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NEXT 1 INTERACTIVE, INC.

FORM 10-Q
(Quarterly Report)

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

FORM 10-Q

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

For the quarterly period ended: **November 30, 2014**

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

For the transition period from ____________ to ________________

Commission File No. **000-52669**

NEXT 1 INTERACTIVE, INC.
(Exact name of registrant as specified in its charter)

Nevada	**26-3509845**
(State or other jurisdiction of incorporation or formation)	(I.R.S. Employer Identification Number)

2690 Weston Road, Suite 200
Weston, FL 33331
(Address of principal executive offices)

(954) 888-9779
(Registrant's telephone number)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company:

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

As of January 15, 2015, there were 21,108,347 shares outstanding of the registrant's common stock

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Next 1 Interactive, Inc. and Subsidiaries
Consolidated Balance Sheets

	November 30, 2014 (Unaudited)	February 28, 2014
Assets		
Current Assets		
Cash	$ 15,789	$ 117,818
Accounts receivable, net of allowance for doubtful accounts	87,808	61,635
Stock subscription receivable	-	48,380
Prepaid expenses and other current assets	116,554	101,691
Security deposits	16,506	26,662
Total current assets	236,657	356,186
Property and equipment, net	41,912	55,385
Website development costs and intangible assets, net	3,640,936	4,081,327
Total assets	$ 3,919,505	$ 4,492,898
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable and accrued expenses	$ 3,415,706	$ 2,768,831
Other current liabilities	88,561	56,103
Derivative liabilities - convertible promissory notes	547,757	1,355,613
Convertible promissory notes, net of discount of $141,245 and $70,401, respectively	6,897,141	7,379,985
Convertible promissory notes - related party, net of discount of $-0- and $-0-, respectively	1,025,000	650,000
Other advances	68,000	68,000
Other notes payable	145,000	145,000
Shareholder loans	399,600	379,000
Notes payable	1,094,072	1,103,450
Total current liabilities	13,680,837	13,905,982
Convertible promissory notes - long term portion, net of discount of $-0- and $-0-, respectively	150,000	-
Total liabilities	13,830,837	13,905,982
Stockholders' Deficit		
Series A Preferred stock, $.01 par value; 3,000,000 authorized; and 2,216,014 shares issued and outstanding at November 30, 2014 and February 28, 2014	22,160	22,160
Series B Preferred stock, $.00001 par value; 3,000,000 authorized; 257,200 and 285,900 shares issued and outstanding at November 30, 2014 and February 28, 2014, respectively	3	3
Series C Preferred stock, $.00001 par value; 3,000,000 authorized; 153,400 and 42,000 shares issued and outstanding at November 30, 2014 and February 28, 2014, respectively	2	-
Series D Preferred stock, $.00001 par value; 3,000,000 authorized; 860,900 and 860,520 shares issued and outstanding at November 30, 2014 and February 28, 2014, respectively	9	9
Subscription advances	147,500	-
Common stock, $.00001 par value; 500,000,000 shares authorized; 20,558,347 shares issued and outstanding at November 30, 2014 and 17,579,280 shares issued and outstanding at February 28, 2014, respectively	206	176
Additional paid-in-capital	72,240,600	73,877,065
Stock subscription receivable	(5,000)	(5,000)
	72,405,480	73,894,413
Accumulated other comprehensive income	121,892	119,235
Accumulated deficit	(90,707,268)	(87,625,076)
Total Next 1 Interactive, Inc. stockholders' deficit	(18,179,896)	(13,611,428)
Noncontrolling interest	8,268,564	4,198,344
Total stockholders' deficit	(9,911,332)	(9,413,084)
Total liabilities and stockholders' deficit	$ 3,919,505	$ 4,492,898

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

Next 1 Interactive, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

	For the three months ended November 30, 2014	For the three months ended November 30, 2013	For the nine months ended November 30, 2014	For the nine months ended November 30, 2013
Revenues				
Travel and commission revenues	$ 89,394	$ 91,263	$ 295,680	$ 413,256
Real estate media revenue	314,556	299,956	859,572	857,255
Total revenues	403,950	391,219	1,155,252	1,270,511
Cost of revenues	282,461	74,530	742,567	360,391
Gross profit	121,489	316,689	412,685	910,120
Operating expenses				
Salaries and benefits	565,393	489,603	1,816,027	1,710,404
Selling and promotions expense	78,686	100,789	272,714	226,105
Impairment of ReachFactor intangible assets	125,000	-	125,000	-
General and administrative	1,193,508	2,778,735	3,245,955	4,780,750
Total operating expenses	1,962,587	3,369,127	5,459,696	6,717,259
Operating loss	(1,841,098)	(3,052,438)	(5,047,011)	(5,807,139)
Other income (expense)				
Interest expense	(382,241)	(170,338)	(915,091)	(509,525)
Loss on settlement of debt	-	(3,285,541)	-	(3,319,446)
Warrant modification expense	(17,202)	-	(17,202)	-
Initial derivative liability expense	(234,303)	-	(234,303)	-
Gain (loss) on legal settlement	-	(31,691)	-	38,287
Gain (loss) on change in fair value of derivatives	(21,168)	(4,884,803)	1,122,399	(8,608,398)
Other income (expense)	4,379	(19,748)	170,463	(18,677)
Total other income (expense)	(650,535)	(8,392,121)	126,266	(12,417,759)
Net loss	(2,491,633)	(11,444,559)	(4,920,745)	(18,224,898)
Net loss attributable to the noncontrolling interest	1,035,482	932,774	1,841,135	1,199,931
Net loss attributable to Next 1 Interactive, Inc.	$ (1,456,151)	$ (10,511,785)	$ (3,079,610)	$ (17,024,967)
Preferred Stock Dividend	-	(1,277)	(2,582)	(15,433)
Net loss attributable to Common Shareholders	$ (1,456,151)	$ (10,513,062)	$ (3,082,192)	$ (17,040,400)
Weighted average number of shares outstanding	20,558,347	14,034,678	20,292,680	13,675,633
Basic and diluted net loss per share	$ (0.07)	$ (0.75)	$ (0.15)	$ (1.25)
Comprehensive loss:				
Unrealized loss on foreign currency translation adjustment	(979)	(34,943)	(2,657)	(54,517)
Comprehensive loss	$ (1,457,130)	$ (10,548,005)	$ (3,084,849)	$ (17,094,917)

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

Next 1 Interactive, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	For the nine months ended November 30, 2014	For the nine months ended November 30, 2013
Cash flows from operating activities:		
Net loss attributable to Next 1 Interactive, Inc.	$ (3,079,610)	$ (17,024,967)
Adjustments to reconcile net loss to net cash from operating activities:		
Noncontrolling interest in loss of consolidated subsidiaries	(1,841,135)	(1,199,931)
Impairment of intangible assets	125,000	-
Warrant modification expense	17,202	-
Initial derivative liability expense	234,303	-
Loss on settlement of debt	-	3,319,446
Gain on legal settlement	-	(38,287)
Bad debt expense	-	76,823
Amortization and depreciation	1,524,731	1,070,916
Amortization of discount on notes payable	445,401	26,804
Stock based compensation and consulting fees	516,503	1,600,578
Directors fees	200,000	-
(Gain) loss on change in fair value of derivatives	(1,122,399)	8,608,398
Changes in operating assets and liabilities:		
Increase in accounts receivable	(26,173)	(61,629)
(Increase) decrease in prepaid expenses and other current assets	(14,863)	9,694
Decrease (increase) in security deposits	10,156	(341)
Increase in accounts payable and accrued expenses	645,747	36,216
Increase (decrease) in other current liabilities	29,456	(45,931)
Net cash used in operating activities	(2,335,681)	(3,622,211)
Cash flows from investing activities:		
Payments related to website development costs	(584,597)	(539,800)
Payments for computer equipment	(2,515)	(43,777)
Retirement of Series D shares	-	(6,002)
Advances related to notes receivable	-	(20,000)
Proceeds received related to notes receivable	-	20,000
Net cash used in investing activities	(587,112)	(589,579)
Cash flows from financing activities:		
Proceeds from convertible promissory notes	470,000	-
Payments on convertible promissory notes	-	(70,500)
Proceeds from other notes payable	-	90,000
Principal payments of other notes payable	(37,829)	(120,000)
Principal payments of settlement agreements	-	(64,167)
Proceeds from shareholder loans	20,600	55,000
Proceeds from sundry notes payable	-	35,000
Principal payments on sundry notes payable	-	(96,677)
Proceeds from issuance of series B preferred shares	200,000	-
Proceeds from issuance of series C preferred shares	547,000	-
Proceeds from issuance of series D preferred shares	-	1,151,000
Proceeds from collection of stock subscription receivable	48,380	105,000
Proceeds from exercise of common stock warrants	157,680	60,000
Proceeds received in advance for common stock subscriptions	247,500	13,500
Proceeds from issuance of common stock and warrants	1,164,776	3,926,000
Net cash provided by financing activities	2,818,107	5,084,156
Effect of exchange rate changes on cash	2,657	54,517
Net (decrease) increase in cash	(102,029)	926,883
Cash at beginning of period	117,818	36,351

Cash at end of period	$ 15,789	$ 963,234

	For the nine months ended November 30,	
	2014	2013
Supplemental disclosure:		
Cash paid for interest	$ 180,298	$ 282,677
Supplemental disclosure of non-cash investing and financing activity:		
Next 1 Interactive, Inc.:		
Series A shares converted to Series C shares:		
Value of preferred stock	$ -	$ 150,000
Shares issued	-	150,000
Shares/Warrants issued for conversion of debt to equity:		
Common stock:		
Value	$ 7,000	$ 6,335
Shares	700,000	618,000
Series D Preferred:		
Value	$ -	$ 28,067
Shares	-	5,613
Warrants	-	50,000
Preferred stock converted into RealBiz Media Group, Inc. common stock:		
Series B Preferred:		
Value	$ 343,500	$ 542,750
Shares	68,700	108,550
Series C Preferred:		
Value of preferred stock	$ 180,000	$ 150,000
Shares issued	36,000	30,000
Series D Preferred:		
Value	$ 198,100	$ 2,884,370
Shares	39,620	576,695
Previously subscribed shares now issued:		
Series D Preferred:		
Value of preferred stock	$ -	$ 100,000
Shares issued	-	20,000
Convertible promissory note assignments - net of $1,549 of payments	$ 28,451	$ -
Convertible promissory notes converted into RealBiz Media Group, Inc. common stock		
Value	$ 155,000	$ 56,431
Shares	3,100,000	37,500
Embedded beneficial conversion feature in convertible promissory notes	375,000	-
Increase in investment in RBIZ Ser A Preferred shares based upon the "top up" provision in the certificate of designation:		
Value	$ 5,196,720	$ -
Shares	28,983,600	$ -
Reduction in investment in RBIZ Ser A Preferred shares for issuances of RBIZ shares issued for conversion of Next 1 Preferred Stock and Debt:		
Value	$ 1,287,082	$ -
Shares	53,198,347	-

