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PCS EDVENTURES COM INC
Form 10QSB
February 17, 2006

United States Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 2005

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

For the transition period from _____ to _____

Commission File No. 000-49990

PCS EDVENTURES!.COM, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

IDAHO

82-0475383

(State or Other Jurisdiction of
incorporation or organization)

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

345 Bobwhite Court, Suite #200
Boise, Idaho 83706

(Address of Principal Executive Offices)

Issuer's Telephone Number: (208) 343-3110

Check whether the Registrant (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such
shorter period that the Registrant was required to file such reports), and (2)
has been subject to such filing requirements for the past 90 days. Yes
No

Indicate by check mark whether the registrant 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

Not applicable.

Check whether the Registrant filed all documents and reports required to be
filed by Section 12, 13 or 15(d) of the Exchange Act after 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 Registrant's classes
of common stock, as of the latest practicable date:

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29,389,294

January 31, 2006

Transitional Small Business Disclosure Format (Check One): Yes X No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements of the Registrant required to be filed with this 10-QSB Quarterly Report were prepared by management, and commence on the following page, together with Related Notes. In the opinion of management, the Financial Statements fairly present the financial condition of the Registrant.

PCS EDVENTURES!.COM, INC.

AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005 and March 31, 2005

PCS EDVENTURES!.COM, INC.

AND SUBSIDIARY

Consolidated Balance Sheets

ASSETS

	December 31, 2005	March 31, 2005
	-----	-----
	(Unaudited)	
CURRENT ASSETS		
Cash	\$ 63,310	\$ 16,752
Restricted cash	1,155	-
Accounts receivable	539,005	130,569
Inventory	39,666	8,304
Deferred costs	382	110,367
Prepaid expenses	18,422	14,826
Other assets	10,931	-
	-----	-----
Total Current Assets	672,871	280,818
	-----	-----
FIXED ASSETS (NET)	17,713	11,917
	-----	-----
INTELLECTUAL PROPERTY (NET)	18,593	-
	-----	-----
EDUCATIONAL SOFTWARE (NET)	142,097	-
	-----	-----

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GOODWILL	349,580	-
	-----	-----
OTHER ASSETS		
Deposits	6,175	6,225
	-----	-----
Total Other Assets	6,175	6,225
	-----	-----
TOTAL ASSETS	\$ 1,207,029	\$ 298,960
	=====	=====

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	December 31, 2005	March 31, 2005
	-----	-----
	(Unaudited)	
CURRENT LIABILITIES		
Bank overdraft	\$ 9,217	\$ -
Accounts payable	414,324	183,068
Stock payable	289,001	-
Accrued compensation	44,016	40,537
Payroll taxes payable	33,999	87,669
Deposits payable	4,286	-
Accrued interest	63,035	75,044
Accrued expenses	63,867	59,079
Unearned revenue	310,184	269,571
Loan payable	47,766	-
Notes payable - related parties	116,690	117,054
Notes payable	235,263	205,465
	-----	-----
Total Current Liabilities	1,631,648	1,037,487
	-----	-----
Total Liabilities	1,631,648	1,037,487
	-----	-----
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock, no par value, authorized 10,000,000 shares, 15,246 shares issued and outstanding	56,372	56,372
Common stock, no par value, authorized 50,000,000 shares; 30,540,212 and 27,355,451 shares issued and outstanding, respectively	24,767,129	23,868,669
Variable deferred consulting fees	-	(1,000)
Accumulated other comprehensive loss	210	-
Accumulated deficit	(25,248,330)	(24,662,568)
	-----	-----
Total Stockholders' Equity (Deficit)	(424,619)	(738,527)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 1,207,029	\$ 298,960
	=====	=====

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2005	2004	2005	2004
REVENUE				
Lab Revenue	\$ 224,338	\$ 213,936	\$ 1,876,712	\$ 837,648
License Revenue	59,209	36,057	150,691	123,132
Subscription Revenue	1,091	4,168	3,644	11,218
	284,638	254,161	2,031,047	971,998
COST OF GOODS SOLD/ COST OF SALES				
	354,858	113,888	1,214,150	368,521
	(70,220)	140,273	816,897	603,477
OPERATING EXPENSES				
Salaries and wages	205,324	162,241	510,132	430,108
Depreciation expense	6,788	275	9,169	367
Common stock and stock options issued for consulting expense	-	(3,509)	-	483,921
General and administrative	299,680	170,928	855,720	511,388
Other operating expenses	333	-	-	-
	512,125	329,935	1,375,021	1,425,784
OPERATING INCOME (LOSS)	(582,345)	(189,662)	(558,124)	(822,307)
OTHER INCOME AND EXPENSES				
Gain on settlement of debt	-	-	-	43,990
Interest income	11	15	-	987
Interest expense	(12,220)	(16,047)	(47,087)	(56,497)
Other income	4,957	3,517	19,449	16,086
Other expense	-	(1,788)	-	(3,783)
	(7,252)	(14,303)	(27,638)	783
INCOME (LOSS) BEFORE INCOME TAXES	(589,597)	(203,965)	(585,762)	(821,524)
INCOME TAX EXPENSE	-	-	-	-
NET INCOME (LOSS)	(589,597)	(203,965)	(585,762)	(821,524)
Foreign currency translation	210	-	210	-

