock (Incorporated by reference to Exhibit 4.2 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)
- 4.3 Certificate of Designations for Next 1 Series D Convertible Preferred Stock(Incorporated by reference to Exhibit 4.3 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on September 23, 2013, File No. 001-34106)
- 4.4 Note Amendment between Next 1 and Mark A. Wilton, as countersigned by Realbiz Media Group, Inc. dated February 24, 2014 (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 27, 2014, File No. 001-34106)

4.5 Warrant issued by Realbiz Media Group, Inc. to Mark A. Wilton (Incorporated by reference to Exhibit 4.2 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 27, 2014, File No. 001-34106)

4.6 Convertible Note for Himmil Investments, Ltd., dated October 20, 2014 (Incorporated by reference to Exhibit 4.6 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.7 Warrant for Himmil Investments, Ltd., dated October 20, 2014 (Incorporated by reference to Exhibit 4.7 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.8 Registration Rights Agreement, dated October 20, 2014 (Incorporated by reference to Exhibit 4.8 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.9 Form of Convertible Note for Himmil Investments, Ltd. (Incorporated by reference to Exhibit 4.9 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.10 Form of Warrant for Himmil Investments, Ltd. (Incorporated by reference to Exhibit 4.10 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.11 Form of Registration Rights Agreement (Incorporated by reference to Exhibit 4.11 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.12 Form of Amendment No. 1 to Convertible Note (Incorporated by reference to Exhibit 4.12 of the Registrant's Registration Statement on Form S-1, filed with the Securities and Exchange Commission on May 13, 2015, File No. 333-2014146)

4.13 Form of 12% + 12% Convertible Promissory Note (Incorporated by reference to Exhibit 4.3 of the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on March 17, 2015, File No. 001-34106)

4.14 2015 Stock Incentive Plan (Incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-8, filed with the Securities and Exchange Commission on August 7, 2015, File No. 333-2016216)

4.15 Form of Warrant (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 3, 2015, File No. 001-34106)

31.1 Certification of Chief Executive Officer \*\*

31.2 Certification of Chief Financial Officer \*\*

32.1 Certification of Chief Executive Officer and Chief Financial Officer\*\*

101.INS XBRL Instance Document\*\*

101.CALXBRL Taxonomy Extension Calculation Linkbase Document\*\*

101.DEF XBRL Taxonomy Extension Definition Linkbase Document\*\*

101.LABXBRL Taxonomy Extension Label Linkbase Document\*\*

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document\*\*

101.SCH XBRL Taxonomy Extension Schema Document\*\*

\*\*Furnished herewith.

**SIGNATURES**

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

<b>Name</b>	<b>Title</b>	<b>Date</b>
/s/ Alex Aliksanyan Alex Aliksanyan	Chairman and Chief Executive Officer (Principal Executive Officer)	September 14, 2016
/s/ Thomas M. Grbelja Thomas M. Grbelja	Chief Financial Officer (Principal Financial Officer)	September 14, 2016