RealBiz Media Group, Inc.:		
Purchase of Reachfactor Intangible Assets		
Value	$ 600,000	$ -
Shares	4,000,000	-
Promissory notes converted into common stock:		
Value	$ 220,000	$ -
Shares	1,466,666	-
Reduction of Series A Preferred shares for conversion of Next 1 Interactive, Inc.'s Preferred Shares and Debt:		
Value	$ 1,287,082	$ -
Shares	53,198,347	-
Costs associated with convertible promissory notes:		
Initial derivative liability expense	$ 234,303	$ -
Loan origination fees	$ 55,000	$ -

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

Note 1 - Summary of Business Operations and Significant Accounting Policies

Nature of Operations and Business Organization

Next 1 Interactive, Inc. ("Next 1" or the "Company") is a media based company focusing directly on the travel segment and indirectly through our 43% ownership interest in RealBiz Media Group, Inc. a publicly traded real estate media company ("RealBiz"), on the real estate segment. The Company's and RealBiz's mission has been to both create and acquire travel and real estate video content that can be delivered on any screen (Television, web and mobile), all with interactive advertising and transactional shopping components that engage and enable viewers to request information, make purchases and get an in-depth look at products and services all through their device of choice.

Next 1 is a multi-faceted interactive media company whose key focus is around what the Company believes to be two of the most universal, yet powerful consumer-passion categories - real estate and travel. The Company is engaged in the business of providing digital media and marketing services for the travel industry and, indirectly through RealBiz, for the real estate industry. The Company plans to deliver targeted content via digital platforms including satellite, cable, broadcast, Broadband, Web, Print and Mobile. The Company currently generate revenue from commissions from (i) traditional sales of our travel products as well as advertising revenue from preferred suppliers and sponsors and referral fees; (ii) travel media services which include video monthly sponsorship packages, pre-roll advertising, commissions and referral fees; and (iii) revenue derived from the real estate operations of RealBiz. The Company has three divisions: (x) Maupintour Extraordinary Vacations, which is one of the oldest luxury tour operators in the United States; (y) NextTrip.com/Voyage.tv a video and media website with thousands of hours of travel footage and (z) TripProfessionals.com, a trip professional membership program which is an at home agency program allowing the consumer to customize and book travel while earning commissions. In addition, RealBiz generates revenue from advertising revenues, real estate broker commissions and referral fees. RealBiz is engaged in the business of providing real estate professional's technology and marketing service solutions that allow them to list and sell more properties. We currently generate revenue from several areas of our technology platforms and services including but not limited to advertising revenues, consulting services, monthly recurring enterprise production contracts and yearly subscriptions. Realbiz has positioned itself in the following eight areas summarized here and explained in more detail below:

1. **Nestbuilder Agent:** Agent to Agent Interaction-From an industry perspective we believe that our developed website will be revolutionary because it includes an agent only platform that is designed to allow for agent to agent interaction, and includes an "App Store" for relevant video content, community events, discount coupons, industry news and agent share programs. This site will completely empower the real estate agent with content and assets that they can use to pursue prospects and generate leads at a fraction of the cost they are currently paying. This agent only site will also interact with our Microvideo App (MVA) platform.

2. **Ezflix Mobile App** : The Ezflix app is the only 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 even portals such as NestBuilder – giving agents a way to personalize their listing videos with entertaining local relevant content. This application, both Web and Mobile, will be complete in 2015 when we 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.

3. **The Virtual Tour (VT) and MicroVideo App (MVA):** was 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. This solution gives those franchises and brokers a much needed tool to lower their cost of prospect acquisition. Currently, the strategy is to migrate our current client base of VT users to MVA's and combine the total core offering into our EzFlix Mobile and Web based application in 2015 .

4. **NestBuilder:** The world's largest real estate video portal with over 1 million listings and rapidly growing to over 2 million. Unlike other leaders in the space that agents are seeking legitimate alternatives to, NestBuilder focuses on building agent's brands and delivering high-quality leads. They achieve this by offering fully customizable webpages that will follow their homebuyer throughout the home search, ultimately turning NestBuilder.com into each agent's very own national portal.

5. **NestBuilder Mobile Search App** : The app is currently in private testing and will be available to the public by the end of the year. The app's core competency allows consumers to enter in their agent's name, and effectively turn the NestBuilder app into the agent's very own application where their branding follows the consumer along their home search journey, everywhere they go.

6. **ReachFactor:** A recently acquired full-marketing agency that specializes in real estate. ReachFactor offers a variety of solutions to agents and brokers such as web design, digital ad campaigns, blogging, social media management, reputation management, search engine optimization and much more.

7. **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 franchisors websites, brokers and agents and lead generation platforms 24/7. Some of these multiyear contracts have the company producing over 10 million video listings from 2012-2014 and will be eclipsing that production in 2015 alone. This core area significantly contributes to the company's growth not only in this core service but continues to allow us access to national databases and directly agents and brokers to allow the company access to upgrades and upsell other core products and services .

8. **Home and Away Club:** RealBiz excels at beginning and closing the agent-buyer relationship, but the reality of real estate is

that the average homebuyer looks for a new home once every 5 years. That's why RealBiz has created the Home and Away Club so they can offer agents a means to stay in contact once the house is sold with a rewards program. With the Home and Away club, they can earn dollars for completing actions and can receive greatly discounted gifts to give to their happy clients.

Note 1 - Summary of Business Operations and Significant Accounting Policies

Interim Financial Statements

These unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, the consolidated financial statements do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and such adjustments are of a normal recurring nature. These consolidated financial statements should be read in conjunction with the financial statements for the fiscal year ended February 28, 2014 and notes thereto and other pertinent information contained in our Form 10-K the Company has filed with the Securities and Exchange Commission (the "SEC").

The results of operations for the three and nine months ended November 30, 2014 are not necessarily indicative of the results to be expected for the full fiscal year ending February 28, 2015.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material inter-company transactions and accounts have been eliminated in consolidation.

The Company owns an 85% interest in RealBiz Holdings, Inc. and a 43% interest in RealBiz Media Group, Inc. ("RealBiz"). These entities' accounts are consolidated in the accompanying financial statements because the Company has control over operating and financial policies through board members common to both public entities. All inter-company balances and transactions have been eliminated. The 57% non-controlling interest in RealBiz is represented by 1,009,762 shares of RealBiz Series A Preferred Stock with an annual dividend rate of 10% and 85,799,012 shares of RealBiz common stock issued and outstanding as of November 30, 2014.

Note 1 - Summary of Business Operations and Significant Accounting Policies (continued)

Noncontrolling Interests

The Company accounts for its less than 100% interest in consolidated subsidiaries in accordance with ASC Topic 810, Consolidation, and accordingly the Company presents noncontrolling interests as a component of equity on its consolidated balance sheets and reports noncontrolling interest net loss under the heading "Net loss attributable to noncontrolling interest in consolidated subsidiary" in the consolidated statements of operations.

Use of Estimates

The Company's significant estimates include allowance for doubtful accounts, valuation of intangible assets, stock based compensation, accrued expenses and derivative liabilities. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. While the Company believes that such estimates are fair when considered in conjunction with the consolidated financial statements taken as a whole, the actual amounts of such estimates, when known, will vary from these estimates. If actual results significantly differ from the Company's estimates, the Company's financial condition and results of operations could be materially impacted.

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. The Company had no cash equivalents at November 30, 2014 and February 28, 2014.

Accounts Receivable

The Company extends credit to its customers in the normal course of business. Further, 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.

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. The Company incurred depreciation expense of $16,072 and $-0- for the nine months ended November 30, 2014 and 2013 respectively.

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. For the nine months ended November 30, 2014 and 2013, the Company did not impair any 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. The Company placed into service in June 2013 two websites, Maupintour.com and Nexttrip.com. Additionally, the Company placed into service in March 2014 the Nestbuilder website. All costs associated with theses websites are subject to straight-line amortization over a three-year period. For the nine months ended November 30, 2014, the Company has capitalized $524,487 of costs associated with website development including $90,480 associated with a web portal that has not been placed into service.

Note 1 - Summary of Business Operations and Significant Accounting Policies (continued)

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 "ASC 985-20-25" Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed, 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 greater of (a) the ratio of current gross revenues to the total current and anticipated future gross revenues, or (b) the straight-line method over the remaining estimated economic life of the product. For the nine months ended November 30, 2014, the Company has capitalized $60,110 of costs associated with the development of a mobile app that has not been placed into service.

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 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 asset 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 flows, the Company records an impairment charge. The Company measures any impairment 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. The Company recorded an impairment charge on its intangible assets of $125,000 and $-0- during the nine months ended November 30, 2014 and 2013, respectively (See note 4). Intellectual properties that have finite useful lives are amortized over their useful lives. The Company incurred amortization expense of $1,499,988 and $1,070,916 for the nine months ended November 30, 2014 and 2013, respectively.

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.

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 use 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.

Note 1 - Summary of Business Operations and Significant Accounting Policies (continued)

Derivative Instruments (continued)

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.

Earnings per Share

Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net income 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 not presented because it is anti-dilutive.