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COMPREHENSIVE NET				
INCOME (LOSS)	\$ (589,387)	\$ (203,965)	\$ (585,552)	\$ (821,524)

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)

(Continued)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2005	2004	2005	2004
BASIC INCOME (LOSS) PER SHARE	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.03)
WEIGHTED AVERAGE NUMBER OF BASIC SHARES OUTSTANDING	27,226,279	25,745,125	27,277,971	18,640,974

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

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance, March 31, 2004	24,230,874	\$ 23,023,323	82,850	\$120,473
Common stock issued for services at \$0.17 per share	30,000	5,100	-	-
Stock offering costs	-	(5,100)	-	-
Common stock issued for services at \$0.17 per share	240,000	40,800	-	-
Stock offering costs	-	(40,800)	-	-
Value of options issued to employees below market value	-	3,000	-	-
Value of options issued to consultants below market value	-	507,877	-	-
Common stock issued for				

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conversion of debt and interest at \$0.20 per share	376,165	75,232	-	-
Common stock issued for cash at \$0.10 per share for option exercise	750,000	75,000	-	-
Intrinsic value of employee options issued below market value	-	5,000	-	-
Common stock issued for related party note payable reduction at \$0.07 per share	250,000	17,500	-	-
Fair value of options issued to consultant	-	696	-	-
Common stock issued for conversion of preferred stock at \$0.20 per share	338,020	67,603	(67,604)	(67,603)
Options issued to directors for accrued director fees	-	9,241	-	-
Balance forward	26,215,059	\$23,784,472	15,246	\$ 52,870

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance forward	26,215,059	\$23,784,472	15,246	\$ 52,870
Contributed capital for accrued director fee	-	50,759	-	-
Pro-rata cumulative non-cash preferred stock dividend	-	-	-	3,502
Amortization of prepaid expense	-	-	-	-
Amortization and revaluation of consulting expense	-	(92,102)	-	-
Stock issued for marketing services at \$0.09 per share 250,000		22,500	-	-
Stock issued for legal services at \$0.09 per share 500,000		45,000	-	-

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Stock issued for accounts payable at \$0.15 per share	45,833	6,875	-	-
Stock issued for note payable to related party at \$0.06 per share	344,559	20,674	-	-
Amortization of prepaid expense	-	-	-	-
Fair value of options issued to consultant	-	491	-	-
Options issued to directors for accrued director fees	-	28,416	-	-
Contributed capital for accrued director fees	-	1,584	-	-
Net loss, March 31, 2005	-	-	-	-
Balance, March 31, 2005	27,355,451	\$ 23,868,669	15,246	\$ 56,372

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Shares		Preferred Shares	
	Shares	Amount	Shares	Amount
Balance, March 31, 2005	27,355,451	\$ 23,868,669	15,246	\$ 56,372
Options issued to directors for accrued director fees (unaudited)	-	15,000	-	-
Treasury stock issued for legal services (unaudited)	-	21,250	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	15,000	2,400	-	-
Stock issued for cash for \$0.20 per share (unaudited)	35,000	7,000	-	-
Stock issued for public relations services for \$0.095/share (unaudited)	90,972	8,649	-	-
Stock issued for the exercise of options for \$0.13 per share (unaudited)	205,211	26,645	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	654,706	112,485	-	-

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Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	12,815	2,178	-	-
Stock issued for cash for \$0.17 per share (unaudited)	33,430	5,683	-	-
Amortization and revaluation of consulting expense (unaudited)	-	(7,667)	-	-
Value of options issued to employees below market value (unaudited)	-	2,825	-	-
Stock issued for services at \$0.705 per share (unaudited)	20,000	14,100	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	60,900	10,353	-	-
Stock issued for the exercise of options for \$0.15 per share (unaudited)	5,000	750	-	-
Stock issued for marketing services @ \$0.12 per share (unaudited)	25,208	3,025	-	-
Value of stock issued for marketing services below market value (unaudited)	-	1,008	-	-
Stock issued for the exercise of options for \$0.10 per share (unaudited)	4,500	450	-	-
Stock issued for the exercise of options for \$0.31 per share (unaudited)	344	107	-	-
Value of options issued to employee below market value (unaudited)	-	7,000	-	-
Stock issued for services at \$0.70 per share (unaudited)	100,000	70,000	-	-
Stock issued for the reduction of interest and principal for a note payable for a related party (unaudited)	100,000	16,000	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	75,000	12,000	-	-

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Stock issued for the exercise of options for \$0.16 per share (unaudited)	50,000	8,000	-	-
Stock issued for the exercise of options at weighted average of \$0.0885 per share (unaudited)	555,435	49,145	-	-
Stock issued for interest payments at \$0.20 per share (unaudited)	53,746	10,749	-	-
Stock issued for the exercise of options for \$0.07 per share (unaudited)	214,285	15,000	-	-
Stock issued for the exercise of options for \$0.10 per share (unaudited)	15,000	1,500	-	-
Options issued to directors for accrued director fees (unaudited)	-	22,500	-	-
Stock issued for purchase of LabMentors (unaudited)	700,000	420,000	-	-
Stock issued to Officer for compensation at \$0.74 per share (unaudited)	6,756	5,000	-	-
Stock issued for royalty payments at \$0.155 per share (unaudited)	31,453	4,875	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	35,000	5,600	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	10,000	1,600	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	75,000	12,000	-	-
Options issued to directors for accrued director fees (unaudited)	-	11,250	-	-
Net income, December 31, 2005 (unaudited)	-	-	-	-
Foreign currency adjustment (unaudited)	-	-	-	-
	-----	-----	-----	-----
Balance, December 31, 2005				

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(unaudited)	30,540,212	\$24,767,129	15,246	\$	56,372
	=====	=====	=====	=====	=====

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
	-----	-----	-----
Balance, March 31, 2004	\$(67,292)	\$ -	\$(23,720,434)
Common stock issued for services at \$0.17 per share	-	-	-
Stock offering costs	-	-	-
Common stock issued for services at \$0.17 per share	-	-	-
Stock offering costs	-	-	-
Value of options issued to employees below market value	-	-	-
Value of options issued to consultants below market value	-	(507,877)	-
Common stock issued for conversion of debt and interest at \$0.20 per share	-	-	-
Common stock issued for cash at \$0.10 per share for option exercise	-	-	-
Value of employee options issued below market value	-	-	-
Common stock issued for related party note payable reduction at \$0.07 per share	-	-	-
Fair value of options issued to consultant	-	-	-
Common stock issued for conversion of preferred stock at \$0.20 per share	-	-	-
Options issued to directors for accrued director fees	-	-	-
Contributed capital for accrued director fees	-	-	-
	-----	-----	-----

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Balance forward	\$ (67,292)	\$ (507,877)	\$ (23,720,434)
	-----	-----	-----

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
	-----	-----	-----
Balance forward	\$ (67,292)	\$ (507,877)	\$ (23,720,434)
Pro-rata cumulative non-cash preferred stock dividend	-	-	(3,502)
Amortization of prepaid expense	67,292	-	-
Amortization and revaluation of consulting expense	-	506,877	-
Stock issued for marketing services at \$0.09 per share	(22,500)	-	-
Stock issued for legal services at \$0.09 per share	(45,000)	-	-
Stock issued for accounts payable at \$0.15 per share	-	-	-
Stock issued for note payable to related party at \$0.06 per share	-	-	-
Amortization of prepaid expense	67,500	-	-
Fair value of options issued to consultant	-	-	-
Options issued to directors for accrued director fees	-	-	-
Contributed capital for accrued director fees	-	-	-
Net loss, March 31, 2005	-	-	(938,632)
	-----	-----	-----
Balance, March 31, 2005	\$ -	\$ (1,000)	\$ (24,662,568)
	-----	-----	-----

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Expenses Prepaid with Common Stock	Variable Deferred Consulting	Accumulated Deficit
--	---------------------------------------	------------------------------------	------------------------