The Company's common stock equivalents include the following:

	November 30, 2014
Series A convertible preferred stock issued and outstanding	221,601,400
Series B convertible preferred stock issued and outstanding	257,200
Series C convertible preferred stock issued and outstanding	3,268,000
Series D convertible preferred stock issued and outstanding	17,338,000
Warrants to purchase common stock issued, outstanding and exercisable	16,413,252
Stock options issued, outstanding and exercisable	4,050
Shares on convertible promissory notes	56,172,931
	315,054,833

Revenue recognition

Travel

Gross travel tour revenues represent the total retail value of transactions booked for both agency and merchant transactions recorded at the time of booking, reflecting the total price due for travel by travelers, including taxes, fees and other charges, and are generally reduced for cancellations and refunds. The Company also generates revenue from paid cruise ship bookings in the form of commissions. Commission revenue is recognized at the date the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Media

Through our subsidiary, RealBiz, marketing and promotional services are provided 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. Collection of one-time set up fees and annual services fees give rise to recognized monthly revenue in the then-current month as well as deferred revenue liabilities representing the collected fee for services yet to be delivered.

Under these policies, no revenue is recognized unless persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collection is deemed reasonably assured. The Company considers an insertion order signed by the client or its agency to be evidence of an arrangement.

Note 1 - Summary of Business Operations and Significant Accounting Policies (continued)

Cost of Revenues

Cost of revenues, for the travel segment, includes costs directly attributable to services sold and delivered. These costs include such items as amounts paid for airlines, hotels, excursions, sales commissions to business partners, industry conferences and public relations costs. Cost of revenues, for the media segment, include such items as credit card fees, sales commission to business partners, expenses related to our participation in industry conferences, and public relations expenses.

Sales and Promotion

Sales and marketing expenses consist primarily of advertising and promotional expenses, salary expenses associated with sales and marketing staff, expenses related to our participation in industry conferences, and public relations expenses. The goal of our advertising is to acquire new subscribers for our e-mail products, increase the traffic to our web sites, and increase brand awareness.

Advertising Expense

Advertising costs are charged to expense as incurred and are included in selling and promotions expense in the accompanying consolidated financial statements. Advertising expense for the nine months ended November 30, 2014 and 2013, was $272,714 and $226,105, respectively.

Share Based Compensation

The Company computes share based payments to employees 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. Equity instruments issued to non-employees for goods or services are accounted for at fair value and marked to market until service is complete or a performance commitment date is reached, whichever is earlier, in accordance with ASC 505-50.

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.

Warrant Modifications

The Company treats a modification of the terms or conditions of an equity award in accordance with ASC Topic 718-20-35-3 by treating the modification as an exchange of the original award for a new award. In substance, the entity repurchases the original instrument by issuing a new instrument of equal or greater value, incurring additional compensation cost for any incremental value. Incremental compensation cost shall be measured as the excess, if any, of the fair value of the modified award determined in accordance with the provisions of this Topic over the fair value of the original award immediately before its terms are modified, measured based on the share price and other pertinent factors at that date

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 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 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.

Note 1 - Summary of Business Operations and Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The Company has adopted the provisions of ASC Topic 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs). The hierarchy consists of three levels:

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, 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. See Note 14 for fair value measurements.

Foreign Currency and Other Comprehensive Income (Loss)

The functional currency of our foreign subsidiaries is the applicable local currency, the Canadian dollar. 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. The Company recognized a net foreign exchange loss of $6,863 and a gain of $4,417 for the nine months ended November 30, 2014 and 2013 respectively. The foreign currency exchange gains and losses are included as a component of other (income) expense, net, in the accompanying Consolidated Statements of Operations. For the nine months ended November 30, 2014 and 2013 the unrealized loss on foreign currency translation adjustment was $2,657 and $54,517 respectively.

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

- As of November 30, 2014 - Canadian dollar $0.87560 to US $1.00
- For the nine months ended November 30, 2014 - Canadian dollar $0.91258 to US $1.00

Recent Accounting Pronouncements

There are no recently adopted accounting pronouncements or recent accounting pronouncements not yet adopted that will have a material impact on the Company's consolidated financial statements.

Note 2 - Going Concern

As reflected in the accompanying consolidated financial statements, the Company had an accumulated deficit of $90,707,268, a working capital deficit of $13,444,180 at November 30, 2014, a net loss for the nine months ended November 30, 2014 of $4,920,745 and cash used in operations during the nine months ended November 30, 2014 of $2,335,681. While the Company is attempting to increase sales, the growth has yet to achieve significant levels to fully support its daily operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with regard to this going concern are as follows: The Company will continue to raise funds with third parties by way of a public or private offering. Management and members of the Board are working aggressively to increase the viewership of our products by promoting it across other mediums which will increase value to advertisers and result in higher advertising rates and revenues.

While the Company believes in the viability of its strategy to improve sales volume and in its ability to raise additional funds, there can be no assurances to that effect. The Company's limited financial resources have prevented the Company from aggressively advertising its products and services to achieve consumer recognition. The ability of the Company to continue as a going concern is dependent on the Company's ability to further implement its business plan and generate greater revenues. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Management believes that the actions presently being taken to further implement its business plan and generate additional revenues provide the opportunity for the Company to continue as a going concern.

Note 3 – Property and Equipment

At November 30, 2014, the Company's property and equipment are as follows:

	October 31, 2014			
	Remaining Useful Life	Cost	Accumulated Depreciation	Net Carrying Value
Computer equipment - office	1.6 Years	$ 22,882	$ 12,589	$ 10,293
Computer equipment - Nestbuilder website	2.3 Years	42,149	10,530	31,619
		$ 65,031	$ 23,119	$ 41,912

During the nine months ended November 30, 2014, the Company recorded the purchase of $2,515 of computer equipment that was placed into service. Additionally, the Company placed into service $42,149 of computer equipment dedicated to the Nestbuilder website. All computer equipment is subject to depreciation using the straight line method over 3 year period. The Company has recorded $15,988 and $-0- of depreciation expense for the nine months ended November 30, 2014 and 2013, respectively. There was no asset impairment recorded for the nine months ended November 30, 2014 and 2013 **.**

Note 4 – Website Development Costs and Intangible Assets

The following table sets forth the intangible assets, both acquired and developed, including accumulated amortization:

	November 30, 2014			
	Remaining Useful Life	Cost	Accumulated Amortization	Net Carrying Value
Sales/Marketing agreement	1.3 years	$ 4,796,178	$ 2,946,267	$ 1,849,911
Website development costs	1.6 years	2,284,287	1,061,356	1,222,931
Website development costs (not placed in service)	3.0 years	170,480	-0-	170,480
Web platform/customer list - ReachFactor Acquisition	2.3 years	600,000	262,496	337,504
Software development	3.0 years	60,110	-0-	60,110
		$ 7,911,055	$ 4,270,119	$ 3,640,936

Note 4 – Website Development Costs and Intangible Assets (continued)

During the nine months ended November 30, 2014, the Company incurred expenditures of $434,007 for website development costs as a new development team was brought in to assess the quality of the Nestbuilder website. Upon their recommendation, significant changes, upgrades and modifications were recommended and have been ongoing since the post launch date of March 4, 2014. This is being done to ensure that the site works capably as the Company's "revenue driver". This capitalization falls with the scope of ASC 350-50-25-15 wherein costs of upgrades and enhancements should be capitalized as they will result in added functionality of the website.

During the nine months ended November 30, 2014, the Company incurred expenditures of $90,480 to develop a website portal to enhance access to travel related products. It is anticipated that this portal will be placed into service by the fourth quarter of the current fiscal year.

On May 24, 2014, our subsidiary RealBiz entered into an Asset Purchase Agreement with ReachFactor, Inc. (“ReachFactor”) and its two principals, Suresh Srinivasan and Arun Srinivasan pursuant to which the Company acquired substantially all of the assets of ReachFactor and the Company assumed certain liabilities of ReachFactor not to exceed $25,000 in consideration of RBIZ's issuance to ReachFactor of 2,000,000 shares of RBIZ's common stock. The acquisition of the assets is subject to an unwind at the option of Suresh Srinivasan and Arun Srinivasan if on or prior to the date that is nine months after the closing of the Asset Purchase Agreement, the Company terminates the employment of either of Suresh Srinivasan and/ or Arun Srinivasan (each referred to as an “Executive”) without cause or either Executive terminates his employment for good reason. In the event of an unwind, the assets revert back to ReachFactor and the 2,000,000 shares of stock revert back to RBIZ. The purpose for this acquisition was for RealBiz to obtain ReachFactor's intellectual property consisting of a web platform, along with ReachFactor's customer relationships and to facilitate the addition of ReachFactor's principals to the management of RealBiz.

The value of the common stock of RealBiz was based on the fair value of the stock at the closing date which was $0.15 per share and RBIZ capitalized $600,000 as intangible assets consisting of a web platform and a customer list, to be amortized over a three year period beginning June 1, 2014. The $600,000 included the capitalization of $300,000, related to the acquisition, representing the value of an additional 2,000,000 shares of RBIZ's common stock that were issued on the acquisition date to an escrow account and is considered as part of the purchase price consideration. These additional shares are to be released to Suresh Srinivasan and Arun Srinivasan at the rate of 500,000 shares every three months. The transaction represents an asset acquisition that is accounted for as a business combination under ASC 805. On September 18, 2014, the Company received Suresh Srinivasan’s written resignation as the Chief Operating Officer of the Company effective September 30, 2014 and the outstanding 750,000 shares of RealBiz common stock, held in escrow, were returned on December 5, 2014. The Company impaired the remaining un-amortized cost of $125,000 representing Suresh's interest in the ReachFactor intangible assets.

During the nine months ended November 30, 2014, the Company incurred expenditures of $60,110 for software development costs to develop a mobile app called "EZ FLIX" as a tool to assist users in converting still pictures to video. The Company capitalized internal software development costs subsequent to establishing technological feasibility of a software application in accordance with guidelines established by "ASC 985-20-25" Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed, 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 anticipated to be available in the fourth quarter of the current fiscal year. Capitalized costs are amortized based on the greater of (a) the ratio of current gross revenues to the total current and anticipated future gross revenues, or (b) the straight-line method over the remaining estimated economic life of the product.

Intangible assets are amortized on a straight-line basis over their expected useful lives, estimated to be 4 years, except for the website(s), which is 3 years. Amortization expense related to website development costs and intangible assets was $1,499,988 and $1,070,916, for nine months ended November 30, 2014 and 2013, respectively.