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	-----	-----	-----
Balance, March 31, 2005	\$ -	\$ (1,000)	\$(24,662,568)
Options issued to directors for accrued director fees (unaudited)	-	-	-
Treasury stock issued for legal services (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Stock issued for cash for \$0.20 per share (unaudited)	-	-	-
Stock issued for public relations services for \$0.095/share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.13 per share (unaudited)	-	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	-	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	-	-	-
Stock issued for cash for \$0.17 per share (unaudited)	-	-	-
Amortization and revaluation of consulting expense (unaudited)	-	1,000	-
Value of options issued to employees below market value (unaudited)	-	-	-
Stock issued for services at \$0.705 per share (unaudited)	-	-	-
Stock issued for conversion of debt and interest at \$0.17 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.15 per share (unaudited)	-	-	-
Stock issued for marketing services @ \$0.12 per share (unaudited)	-	-	-
Value of stock issued for marketing services below market value (unaudited)	-	-	-

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Stock issued for the exercise of options for \$0.10 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.31 per share (unaudited)	-	-	-
Value of options issued to employee below market value (unaudited)	-	-	-
Stock issued for services at \$0.70 per share (unaudited)	-	-	-
Stock issued for the reduction of interest and principal for a note payable for a related party (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Stock issued for the exercise of options at weighted average of \$0.0885 per share (unaudited)	-	-	-
Stock issued for interest payments at \$0.20 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.07 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.10 per share (unaudited)	-	-	-
Options issued to directors for accrued director fees (unaudited)	-	-	-
Stock issued for purchase of LabMentors (unaudited)	-	-	-
Stock issued to Officer for compensation at \$0.74 per share (unaudited)	-	-	-
Stock issued for royalty payments at \$0.155 per share (unaudited)	-	-	-

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Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Stock issued for the exercise of options for \$0.16 per share (unaudited)	-	-	-
Options issued to directors for accrued director fees (unaudited)	-	-	-
Net income, December 31, 2005 (unaudited)	-	-	(585,762)
Foreign currency adjustment (unaudited)	-	-	210
Balance, December 31, 2005 (unaudited)	-	\$ -	\$ (25,248,120)

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Cash Flows
(Unaudited)

For the
Nine Months Ended
December 31,

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (585,762)	\$ (821,524)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation	9,169	367
Gain on extinguishment	-	(43,990)
Stock/Stock options issued for consulting services	96,782	411,629
Stock options issued for board compensation	48,750	3,000
Stock options issued for compensation	19,700	5,000
Stock issued for legal services	35,000	-
Gain on return of common stock	(13,750)	-
Amortization of expenses prepaid with common stock	(6,667)	101,042
Changes in operating assets and liabilities:		
(Increase) Decrease in accounts receivable	(389,303)	299,522
(Increase) in inventory	(26,366)	(112,102)
Decrease in deferred costs	105,040	-
Increase (decrease) in accounts payable and accrued		

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liabilities	404,475	(48,741)
Increase in interest payable	38,393	-
Increase in unearned revenue	40,614	137,030
Decrease in other assets	(16,449)	5,405
	-----	-----
Net Cash Provided (Used) by Operating Activities	(240,374)	(63,362)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash receipt on notes receivable	-	50,000
Purchase of fixed assets	(5,465)	(5,500)
	-----	-----
Net Cash Provided by (Used) Investing Activities	(5,465)	44,500
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments to related parties	-	(10,654)
Principal payments on notes payable	(13,807)	(96,171)
Cash proceeds from notes payable	151,104	-
Proceeds from common stock	147,880	75,000
Cash from acquisition	63	-
Increase in bank overdraft	7,157	-
	-----	-----
Net Cash Provided (Used) by Financing Activities	292,397	(31,825)
	-----	-----
NET INCREASE (DECREASE) IN CASH	46,558	(50,687)
	-----	-----
CASH AT BEGINNING OF PERIOD	16,752	113,820
	-----	-----
CASH AT END OF PERIOD	\$ 63,310	\$ 63,133
	=====	=====

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Consolidated Statements of Cash Flows (Continued)
(Unaudited)

For the
Nine Months Ended
December 31,

NON-CASH INVESTING AND FINANCING ACTIVITIES:

	2005	2004
	-----	-----
Issuance of stock for payment on notes payable and interest	\$ 141,017	\$ 75,232
Common stock issued for related party debt	\$ -	\$ 38,174
Stock options issued for accrued director fees	\$ -	\$ 90,000
Common stock issued for stock offering costs	\$ -	\$ 45,900
Common stock issued for accounts payable	\$ 10,749	\$ 6,875
Stock options issued for consulting services	\$ 1,000	\$ 411,629
Stock options issued for employee and board compensation	\$ 48,750	\$ 3,000
Issuance of stock for acquisition	\$ 420,000	\$ -
Common stock issued for marketing	\$ 8	\$ -

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Cash Paid For:

Interest	\$	38,393	\$	19,490
Income taxes	\$	-	\$	-

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

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PCS EDVENTURES!.COM, INC.
AND SUBSIDIARY
Notes to the Consolidated Financial Statements
December 31 and March 31, 2005

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The condensed consolidated financial statements include the results of PCS Edventures!.com, Inc. and its subsidiaries. The subsidiaries include PCS School, Inc. and PCS LabMentors, LTD., which the Company acquired in 1994 and November 30, 2005, respectively. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed consolidated financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements and presented on an unaudited basis. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed consolidated financial statements be read in conjunction with the Company's most recent audited financial statements and notes thereto included in its March 31, 2005 Annual Report on Form 10-KSB, which is on file with the SEC, and the Company's current 8-K on file relating to the acquisition of PCS LabMentors dated December 9, 2005.

The financial statements previously presented are on a consolidated basis and include post-acquisition numbers of PCS LabMentors, LTD., which includes December 1, 2005 through December 31, 2005. The pre-acquisition net income(loss) and balance sheet accounts are not included herein.

The operating results for the three and nine month periods ended December 31, 2005 and 2004 are not necessarily indicative of the results that may be expected for the year ending March 31, 2006.

NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern that contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other material assets, nor does it have an established source of revenues sufficient to cover its operating costs. Additionally, the Company has accumulated significant losses, has negative working capital, and a deficit in stockholders' equity. All of these items raise substantial doubt about its ability to continue as a going concern. Management's plans with respect to alleviating the adverse financial conditions that caused shareholders to express substantial doubt about the Company's ability to

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continue as a going concern are as follows:

During the fiscal year ending March 2005, the Company opened discussions with several target companies for possible merger and acquisition activities. The Company has also entered into several strategic alliances with K'NEX, Science Demo, and GibsonTechEd for further product development and enhancement. The Company has also strengthened its international position by naming agents and installing Learning Labs in Egypt, Dubai, and Saudi Arabia. To date, the Company has continued to develop marketplace strategy for the US market, as well as the international market. Further, the Company is still pursuing merger and acquisition candidates and looking at different marketing strategies to realign products.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the preceding paragraph and eventually attain profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - DILUTIVE INSTRUMENTS

a. Stock Options

We account for stock-based employee compensation in accordance with Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees," and SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure an amendment of Financial Accounting Standards Board Statement No. 123." All of which requires the Company to provide pro forma information regarding net income (loss) and net income (loss) per share as if compensation costs for the Company's stock option plans and other stock awards had been determined in accordance with the fair value based method prescribed in SFAS No. 148. Had this method been in place for the Company, it would have resulted in additional expense of \$9,825 and \$10,291 for the nine months ended December 31, 2005 and 2004, respectively.

The Company would also like to note that the SEC issued SFAS 123(R), "Share-Based Payment." This new SFAS establishes how companies should account for transactions wherein the company issues equity instruments in exchange for services and/or goods. This is not a reporting requirement for the Company due to its small business filing status.

The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model with the following weighted average assumptions used for grants, respectively: dividend yield of zero percent for all years; expected volatility of 100% to 538% percent for all years; risk-free interest rates of 1% to 6%, and expected lives of 1 to 10 years.

	For the Nine Months Ended December 31,	
	2005	2004
Net income (loss):		
As reported	\$ (585,195)	\$ (625,551)
Pro Forma	(863,467)	(747,918)
Net income (loss) per share:		
As reported	\$ (0.02)	\$ (0.02)
Pro Forma	(0.03)	(0.03)

The pro forma amounts presented above may not be indicative of the expected results for the fiscal year ending March 31, 2006.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Notes to the Consolidated Financial Statements
December 31 and March 31, 2005

NOTE 3 - DILUTIVE INSTRUMENTS (Continued)

a. Stock Options (Continued)

A summary of the status of the Company's outstanding stock options as of December 31, 2005 is presented below:

	Shares	Weighted Average Exercise Price
	-----	-----
Outstanding, March 31, 2005	12,704,890	\$0.19
Granted	515,789	\$0.49
Expired/Cancelled	(7,010,951)	\$0.21
Exercised	(2,145,490)	\$0.11
	-----	-----
Outstanding, December 31, 2005	4,064,238	\$0.23
	=====	=====
Exercisable, December 31, 2005	2,938,238	\$0.19
	=====	=====

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY
Notes to the Consolidated Financial Statements
December 31 and March 31, 2005

NOTE 4 - SUBSEQUENT EVENTS

On November 18 2005, the Company signed a Letter of Intent (LOI) for a stock purchase by the investment company known as Barron Partners, LP. Barron conducted due diligence and after a thorough analysis, continued with its investment in the Company. The investment is structured as stated in the Company's recent 8-K filed with the SEC on January 1, 2006. All details are outlined therein and any potential investee is encouraged to review such document.