Note 5 – Accounts Payable and Accrued Expenses

As of November 30, 2014, accounts payable and accrued expenses consist of the following:

	11/30/14
Trade accounts payable	$ 1,681,843
Accrued interest	1,029,682
Deferred salary	472,875
Accrued expenses - other	231,306
	$ 3,415,706

Note 6 – Notes Payable

The following table sets forth the notes payable as of November 30, 2014:

	Principal 11/30/14
On September 6, 2011, the Company renegotiated the note, due to default, until February 1, 2013 for $785,000. Beginning on October 1, 2011, the Company was obligated to make payments of $50,000 due on the first day of each month. The first $185,000 in payments was to be in cash and the remaining $600,000 was to be made in cash or common stock. On February 15, 2012, the noteholder assigned $225,000 of its $785,000 outstanding promissory note to a non-related third party investor and the Company issued a new convertible promissory note for the same value.	$ 510,000
On August 16, 2004, the Company entered into a promissory note with an unrelated third party for $500,000. The note bears interest at 7% per year and matured in March 2011 and was payable in quarterly installments of $25,000.	137,942
In February 2009, the Company restructured note agreements with three existing noteholders. The collective balance at the time of the restructuring was $250,000 plus accrued interest payable of $158,000 which was consolidated into three new notes payable totaling $408,000. The notes bear interest at 10% per year and matured on May 31, 2010, at which time the total amount of principle and accrued interest was due. In connection with the restructure of these notes the Company issued 150,000 detachable 3 year warrants to purchase common stock at an exercise price of $3.00 per share. The warrant issuance was recorded as a discount and amortized monthly over the terms of the note. On July 30, 2010, the Company issued 535,000 shares of common stock to settle all of these note agreements except for $25,000.	25,000
In connection with the acquisition of Brands on Demand, a five year lease agreement was entered into by an officer of the Company. Subsequent to terminating the officer, the Company entered into an early termination agreement with the lessor in the amount of $30,000 secured by a promissory note to be paid in monthly installments of $2,500, beginning June 1, 2009 and matured June 1, 2010.	30,000
On December 5, 2011, the Company converted $252,833 of accounts payable and executed an 8% promissory note to same vendor. Commencing on December 5, 2011 and continuing on the 1st day of each calendar month thereafter, the Company shall pay $12,000 per month. All payments shall be applied first to payment in full of any costs incurred in the collection of any sum due under this note, including, without limitation, reasonable attorney's fee, then to payment in full of accrued and unpaid interest and finally to the reduction of the outstanding principal balance of the note.	221,130
	924,072
Interest charged to operations relating to the above notes was $35,431 and $23,572, respectively for the nine months ended November 30, 2014 and 2013. As of November 30, 2014, the Company has not made payments on the above obligations, accrued interest is $234,104 and the Company is in default of the above notes.	
Notes and advances attributable to consolidated subsidiary	
RealBiz, received $35,000 in proceeds on April 29, 2013 and signed a 19% promissory note with a maturity date of May 15, 2014. The Company is obligated to make twelve equal payments of $3,225 beginning June 15, 2013. As of November 30, 2014, this note has been completely satisfied.	-0-
RealBiz, received $50,000 in proceeds on September 13, 2013 from a non-related third party investor in a non-interest bearing advance. It is anticipated that this loan will be converted into either a debt or equity instrument. During the nine months ended November 30, 2014, the Company made no payments towards the outstanding principal balance of this note.	50,000
RealBiz, incurred consulting fees in the amount of $120,000 on April 15, 2013 and recorded as a non-interest bearing advance from a non-related third party investor. It is anticipated that this loan will be converted into either a debt or equity instrument. As of the date of this report its status has remained unchanged. During the nine months ended November 30, 2014, the Company made no payments towards the outstanding principal balance of this note.	120,000
	$ 1,094,072
Interest charged to operations relating to these notes was $298 and $2,677 respectively for the nine months ended November 30, 2014 and 2013.	

Note 7 – Other Notes Payable

The following table sets forth the other notes payable as of November 30, 2014:

	Principal 11/30/14
Related parties:	
On August 21, 2012, the Company received $50,000 in proceeds from a related-party investor and issued a bridge loan agreement with no maturity date. In lieu of interest, the Company issued 100,000 two (2) year warrants with an exercise price of $0.05 per share valued at $1,500 and charged this to operations. The fair value of the warrants was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 0.29%, dividend yield of -0-%, volatility factor of 384.11% and expected life of three months. On July 15, 2013, the Company received $90,000 from the same related-party investor and converted the remaining balance of $30,000 into a new convertible promissory note valued at $120,000. The new note bears interest at 12% per annum until the maturity date of December 15, 2014 of which the annual interest rate is 18% per annum. Until such time of repayment of principal and interest, the holder of the new note may convert, in whole or part, into Series A or Series B Preferred stock. The Company has made the following principal payments: $20,000 on August 15, 2013, $25,000 on October 1, 2013 and $25,000 on October 23, 2014, leaving a remaining principal balance of $50,000.	$ 50,000
On November 30, 2014, an unrelated entity where a Company officer/director is president, executed a note assignment with one of the Company's convertible promissory note holders in the amount of $30,000. For the nine months ended November 30, 2014, the Company made $30,000 of principal payments.	-0-
On January 23, 2014, the Company received $75,000 in proceeds from a related-party investor and issued a 6 % promissory note maturing on April 30, 2014. The Company issued 375,000 one (1) year warrants with an exercise price of $0.03 per share valued at $5,213 and charged this as interest expense to operations. The fair value of the warrants was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of 0.15%, dividend yield of -0-%, volatility factor of 354.79% and expected life of one (1) year. Two payments for $25k each were made in the month of October 2013, bring the remaining balance down to $25,000.	25,000
Non-related parties:	
The Company has an existing promissory note, dated July 23, 2010, with a shareholder in the amount of $100,000. The note is due and payable on July 23, 2012 and bears interest at a rate of 6% per annum. As consideration for the loan, the Company issued 200 warrants to the holder with a nine year life and a fair value of approximately $33,000 to purchase shares of the Company's common stock, $0.00001 par value, per share, at an exercise price of $500 per share. The fair value of the warrants were estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate of .984%, dividend yield of -0-%, volatility factor of 115.05% and an expected life of 1.5 years and has been fully amortized. On September 26, 2012, the noteholder assigned $30,000 of its principal to a non-related third party investor and the Company issued a convertible promissory note for same value.	70,000
	$ 145,000

Interest charged to operations relating to these notes was $10,068 and $12,843 respectively for the nine months ended November 30, 2014 and 2013. As of November 30, 2014, the Company has not made payments on the above obligations, accrued interest as of November 30, 2014 is $44,988 and the Company is in default of the above notes with the exception of $50,000.

Note 8 – Other Advances

Related Party

On April 13, 2011, the Company, as part of a shareholder loan conversion agreement, included $98,000 of related party advances and issued 1,407,016 shares of common stock and 2,814,032 three (3) year warrants with an exercise price $0.25 per share. On April 13, 2011, the Company converted $70,000 of related party advances into a convertible promissory note. This conversion was applied against a principal balance of $186,000 leaving a balance due of $18,000. The Company incurred no activity during the nine months ended November 30, 2014 and the remaining principal balance as of November 30, 2014 totaled $18,000.

Non Related Party

Prior to the fiscal year ended February 28, 2011, a non-related party made $50,000 in payments to a vendor on behalf of the Company. The Company incurred no activity during the nine months ended November 30, 2014 and the remaining principal balance as of November 30, 2014 totaled $50,000.

Note 9 – Shareholder Loans

During the nine months ended November 30, 2014, the Company received $20,600 in advances, made no conversions or payments and the remaining balance as of November 30, 2014 totaled $399,600.

Note 10 – Convertible Promissory Notes

The Company has convertible promissory notes with interest rates ranging from 6% to 12% per annum, maturity dates ranging from September 30, 2012 to October 19, 2016 and with a range of fixed and variable conversion features. During nine months ended November 30, 2014 and 2013, the Company recognized interest expense of $437,607 and $423,994, respectively. The table below summarizes the convertible promissory notes as of November 30, 2014.

	November 30, 2014		
	Non Related Party	Related Party	Total
Principal			
Beginning balance	$ 7,450,386	$ 650,000	$ 8,100,386
Additions:			
Proceeds received from note issuances	95,000	375,000	470,000
Fees	55,000	-0-	55,000
	150,000	375,000	525,000
Subtractions:			
Conversion to common shares	7,000	-0-	7,000
Conversion to RealBiz common shares	375,000	-0-	375,000
Assigned to related party officer	30,000	-0-	30,000
	412,000	-0-	412,000
Ending balance	$ 7,188,386	$ 1,025,000	$ 8,213,386
Debt Discount			
Beginning balance	$ 70,401	$ -0-	$ 70,401
Additions:			
Incurred during the year	150,000	375,000	525,000
Subtractions:			
Amortized during the year	79,156	375,000	454,156
Ending balance	$ 141,245	$ -0-	$ 141,245
Carrying Value			
Total convertible promissory notes	$ 7,047,141	$ 1,025,000	$ 8,072,141
Less: current portion	6,897,141	1,025,000	7,922,141
Long term portion	$ 150,000	$ -0-	$ 150,000
Principal past due	$ 464,101	$ -0-	$ 464,101

During the nine months ended November 30, 2014, the Company:

- received $375,000 in proceeds and issued new convertible promissory notes. In addition, the Company recognized and measured the embedded beneficial conversion feature present in the convertible debts by allocating a portion of the proceeds equal to the intrinsic value of the feature to additional paid-in-capital. The intrinsic value of the feature was calculated on the commitment date(s) using the effective conversion price of the convertible debt . This intrinsic value is limited to the portion of the proceeds allocated to the convertible debt. The aforementioned accounting treatment resulted in a total debt discount equal to $375,000 during the nine months ended November 30, 2014. The discount is amortized on a straight line basis from the dates of issuance until the stated redemption date of the debts. During the nine months ended November 30, 2014 and 2013, the Company recorded debt amortization expense in the amount of $444,316 and $26,804, respectively.

Note 10 – Convertible Promissory Notes (continued)

- negotiated an assignment of $30,000 in principal owed to a note holder to a related party officer/director.
- issued 700,000 shares of common stock upon conversion of $7,000 of principal held by a note holder.
- executed a conversion of $155,000 of principal into 3,100,000 shares of RealBiz Media's common stock.