In addition, one of PCS' Board Members has exercised stock options after the quarter close. The total number of shares purchased through exercising stock options is 25,000 with an exercise price of \$0.16 cents per share. The total amount received by PCS for these transactions was \$4,000, which was applied to a note payable principle and interest due to the Board Member.

NOTE 5 - BUSINESS COMBINATIONS

On November 30, 2005, the Company entered into a Stock Purchase Agreement with 511092 N.B. LTD. dba LabMentors, a Canadian Company, wherein the Company acquired all of the issued and outstanding shares of common stock of LabMentors. Since the acquisition the name has been legally changed to PCS

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LabMentors, LTD. (LabMentors). The effective date was November 30, 2005 and as such the results of LabMentors operations are included in our consolidated financial information from December 1, 2005 forward. LabMentors virtual on-line labs are utilized by all sectors of education and business communities, particularly at the university level for educational curriculum. LabMentors will continue to operate as a Canadian company and based in Fredericton, New Brunswick. We will be renaming the LabMentors brand as "PCS LabMentors", since the company will be a wholly owned subsidiary of PCS.

The acquisition provides opportunities for expansion into the college market, as well as synergies to complement the educational whole learning lab solutions currently undertaken by the Company. We expect the acquisition to continue the growth of PCS into the educational markets. The products provided by LabMentors compliment the current Edventures! lab provided by PCS as well as incorporates new products into the product mix.

The aggregate purchase price was \$420,000, which consisted of 700,000 shares of PCS stock. There was no cash exchange for the acquisition. The purchase price was allocated to the assets and liabilities, as well as future earning potential with the Company's marketing staff, acquired by the Company. The fair value of the assets and liabilities of LabMentors as of the close of the acquisition is as follows:

ASSETS

CURRENT ASSETS

Accounts receivable	\$ 18,947
Other receivable	4,449
Restricted cash	1,152

Total Current Assets	24,548

FIXED ASSETS (NET) 4,308

EDUCATIONAL SOFTWARE (NET) 146,835

INTELLECTUAL PROPERTY (NET) 19,347

TOTAL ASSETS \$ 195,038
=====

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Bank overdraft	\$ 1,996
Accounts payable	44,451
Deposits payable	4,273
Payroll payable	13,803
Other current liabilities	12,460
Notes payable	47,632

Total Current Liabilities	124,615

Total Liabilities 124,615

COMMITMENTS AND CONTINGENCIES (Note 6)

STOCKHOLDERS' EQUITY (DEFICIT)

Common stock, no par value,
authorized unlimited shares;

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32,073,961 shares issued and outstanding	495,781
Accumulated other comprehensive loss	(36,648)
Accumulated deficit	(388,713)

Total Stockholders' Equity (Deficit)	70,420

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 195,035
	=====

Pro forma financials of PCS as if LabMentors was acquired March 31, 2005 and September 30, 2005, as well as the financial statements for LabMentors as of September 30, 2005, are available in the Form 8K/A filed on February 15, 2006.

	Periods Ended	
	Sept. 30,	May 31,
	2005	2005
	-----	-----
Revenues	\$1,801,655	\$ 1,593,519
Net loss	\$ (107,660)	\$(1,098,093)
Net loss per share*	\$ (0.00)	\$ (0.04)

Note that the pro forma results of operations are not necessarily indicative of what the actual results of operations of the Company would have been had the acquisition occurred at the beginning of fiscal year 2006, nor are they indicative of future results of operations of the Company.

The purchase of goodwill is normally deductible for tax purposes. However, since the acquisition was completed through the exchange of stock, goodwill is not deductible for such purposes.

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Item 2. Management's Discussion and Analysis or Plan of Operation.

Overview.

The Company is engaged in the business of developing and marketing educational learning labs bundled with related technologies and programs. Our products and technologies are targeted and marketed to the public and private schools classroom for grades pre-kindergarten through twelfth grade, after school market, and home market. Our products and technologies are delivered to the each of these markets through an inventory of hardware, software, books (both developed in-house and outside), and Internet access. Our technologies and products are delivered to the home user through Internet access via a subscription based website. Our products and technologies allow students ages 3-18 to explore the basic foundations of mechanical engineering, structures in architecture, robotics, math, and science.

We have developed several innovative technology based educational programs. Our "Academy of Engineering," "Academy of Science," "Academy of Robotics," "Edventures! Lab," and "Discover! Lab" products are site-license installations for classrooms and learning programs. Our "PCS BrickLab!" and "Young Learner Building Box" products are also for classrooms and learning programs, but are not licensed. Our "Edventures! Online" product is our comprehensive Internet delivered educational experience that supports our Edventures! Labs and our Discover! Labs site licenses and also serves as a stand-alone home usage

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program. Our "Edventures! Online" program is delivered to the home user over the Internet on a monthly subscription basis. Separately, and in combination, these products present a platform for delivering educational services and support to classrooms, learning centers, and home users, and create a virtual community of learners and parents on the web. It is our business strategy that as this online community grows, it will become an education portal through which additional PCS programs and services can be marketed and delivered.

The results of operations discussed herein are on a consolidated basis and include post-acquisition numbers of PCS LabMentors, LTD., which includes December 1, 2005 through December 31, 2005.

Foreign Currency Exchange Rate Risk.

The Company sells many products throughout the international market, as well as having operations in Canada as a result of the acquisition of LabMentors. AS a result, our statement of cash flows and operating results could be affected by changes in foreign currency exchange rates or weak economies of foreign countries. Working capital necessary to continue operating our foreign subsidiary are held in local, Canadian currency, with additional funds utilized through the parent company being held in U.S. dollars. Any gains or losses from the foreign currency translation are presented in our statements of operations. The recently acquired subsidiary is not a significant component of our business and as such the risk associated therewith is minimal.

Results of Operations.

Three months ended December 31, 2005, compared to three months ended December 31, 2004.

Revenues for the three-month period ended December 31, 2005, increased to \$284,638 or by \$30,477 (12.0%) as compared to \$254,161 for the three-month period ended December 31, 2004. This increase is due to increased sales and marketing efforts throughout the country, as well as increased international sales. In addition, the new subsidiary has contributed to the slight increase.

Cost of goods sold for the three-month period ended December 31, 2005, increased by \$240,970 (211.6%) to \$354,858 as compared to \$113,888 for the three-month period ended December 31, 2004. This increase is due to an increase in sales, as well as an increase in shipping costs. Included in the cost of goods sold figure is Sales Commissions, which have also increased due to the increase in sales and accrual of royalty payments for our distribution rights on the Academy of Science product line.

Operating expenses for the three-month period ended December 31, 2005, increased by \$182,190 (55.2%) to \$512,125 as compared to \$329,935 for the three-month period ended December 31, 2004. This increase is primarily due the Company experiencing an increase in legal and accounting expenses due to the due diligence associated with acquisition activity. In addition, the Company hired additional development personnel and had other increases from the acquisition of LabMentors.

Interest expenses for the three-month period ended December 31, 2005, decreased by \$3,838 (-23.9%) to \$12,209 as compared to \$16,047 for the

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three-month, period ended December 31, 2004. This decrease was due to partial repayment of short term borrowing, and partially offset by the increase in interest rates.

Nine months ended December 31, 2005, compared to nine months ended December 31, 2004.

Revenues for the nine-month period ended December 31, 2005, increased to \$2,031,047 or by \$1,059,049 (109.0%) as compared to \$971,998 for the nine-month period ended December 31, 2004. This increase is due to increased sales and marketing efforts throughout the country, as well as increased international sales. The largest increase in sales occurred in our second quarter when several large lab orders were delivered.

Cost of goods sold for the nine-month period ended December 31, 2005, increased by \$827,629 (214.1%) to \$1,214,150 as compared to \$386,521 for the nine-month period ended December 31, 2004. This increase is due to an increase in sales, as well as an increase in shipping costs. Included in the Cost of goods sold figure is Sales Commissions, which have also increased due to the increase in sales and accrual of royalty payments for our distribution rights on the Academy of Science product line.

Operating expenses for the nine-month period ended December 31, 2005, decreased by \$50,762 (-3.6%) to \$1,375,022 as compared to \$1,425,784 for the nine-month period ended December 31, 2004. This decrease is primarily due the non-recurring expense we booked during last year's period for non-cash consulting expense of \$322,442. The decrease in consulting expenses booked were offset by increased legal and accounting expenses due to the due diligence associated with acquisition activity, as well as the hiring of additional personnel.