Convertible debt modification - non related party

On February 24, 2014, the Company entered into a note amendment with a lender affecting several outstanding convertible promissory notes totaling $6,012,526 in principal that is past due and $62,377 in accrued interest as of November 30, 2013. The agreement extended the maturity date of all the notes held by the lender to December 1, 2014 and allows the lender the right to extend the maturity date of each of the notes to December 1, 2015, provided that all quarterly interest payment are made by the due dates of January 15th, April 15th, July 15 and October 15th. Additionally, the agreement changed the conversion feature of each note held by the lender from the variable conversion rate based on market price to a fixed conversion rate of $0.50 per share. As part of the note amendment, the Company's subsidiary, RealBiz, issued 12,000,000 one (1) year warrants with an exercise price of $0.50. During the nine months ended November 30, 2014 and 2013, the Company recognized interest expense of $272,500 and $-0-, respectively. The Company applied the 10% cash flow test pursuant to Topic ASC 470-50-40-10 "Debt Modification and Extinguishment" to calculate the difference between the present value of the new loan's cash flows and the present value of the old loan's remaining cash flow and concluded that the results exceeded the 10% factor, the debt modification is considered substantially different and applied extinguishment accounting. Accordingly, the gain or loss on extinguishment should be measured by the difference between the carrying amount of the old debt and the fair value of the new debt. Additionally, Topic ASC 470-50-40-17 states if the exchange or modification is to be accounted for in the same manner as a debt extinguishment and the new debt instrument is initially recorded at fair value, then the fees paid or received shall be associated with the extinguishment of the old debt instrument and included in determining the debt extinguishment gain or loss to be recognized. The fair value of the warrants was determined to be $4,809,308, the fair value of the new debt was determined to be $6,070,540 and the carrying amount of the old debt of principal and interest totaling $6,070,703 resulting in a total loss on the extinguishment of debt of $4,808,145. The fair value of the warrants were calculated using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 0.35%, expected volatility of 324.34% with a one year life. The Company determined the fair value of the new debt by taking a weighted average of all the Company's existing convertible promissory notes interest rate for a discount rate, calculating that rate to be approximately 7% and computed the present value of the new debt's remaining cash flows.

On March 31, 2014, the Company entered into a note amendment with a lender affecting several outstanding convertible promissory notes totaling $517,582 in principal that is currently due and $24,566 in accrued interest. The agreement extended the maturity date of all the notes held by the lender to July 17, 2015. The Company applied the 10% cash flow test pursuant to Topic ASC 470-50-40-10 to calculate the difference between the present value of the new loan's cash flows and the present value of the old loan's remaining cash flow and concluded that the results didn't exceed the 10% factor, the debt modification is not considered substantially different and did not apply extinguishment accounting, rather accounting for the modification on a prospective basis pursuant to Topic ASC 470-60-55-10. The carrying amount of the convertible promissory notes is not adjusted and the effects of the changes are to be reflected in future periods. During the nine months ended November 30, 2014 and 2013, the Company recognized interest expense of $22,791 and $-0-, respectively.

Convertible debt modification - related party

On October 28, 2014, the Company entered into another note amendment with a related-party lender affecting several outstanding convertible promissory notes totaling $650,000 in principal and $210,920 in accrued interest, which was previously amended on July 14, 2014. The agreement extended the maturity date of all the notes held by the lender to October 31, 2015. During the nine months ended November 30, 2014 and 2013, the Company recognized interest expense of $61,274 and $-0-, respectively. The Company applied the 10% cash flow test pursuant to Topic ASC 470-50-40-10 to calculate the difference between the present value of the new loan's cash flows and the present value of the old loan's remaining cash flow and concluded that the results didn't exceed the 10% factor, the debt modification is not considered substantially different and did not apply extinguishment accounting. The carrying amount of the convertible promissory notes is not adjusted and the effects of the changes are to be reflected in future periods.

Note 10 – Convertible Promissory Notes (continued)

Convertible debt modification - related party (continued)

On October 28, 2014, the Company entered into a note amendment with a related-party lender affecting a convertible promissory note in the principal amount of $25,000 and accrued interest of $382, which was previously amended on July 14, 2014. The agreement extended the maturity date of the note held by the lender to October 31, 2015. Additionally, until October 31, 2015, the related-party lender shall have the opportunity to exchange the convertible promissory notes, in whole or in part, for Series A or Series B Preferred stock of the Company. During the nine months ended November 30, 2014 and 2013, the Company recognized interest expense of $898 and $-0-, respectively. The Company applied the 10% cash flow test pursuant to Topic ASC 470-50-40-10 to calculate the difference between the present value of the new loan's cash flows and the present value of the old loan's remaining cash flow and concluded that the results didn't exceed the 10% factor, the debt modification is not considered substantially different and did not apply extinguishment accounting. The carrying amount of the convertible promissory notes is not adjusted and the effects of the changes are to be reflected in future periods.

On October 28, 2014, the Company entered into a note amendment with a related-party lender affecting a convertible promissory note in the principal amount of $350,000 and accrued interest of $15,995, extending the maturity date of the note held by the lender to October 31, 2015 from October 31, 2014. Additionally, until October 31, 2015, the related-party lender shall have the opportunity to exchange the convertible promissory notes, in whole or in part, for Series A or Series B Preferred stock of the Company. During the nine months ended November 30, 2014 and 2013, the Company recognized interest expense of $4,132 and $-0-, respectively. The Company applied the 10% cash flow test pursuant to Topic ASC 470-50-40-10 to calculate the difference between the present value of the new loan's cash flows and the present value of the old loan's remaining cash flow and concluded that the results didn't exceed the 10% factor, the debt modification is not considered substantially different and did not apply extinguishment accounting. The carrying amount of the convertible promissory notes is not adjusted and the effects of the changes are to be reflected in future periods

Convertible promissory note attributable to consolidated subsidiary

During the nine months ended November 30, 2014, RealBiz Media Group, Inc.:

- issued 1,366,666 shares, upon the noteholder's request, to convert $205,000 in principal.

- issued 100,000 shares, upon the noteholder's request, to convert $15,000 in principal leaving a remaining principal balance of $60,000.

- On October 20, 2014, the Company issued a two (2) year, 7.5% convertible promissory note maturing on October 19, 2014 with a non-related third party investor valued at $150,000 and received $95,000 in cash proceeds net of $55,000 in loan origination fees included in the calculation of the debt discount. As an incentive, the Company issued 300,000 warrants to the holder with a two-year life and a relative fair value of approximately $14,760 to purchase shares of the Company’s common stock, $0.001 par value, per share, at an exercise price of $0.17 per share included as part of the debt discount. The fair value of the warrants was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions: risk-free interest rate between 0.94% and 1.51%, dividend yield of -0-%, volatility factor between 115.05% and 124.65% and an expected life of 1.5 years. The value of these warrants were charged to interest expense with the offset to additional paid-in-capital. The noteholder, at their option, has the right from time to time, and at any time on or prior to the later of (i) the Maturity Date and (ii) the date of payment of the Default Amount, each in respect of the remaining outstanding principal amount of this Note to convert all or any part of the outstanding and unpaid principal amount of this Note into fully paid and non-assessable shares of Common Stock at the Conversion Price. The conversion price means, the lower of the fixed conversion price of $0.20 or the variable conversion price. The variable conversion price shall mean 65% multiplied by the lowest of the VWAP (volume weighted average price) of the common stock during the twelve (12) consecutive trading day period ending and including the trading day immediately preceding the conversion date. As required, the Company evaluated the conversion feature of the note and determined that there was no beneficial conversion feature (“BCF”) and assigned a value of $80,240 as additional derivative liability expense. A total debt discount of $150,000 to be amortized to interest expense over the life of the note. Additionally, the Company accounted for the embedded conversion option liability in accordance with Accounting Standards Codification topic 815, Accounting for Derivative Instruments and Hedging Activities (“ASC 815”) as well as related interpretation 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

Note 10 – Convertible Promissory Notes (continued)

Convertible promissory note attributable to consolidated subsidiary (continued)

and are recognized at fair value with changes in fair value recognized as either a gain or loss in earnings. Additionally, the Company determined the fair value of derivative instruments and hybrid instruments based on available market data using appropriate valuation models, giving consideration to all of the rights and obligations of each instrument. The initial fair value of the embedded conversion option liability associated with the funds received on October 20, 2014, was valued using the Black-Scholes model, resulting in an initial fair value of $314,543 and recorded as a current liability. The assumptions used in the Black-Scholes option pricing model at the date the funds were received are as follows: (1) dividend yield of 0%; (2) expected volatility of 359.58%, (3) risk-free interest rate of 0.37%, and (4) expected life of 2.00 years. The value of the conversion option liability underlying the convertible promissory note at November 30, 2014 was $285,753 and the assumptions used in the Black-Scholes pricing model at November 30, 2014 are as follows: (1) dividend yield of 0%; (2) expected volatility of 357.70%, (3) risk-free interest rate of 0.47%, and (4) expected life of 2.00 years. The Company recognized a gain from the decrease in the fair value of the conversion option liability in the amount of $28,790 during the nine months ended November 30, 2014, representing the change in fair value. The Company recognized a derivative liability expense of $234,303. Interest charged to operations relating to this note for the nine months ended November 30, 2014 and 2013 was amounted to $8,755 and $0 respectively.

Note 11 – Stockholders' Deficit

Preferred stock

The aggregate number of shares of preferred stock that the Company is authorized to issue is up to One Hundred Million (100,000,000), with a par value of $0.0001 per share ("the Preferred Stock") with the exception of Series A Preferred shares having a $0.01 par value. The Preferred Stock may be divided into and issued in series. The Board of Directors of the Company is authorized to divide the authorized shares of Preferred Stock into one or more series, each of which shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. The Board of Directors of the Company is authorized, within any limitations prescribed by law and the articles of incorporation, to fix and determine the designations, rights, qualifications, preferences, limitations and terms of the shares of any series of Preferred Stock.

Series A Preferred Stock

The Company has authorized and designated 3,000,000 shares of Preferred Stock as Series A 10% Cumulative Convertible Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock"). The holders of record of shares of Series A Preferred Stock shall be entitled to vote on all matters submitted to a vote of the shareholders of the Company and shall be entitled to one hundred (100) votes for each share of Series A Preferred Stock.