Interest expenses for the nine-month period ended December 31, 2005, decreased \$9,410 (-16.7%) to \$47,087 as compared to \$56,497 for the nine-month period ended December 31, 2004. This decrease is due to our efforts during the first quarter to convert debt to equity.

Liquidity and Capital Resources.

We had a consolidated cash balance of \$54,093 at December 31, 2005. Management believes that the cash received from delivered sales orders, continued limited offerings of our common stock, and the subsequent events noted in NOTE 4 above will be sufficient to meet our operating expenses for the foreseeable future.

Item 3. Controls and Procedures.

As of the end of the period covered by this Quarterly Report, we carried out an evaluation, under the supervision and with the participation of our President and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our President and Chief Financial Officer concluded that our disclosure controls and procedures are effectively designed to ensure that information required to be disclosed or filed by us is recorded, processed or summarized, within the time periods specified in the rules and regulations of the Securities and Exchange Commission. It should be noted that the design of any system of controls 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, regardless of how remote. In addition, we reviewed our internal controls over financial reporting, and

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there have been no changes in our internal controls or in other factors in the last fiscal quarter that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Sales of Unregistered Securities During the Last Quarter.

Description	Common Shares	Amount	Preferred Shares	Amount
Suzanne Haislip	50,000	8,000		
Cecil Andrus	555,435	49,145		
Robert Fyfe	928	(1)		
Leonard & Sonia Coote	2,640	(1)		
Steve Womack	2,229	(1)		
Hazen & Josephine Sandwick	1,724	(1)		
John Ariko, Jr.	2,568	(1)		
Ronald Scheeler	1,468	(1)		
Sina Leatha	2,218	(1)		
Brown Living Trust	2,768	(1)		
Mary Kalcic	2,091	(1)		
Armand LaSorsa	3,249	(1)		
Nelson Wooster	1,967	(1)		
Kathleen Cullinan	1,091	(1)		
Kenneth Klauer	2,182	(1)		
Harris Family Living Trust	4,224	(1)		
Diane Stump	299	(1)		
Mark Boland	1,969	(1)		
Flint Family Trust	1,366	(1)		
Paul Kuehn	808	(1)		
Ralph Long	2,684	(1)		
Allen Reuben	1,468	(1)		
Charles Bradley	4,364	(1)		
Dave & Sue Kimball	1,724	(1)		
David Levosky	1,899	(1)		
Fred & Debbie Harper	3,249	(1)		
Verl A. Jensen	2,569	(1)		
Donald J. Farley	214,285	15,000		
Joe & Sarah Egusquiza	15,000	1,500		
Zvi Ludmer	6,915	(2)		
Roy A. Ludmer	6,246	(2)		
Mid-Atlantic Training, Inc.	7,584	(2)		
Gregory Shiffner	6,692	(2)		
Martin and Helen Tarlow	1,785	(2)		
Nimrod Arad	2,231	(2)		
David and Sarah Chase	35,000	5,600		
William & Laura Baran	10,000	1,600		
Robert Grover	75,000	12,000		

(1) These shares were issued for interest at a weighted average of \$0.0885 per share.

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(2) These shares were issued for royalties at \$0.155 per share.

We issued these securities to persons who were either "accredited investors," or "sophisticated investors" who, by reason of education, business acumen, experience or other factors, were fully capable of evaluating the risks and merits of an investment in our Company; and each had prior access to all material information about us. We believe that the offer and sale of these securities was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Sections 4(2) and 4(6) thereof, and Rule 506 of Regulation D of the Securities and Exchange Commission and from various similar state exemptions, and with respect to the foreign investors, pursuant to Regulation S of the Securities and Exchange Commission.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

None; not applicable.

Item 5. Other Information.

None; not applicable.

Item 6. Exhibits.

Exhibits.

31.1 302 Certification of Anthony A. Maher

31.2 302 Certification of Christina M. Vaughn

32 906 Certifications

SB-2 Registration Statement Filed with an Effective Date
of May 11, 2001*

* Incorporated by Reference.

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.

PCS EDVENTURES.COM, INC.

Date: 2/13/2006

By: /s/Anthony A. Maher

Anthony A. Maher
Chief Executive Officer, President and
Chairman of the Board of Directors

Date: 2/14/2006

By: /s/Christina M. Vaughn

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Christina M. Vaughn
Chief Financial Officer

Date: 2/17/2006

By: /s/Donald J. Farley

Donald J. Farley
Secretary and Director

Date: 2/17/2006

By: /s/Cecil D. Andrus

Cecil D. Andrus
Director

Date: 2/16/2006

By: /s/Michael K. McMurray

Michael K. McMurray
Director