Per the terms of the Amended and Restated Certificate of Designations, subject to the availability of authorized and unissued shares of Series A Preferred Stock, the holders of Series A Preferred Stock may, by written notice to the Company, elect to convert all or any part of such holder's shares of Series A Preferred Stock into common stock at a conversion rate of the lower of (a) $0.50 per share or (b) at the lowest price the Company has issued stock as part of a financing. Additionally, the holders of Series A Preferred Stock, may by written notice to the Company, convert all or part of such holder's shares (excluding any shares issued pursuant to conversion of unpaid dividends) into debt obligations of the Company, secured by a security interest in all of the assets of the Company and its' subsidiaries, at a rate of $0.50 of debt for each share of Series A Preferred Stock. On July 9, 2013, the Company amended the Certificate of Designations for the Company's Series A Preferred Stock to allow for conversion into Series C Preferred stock to grant to a holder of the Series A Preferred Stock the option to elect to convert all or any part of such holder's shares of Series A Preferred Stock into shares of the Company's Series C Convertible Preferred Stock, par value $0.00001 per share ("Series C Preferred Stock"), at a conversion rate of five (5) shares of Series A Preferred Stock for every one (1) share of Series C Preferred Stock. Furthermore, the amendment allows for conversion into common stock at the lowest price the Company has issued stock as part of a financing to include all financing such as new debt and equity financing and stock issuances as well as existing debt conversions into stock. On February 28, 2014, the Company's Preferred Series A shareholders have agreed to authorize a change to the Certificate of Designations of the Series A Preferred Stock in Nevada to lock the conversion price to a fixed price of $0.01.

In the event of any liquidation, dissolution or winding up of this Company, either voluntary or involuntary (any of the foregoing, a "liquidation"), holders of Series A Preferred Stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of this Company to the holders of the common Stock or any other series of Preferred Stock by reason of their ownership thereof an amount per share equal to $1.00 for each share (as adjusted for any stock dividends, combinations or splits with respect to such shares) of Series A Preferred Stock held by each such holder, plus the amount of accrued and unpaid dividends thereon (whether or not declared) from the beginning of the dividend period in which the liquidation occurred to the date of liquidation.

Note 11 – Stockholders' Deficit (continued)

Series A Preferred Stock (continued)

During the nine months ended November 30, 2014, the Company incurred no activity for Series A Preferred Stock.

Dividends in arrears on the outstanding preferred shares total $596,158 as of November 30, 2014. The Company had 2,216,014 shares issued and outstanding as of November 30, 2014.

Series B Preferred Stock

The Company has authorized and designated 3,000,000 shares of Preferred Stock as Non-Voting Series B 10% Cumulative Convertible Preferred Stock with a par value of $0.00001 per share ("the Series B Preferred Stock"). The holders of Series B Preferred Stock may elect to convert all or any part of such holder's shares into the Company's common stock at $5 per share or into shares of RealBiz Media's common stock at $0.05 per share.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "liquidation"), the holders are entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to 100% of the stated value, plus any accrued and unpaid dividends thereon and any other fees or liquidated damages owing thereon, for each share of then outstanding Preferred Stock before any distribution or payment shall be made to the holders of any junior securities, and if the assets of the Company shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the holders shall be ratably distributed among the holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full.

During the nine months ended November 30, 2014, the Company:

- issued 40,000 shares of Series B Preferred stock along with 4,000,000 five (5) year warrants with an exercise price of $0.01 and received $200,000 in proceeds.

- converted 68,700 shares of Series B Preferred stock into 6,870,000 shares of common stock of our subsidiary RealBiz at the agreed upon conversion terms.

Dividends in arrears on the outstanding preferred shares total $439,625 as of November 30, 2014. The Company had 257,200 shares issued and outstanding as of November 30, 2014.

Series C Preferred Stock

The Company has authorized and designated 3,000,000 shares of Preferred Stock as Non-Voting Series C 10% Cumulative Convertible Preferred Stock with a par value of $0.00001 per share (the "Series C Preferred Stock"). On July 9, 2014, the Company filed an Amendment to its Series C Certificate of Designation with the Secretary of State of the State of Nevada to change the conversion price from $5.00 to a new conversion price of $0.25.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "liquidation"), the holders are entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to 100% of the stated value, plus any accrued and unpaid dividends thereon and any other fees or liquidated damages owing thereon, for each share of then outstanding Preferred Stock before any distribution or payment is to be made to the holders of any junior securities, and if the assets of the Company are insufficient to pay in full such amounts, then the entire assets to be distributed to the holders are to be ratably distributed among the holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full.

Note 11 – Stockholders' Deficit (continued)

Series C Preferred Stock (continued)

During the nine months ended November 30, 2014, the Company:

- received $547,000 and issued 109,400 shares of Series C Preferred stock along with 3,700,000 Next 1 Interactive, Inc. common stock warrants with an exercise price of $0.01 to $0.05 and terms of one to two years. Additionally, our subsidiary RealBiz granted to these investors 1,500,000 common stock warrants with an exercise price of $0.10 and term of one year.

- issued 38,000 shares of Series C Preferred stock for consulting services rendered for a total value of $190,000. The value of the Series C Preferred shares was based on the contemporaneous cash sales of $5 per share.

- converted 36,000 shares of Series C Preferred stock into 1,800,000 shares of common stock of our subsidiary RealBiz at the agreed upon conversion terms.

Dividends in arrears on the outstanding preferred shares total $48,425 as of November 30, 2014. The Company had 153,400 shares issued and outstanding as of November 30, 2014.

Series D Preferred Stock

The Company has authorized and designated 3,000,000 shares of Preferred Stock as Non-Voting Series D 10% Cumulative Convertible Preferred Stock with a par value of $0.00001 per share (the "Series D Preferred Stock"). On July 9, 2014, the Company filed an Amendment to its Series D Certificate of Designation with the Secretary of State of the State of Nevada to change the conversion price from $5.00 to a new conversion price of $0.25.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "liquidation"), the holders are entitled to receive out of the assets, whether capital or surplus, of the Company an amount equal to 100% of the stated value, plus any accrued and unpaid dividends thereon and any other fees or liquidated damages owing thereon, for each share of then outstanding Preferred Stock before any distribution or payment is to be made to the holders of any junior securities, and if the assets of the Company are insufficient to pay in full such amounts, then the entire assets to be distributed to the holders are to be ratably distributed among the holders in accordance with the respective amounts that would be payable on such shares if all amounts payable thereon were paid in full.

During the nine months ended November 30, 2014, the Company:

- issued 40,000 shares of Series D Preferred stock to a director valued at contemporaneous cash sales of $5 per share totaling $200,000.

- converted 39,620 shares of Series D Preferred stock, upon investor request, into 1,320,535 common shares of RealBiz at the agreed upon conversion terms.

Dividends in arrears on the outstanding preferred shares total $1,091,095 as of November 30, 2014. The Company had 860,900 shares issued and outstanding as of November 30, 2014.

Common Stock

On October 28, 2011, 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 from 200,000,000 to 500,000,000. On February 13, 2012, 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 from 500,000,000 to 2,500,000,000. The increase in our authorized shares of common stock became effective upon the filing of the amendment(s) to our articles of incorporation with the Secretary of State of the State of Nevada.

On May 2, 2012, the Board consented to (i) effect a 500-to-1 reverse split of the Company's common stock and (ii) reduce the number of authorized shares from 2,500,000,000 to 5,000,000. Such actions became effective upon the filing of the amendment(s) to our articles of incorporation with the Secretary of State of the State of Nevada. The consolidated financial statements have been retroactively adjusted to reflect this reverse stock split.

Note 11 – Stockholders' Deficit (continued)

Common Stock (continued)

On June 26, 2012, 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 from 5,000,000 to 500,000,000.

During the nine months ended November 30, 2014, the Company:

- issued 938,067 common shares and received cash proceeds in the amount of $63,988.
- issued 1,291,000 common shares upon the exercise of 1,291,000 outstanding warrants and received $44,280 in proceeds.
- issued 50,000 shares of its common stock valued at $3,000 for consulting fees rendered. The value of the common stock issued was based on the fair value of the stock determined by actual trading price quotes at the time of issuance.
- issued 700,000 shares of common stock in a partial conversion of a convertible promissory note valued at $7,000.
- recognized and measured the embedded beneficial conversion feature present in various convertible promissory notes by allocating a portion of the proceeds equal to the intrinsic value of the feature to additional paid-in-capital in the amount of $375,000. The intrinsic value of the feature was calculated on the commitment date using the effective conversion price of the convertible debt. This intrinsic value is limited to the portion of the proceeds allocated to the convertible debt.
- modified certain warrants by renewing warrants that expired or extending their due dates. The effects of these modifications were analyzed according to ASC Topic 718-20-35-3 and the Company recorded a warrant modification expense of $17,202.

The Company had 20,558,347 shares issued and outstanding as of November 30, 2014.

Common Stock Warrants

At November 30, 2014, there were 16,413,252 warrants outstanding with a weighted average exercise price of $0.16 and weighted average life of 1.80 years. During the nine months ended November 30, 2014, the Company granted 6,785,892 warrants (for RealBiz stock subscriptions, 66,660 warrants for consulting fees, 4,000,000 warrants attached to Preferred Series B issuance, 3,700,000 warrants attached to Preferred Series C issuance and 450,000 whose maturity date expired and was renewed; 1,291,000 were exercised; 1,007,000 were cancelled; and 4,469,484 expired.

Common Stock Options

At November 30, 2014, there were 4,050 options outstanding with a weighted average exercise price of $7.25 and weighted average life of 6.84 years. During the nine months ended November 30, 2014, no options were granted or exercised.

Compensation expense relating to stock options granted during the nine months ended November 30, 2014 and 2013, was $-0- .

Our subsidiary, RealBiz Media Group, Inc.

During the nine months ended November 30, 2014, there was a significant increase in the non-controlling interest due to the following stock issuances in our subsidiary:

- issued 6,215,490 shares and 2,724,211 one (1) year warrants with exercise price between $0.10 and $1.25 and received $1,070,788 in proceeds.
- issued 630,000 shares of common stock upon exercise of 630,000 common stock warrants and received $113,400 in proceeds.
- issued 1,915,209 shares and 9,600 one (1) year common stock warrants with an exercise of $0.01 in exchange for services rendered, consisting of financing and consulting fees incurred in raising capital valued at $323,503. The value of the common stock was based on the fair value of the stock at the time of issuance. The value of the warrants was estimated at date of grant using Black Scholes option pricing model with the following assumptions: risk free interest rate 0.13%, dividend yield of -0-%, volatility factor of 326.14% and expected life of one (1) year.

Note 11 – Stockholders' Deficit (continued)

Our subsidiary, RealBiz Media Group, Inc. (continued)

- issued 6,870,000 shares of common stock upon conversion of Next 1 Interactive, Inc. Series B Preferred stock valued at $343,500.
- issued 1,800,000 shares of common stock upon conversion of Next 1 Interactive, Inc. Series C Preferred stock valued at $180,000.
- issued 1,320,535 shares of common stock upon conversion of Next 1 Interactive, Inc. Series D Preferred stock valued at $198,100.
- issued 3,100,000 shares of common stock upon conversion of Next 1 Interactive, Inc. convertible promissory notes valued at $155,000.
- issued 1,466,666 shares of common stock upon conversion of convertible promissory notes valued at $220,000.
- On May 24, 2014, RealBiz issued 2,000,000 shares of common stock as part of employment agreements in place with executives valued at $300,000. This was part of the ReachFactor Asset Purchase Agreement. The value of the common stock was based on the fair value of the stock at the time of issuance.
- On May 24, 2014, RealBiz issued 2,000,000 shares of common stock upon execution of an Asset Purchase Agreement with ReachFactor, Inc. pursuant to which the Company acquired substantially all of the assets of ReachFactor and the Company assumed certain liabilities of ReachFactor not to exceed $25,000. The value of the common stock was based on the fair value of the stock at the time of issuance and totaled $300,000.
- On May 5, 2014, the RealBiz board of directors authorized a special warrant exercise pricing available to warrant holders of record as of May 5, 2014. The Board agreed to reduce the pricing on the warrants to $0.18 from their current level of $1.00 to $1.25 for the month of May 2014 only. The Company evaluated the incremental value of the modified warrants, as compared to the original warrant value, concluding that modification expense incurred was immaterial and the modification expense not recorded.
- All of the conversions of Next 1 Interactive, Inc. securities were accounted for as contributed capital.
- issued 25,983,600 Series A Preferred Shares to Next 1 Interactive, Inc., based upon the "top up" provision in the certificates of designations, valued at $5,196,720 and approved by the Board of Directors on May 15, 2014. The value was calculated based upon the closing price of the RealBiz's common stock on May 15, 2014 of $0.20 per common share.
- retired 53,198,347 Series Preferred Series A shares, at the cost of $1,287,082, based upon the original securities and purchase agreement of October 2012 and retirement was approved by the Board of Directors on May 15, 2014. This was based upon the issuances of RealBiz common shares issued for conversion from Next 1 Interactive, Inc. preferred stock and convertible promissory notes.

Note 12 - Commitments and Contingencies

The Company leases approximately 6,500 square feet of office space in Weston, Florida pursuant to a lease agreement, with Bedner Farms, Inc. of the building located at 2690 Weston Road, Weston, Florida 33331. In accordance with the terms of the lease agreement, the Company is renting the commercial office space, for a term of five years commencing January 1, 2011 through December 31, 2015. The rent for the nine months ended August 31, 2014 and 2013 was $103,856 and $100,938 respectively. In September of 2011, the Company sublet a portion of its office space offsetting our rent expense by $1,500 per month. In November 2012, the Company entered into another agreement to sublet a portion of its office space offsetting our rent expense by an additional $2,500 per month, this tenant will pay $2,750 as of January 2014. In January 2014, the total monthly rent sublet offset is $4,250.

Our future minimum rental payments through February 28, 2015 is $41,267 consisting of rent expenditure of $48,517 offset by our tenant contribution of $7,250. Our future minimum rental payments through February 28, 2016 is $175,040 consisting of rent expenditure of $195,790 offset by our tenant contribution of $20,750.

Note 12 - Commitments and Contingencies (continued)

The following schedule represents obligations under written commitments on the part of the Company that are not included in liabilities:

	Current	Long Term		
	FY2015	FY2016	FY 2017 and thereafter	Totals
Leases	$ 41,267	$ 148,638	$ -0-	$ 189,905
Information technology consultants	84,216	147,588	295,176	526,980
Totals	$ 125,483	$ 296,226	$ 295,176	$ 716,885

Legal Matters

The Company is otherwise involved, from time to time, in litigation, other legal claims and proceedings involving matters associated with or incidental to our business, including, among other things, matters involving breach of contract claims, intellectual property and other related claims employment issues, and vendor matters. The Company believes that the resolution of currently pending matters will not individually or in the aggregate have a material adverse effect on our financial condition or results of operations. However, assessment of the current litigation or other legal claims could change in light of the discovery of facts not presently known to the Company or by judges, juries or other finders of fact, which are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

There is currently a case pending whereby the Company's Chief Executive Officer (the "Defendant") is being sued for allegedly breaching a contract, which he signed in his role as the CEO of the Company's wholly owned subsidiary Extraordinary Vacations Group, Inc. ("Extraordinary Vacations"). The case is being strongly contested. The Defendant filed a motion to dismiss plaintiff's amended complaint with prejudice and such motion has been argued before the judge in the case. The Company is currently awaiting the judge's ruling at this time.

There is a case that was filed on December 2, 2013, whereby the Company is a defendant in a lawsuit filed by Twelfth Child Entertainment in the Circuit Court for Palm Beach, Florida alleging that Next 1 owes 11,000 shares of Series D Preferred stock for a License Agreement. The case is being strongly contested and is in arbitration.

There is a case that was filed on March 14, 2014 whereby the Company is a defendant in a lawsuit filed by Lewis Global Partners in the Circuit Court for Broward County, Florida alleging that Next 1 owes 2,700 shares of Series B Preferred stock for a Consulting Agreement. The case is being strongly contested and is being sent to arbitration .

The Company is unable to determine the estimate of the probable or reasonably possible loss or range of losses arising from the above legal proceedings.

Note 13 – Segment Reporting

Accounting Standards Codification 280-16 "Segment Reporting", established standards for reporting information about operating segments in annual consolidated financial statements and required selected information about operating segments in interim financial reports issued to stockholders. It also established standards for related disclosures about products, services, and geographic areas. Operating segments are defined as components of the enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

The Company has two reportable operating segments: Media and Travel. The accounting policies of each segment are the same as those described in the summary of significant accounting policies. Each segment has its own product manager but the overall operations are managed and evaluated by the Company's chief operating decision makers for the purpose of allocating the Company's resources. The Company also has a corporate headquarters function, which does not meet the criteria of a reportable operating segment. Interest expense and corporate expenses are not allocated to the operating segments.

Note 13 – Segment Reporting (continued)

The tables below present information about reportable segments for the three and nine months ended November 30, 2014 and 2013:

	For the three months ended November 30,		For the nine months ended November 30,	
	2014	2013	2014	2013
Revenues:				
Media	$ 314,555	$ 299,956	$ 859,572	$ 857,255
Travel	89395	91,263	295,680	413,256
Segment revenues	$ 403,950	$ 391,219	$ 1,155,252	$ 1,270,511
Operating expense:				
Media	$ 617,997	$ 2,282,516	$ 3,162,181	$ 4,287,595
Travel	124,391	908,718	1,087,491	2,067,225
Segment expense	$ 742,388	$ 3,191,234	$ 4,249,672	$ 6,354,820
Net income (loss):				
Media	$ (303,441)	$ (1,982,559)	$ (2,302,609)	$ (3,430,339)
Travel	(34,996)	(817,455)	(791,811)	(1,653,969)
Segment net loss	$ (338,437)	$ (2,800,014)	$ (3,094,420)	$ (5,084,308)

The Company did not generate any revenue outside the United States for the three and nine months ended November 30, 2014 and 2013 and did not have any assets located outside the United States.

Note 14 – Fair Value Measurements

The Company has adopted the provisions of ASC Topic 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and an entity's own assumptions (unobservable inputs).

The hierarchy consists of three levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.

- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets of liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company analyzes all financial instruments with features of both liabilities and equity under ASC 480, "Distinguishing Liabilities from Equity" and ASC 815, "Derivatives and Hedging". Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The effects of interactions between embedded derivatives are calculated and accounted for in arriving at the overall fair value of the financial instruments. In addition, the fair values of freestanding derivative instruments such as warrant and option derivatives are valued using the Black-Scholes model.

Note 14 – Fair Value Measurements (continued)

The Company uses Level 3 inputs for its valuation methodology for the warrant derivative liabilities and embedded conversion option liabilities as their fair values were determined by using the Black-Scholes option-pricing model based on various assumptions. The Company's derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives.

The following table sets forth the liabilities as of November 30, 2014, which are recorded on the balance sheet at fair value on a recurring basis by level within the fair value hierarchy.

As required, they are classified based on the lowest level of input that is significant to the fair value measurement:

		Fair Value Measurements at Reporting Date Using		
Description	**November 30, 2014**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Convertible promissory note with embedded conversion option	$ 547,757	$ -0-	$ -0-	$ 547,757
Total	$ 547,757	$ -0-	$ -0-	$ 547,757

The following table sets forth a summary of changes in fair value of our derivative liabilities for the nine months ended November 30, 2014:

	11/30/14
Beginning balance	$ 1,355,613
Fair value of embedded conversion feature of:	
Fair value above debt discount at issue date	80,240
Derivative liability expense at issue date	234,303
Change in fair value of embedded conversion feature of:	
Preferred Series securities included in earnings	-0-
Gain on change in fair value of derivatives	(1,122,399)
Ending balance	$ 547,757

Note 15 – Subsequent Events

The Company has evaluated subsequent events occurring after the balance sheet date and has identified the following:

Next 1 Interactive, Inc.

During December 2014 and January 2015, the Company:

- received $20,000 in proceeds and issued 4,000 shares of Series B Preferred stock.
- received $120,000 in proceeds and issued 24,000 shares of Series C Preferred stock and 1,200,000 one to two year common stock warrants with an exercise price of $0.01 and 1,000,000 one year common stock warrants of RealBiz with an exercise price of $0.01.
- received $2,500 in proceeds upon the exercise of 50,000 common stock warrants and issued 50,000 shares of common stock.
- received $5,000 in proceeds as partial payment in anticipation of the exercise of common stock warrants not executed as of the date of this filing.
- received $25,000 in proceeds from a related party investor and the Company issued a 15 day bridge loan agreement with an annual interest rate of 6% due on or before December 19, 2014. As of the date of this filing, the loan is past due.
- the Company is currently analyzing the above transactions for proper accounting treatment.

RealBiz Media Group, Inc.

During December 2014 and January 2015, the Company:

- received $460,000 in proceeds and issued convertible promissory notes with interest rates of 12% per annum, maturity dates of December 31, 2016 and with a range of fixed rate conversion features.
- received $75,000 in proceeds and issued 750,000 common shares and 750,000 one year warrants with an exercise price of $0.18.
- the Company is currently analyzing the above transactions for proper accounting treatment.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward Looking Statements

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 February 28, 2014 found in our Annual Report on Form 10-K. In addition to historical information, the following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. Where possible, we have tried to identify these forward looking statements by using words such as "anticipate," "believe," "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.

This Report contains statements that we believe are, or may be considered to be, "forward-looking statements". All statements other than statements of historical fact included in this Report regarding the prospects of our industry or our prospects, plans, financial position or business strategy, may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as "may," "will," "expect," "intend," "estimate," "foresee," "project," "anticipate," "believe," "plans," "forecasts," "continue" or "could" or the negatives of these terms or variations of them or similar terms. Furthermore, such forward-looking statements may be included in various filings that we make with the SEC or press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which reflect management's opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this Report.

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, accrued liabilities, convertible promissory notes 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 as filed with the Securities and Exchange Commission on June 13, 2014 are those that depend most heavily on these judgments and estimates. As of November 30, 2014, there had been no material changes to any of the critical accounting policies contained therein.

Overview

Next 1 Interactive, Inc. ("Next 1" or the "Company") is a media based company focusing directly on the travel segment and indirectly through our 43% ownership interest in RealBiz Media Group, Inc. a publicly traded real estate media company ("RealBiz"), on the real estate segment. The Company's and RealBiz's mission has been to both create and acquire travel and real estate video content that can be delivered on any screen (Television, web and mobile), all with interactive advertising and transactional shopping components that engage and enable viewers to request information, make purchases and get an in-depth look at products and services all through their device of choice.

Next 1 is a multi-faceted interactive media company whose key focus is around what we believe to be two of the most universal, yet powerful consumer-passion categories - real estate and travel. We are engaged in the business of providing digital media and marketing services directly for the travel industry and, indirectly through RealBiz, for the real estate industry. We plan to deliver targeted content via digital platforms including satellite, cable, broadcast, Broadband, Web, Print and Mobile. We currently generate revenue from commissions from (i) traditional sales of our travel products as well as advertising revenue from preferred suppliers and sponsors and referral fees; (ii) travel media services which include video monthly sponsorship packages, pre-roll advertising, commissions and referral fees; and (iii) revenue derived from the real estate operations of RealBiz. We have three divisions: (x) our Maupintour Extraordinary Vacations, which is one of the oldest luxury tour operator in the United States; (y) NextTrip.com/Voyage.tv a video and media website with thousands of hours of travel footage (z) TripProfessionals.com, a trip professional membership program which is an at home agency program allowing the consumer to customize and book travel while earning commission. In addition, RealBiz generates revenue from advertising revenues, real estate broker commissions and referral fees. RealBiz also has four divisions: (i) its fully licensed real estate division (formerly known as Webdigs, Inc.); (ii) Nestbuilder.com /Nestbuilder Agent its consumer and agent websites with over 1.6 million video listings and agent marketing platforms (iii) its Real Estate Virtual Tour, MicroVideo App and Media group and (iv) ReachFactor – its agent social media marketing division. The cornerstone of all four divisions is the proprietary technology which allows for an automated conversion of data (text and pictures of home listings) to a video with voice and music. At present the Company operates travel companies and travel media services, RealBiz Media Group Inc., operates the Home Tour Network. The Home Tour Network owns technology that allows it to create video from real estate agents home listings which can be featured on hundreds of relevant real estate related websites, You Tube and VOD Television Networks in 2 cities on the Cox

Communications Network and Comcast Cable Network

We currently focus our travel segment on the following travel operations and travel media services.

Maupintour Extraordinary Vacations

1. Maupintour Extraordinary Vacations ("Maupintour") is the oldest tour operator in North America having a history of over 65 years of creating and booking tours and activity-focused trips, from private tours of the Vatican to bicycling in the Alps to wine tasting in Italy. Maupintour books these trips and serves thousands of travel agents around the world. The Company has an active alumni that desires luxury vacations that includes private sightseeing, fine dining and 4 and 5 star accommodations. The Company previously ran group tours ranging from 10 to 25; however it has moved its model to customization of high end tours for families, small groups and individuals. The Company's most popular destinations are Egypt, Israel, Europe, Africa, Asia and Peru. The Company's peak season for this division is from February to July. Maupintour's website is www.Maupintour.com.

2. NextTrip.com is being repositioned as an all-purpose travel site that includes 24/7 customer support, relevant social networking, and travel business showcases, with a primary emphasis on Video to targeted web users and a secondary promotion to TV viewers via VOD promotion. The site is scheduled for launch in the 2nd quarter of this fiscal year and will provide users with a diverse video experience that entertains, informs, and offers utility and savings. The travel information website offers users, free of charge, hundreds of destination videos and promotes worldwide vacation destinations. NextTrip.com plans to generate revenues through advertising, travel commission, referral fees, and its affiliate program. The travel fulfillment and services for the site are handled by Mark Travel. Mark Travel is the largest wholesaler of travel products in the United States. NextTrip.com, in conjunction with its Connext1 program and key media partners (including RealBiz Media, M80, WAYN and Fareportal) will look to serve relevant videos to travelers via four key elements: (i) television ads (ii) travel video on demand for web and TV (iii) broadband telecast (with the web player surrounded by interactive banner ads and/or discount travel coupons) and (iv) wireless access to the network on smart phones/devices. The Company is continuing to build out a targeted travel video with interactive advertising and transactional shopping components that engage and enable viewers to request information, make reservations and get an in-depth look at products and services all through their device of choice. The Company believes this approach will allow for multiple revenue streams and integrated media platforms that deliver measurable return on investment to its advertisers, sponsors and business partners.

Additionally, "on demand" travel solution allows users to access travel content via digital platforms including Web, Cable, Broadband and mobile. This delivery of travel information, services and entertainment to consumers will help the Company to capture multiple revenue streams including transactional commissions, referral fees, advertising and sponsorship. NextTrip.com was originally launched in July of 2008 as Nexttrip.com. Media and travel booking solutions are being restructured and the Company is testing video marketing technology. The Company is targeting completion of new video content by July 2015 . The website is www.NextTrip.com.

3. Trip Professionals.com. The Company operates a Trip Professional Membership Program. The program allows members to join for a $199 annual fee and earn 80% of the commissions on travel products purchased though the member. At present the Company is working on a new booking engine whereby members can access wholesale pricing and set commissions and is currently being redesigned to allow its members access to vacations at wholesale pricing, view destination video and adjust commissions within acceptable limits.

Our subsidiary focuses on real estate media advertising.

RealBiz Media is engaged in the business of providing digital media and marketing services for the real estate industry. RealBiz Media currently generates revenue from advertising revenues and through real estate agent and broker service fees. RealBiz has positioned itself in the following eight areas summarized here and explained in more detail below:

1. **Nestbuilder Agent:** to Agent Interaction-From an industry perspective we believe that our developed website will be revolutionary because it includes an agent only platform that is designed to allow for agent to agent interaction, and includes an "App Store" for relevant video content, community events, discount coupons, industry news and agent share programs. This site will completely empower the real estate agent with content and assets that they can use to pursue prospects and generate leads at a fraction of the cost they are currently paying. This agent only site will also interact with our Microvideo App (MVA) platform.

2. **Ezflix Mobile App** : The Ezflix app is the only 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 even portals such as NestBuilder – giving agents a way to personalize their listing videos with entertaining local relevant content. This application, both Web and Mobile, will be complete in 2015 when we 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.

3. **The Virtual Tour (VT) and MicroVideo App (MVA):** was 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. This solution gives those franchises and brokers a much needed tool to lower their cost of prospect acquisition. Currently, the strategy is to migrate our current client base of VT users to MVA's and combine the total core offering into our EzFlix Mobile and Web based application in 2015.

4. **NestBuilder:** The world's largest real estate video portal with over 1 million listings and rapidly growing to over 2 million. Unlike other leaders in the space that agents are seeking legitimate alternatives to, NestBuilder focuses on building agent's brands and delivering high-quality leads. They achieve this by offering fully customizable webpages that will follow their homebuyer throughout the home search, ultimately turning NestBuilder.com into each agent's very own national portal.

5. **NestBuilder Mobile Search App** : The app is currently in private testing and will be available to the public by the end of the year. The app's core competency allows consumers to enter in their agent's name, and effectively turn the NestBuilder app into the agent's very own application where their branding follows the consumer along their home search journey, everywhere they go.

6. **ReachFactor:** A recently acquired full-marketing agency that specializes in real estate. ReachFactor offers a variety of solutions to agents and brokers such as web design, digital ad campaigns, blogging, social media management, reputation management, search engine optimization and much more.

7. **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 franchisors websites, brokers and agents and lead generation platforms 24/7. Some of these multiyear contracts have the company producing over 10 million video listings from 2012-2014 and will be eclipsing that production in 2015 alone. This core area significantly contributes to the company's growth not only in this core service but continues to allow us access to national databases and directly agents and brokers to allow the company access to upgrades and upsell other core products and services.

8. **Home and Away Club:** RealBiz excels at beginning and closing the agent-buyer relationship, but the reality of real estate is that the average homebuyer looks for a new home once every 5 years. That's why RealBiz has created the Home and Away Club so they can offer agents a means to stay in contact once the house is sold with a rewards program. With the Home and Away club, they can earn dollars for completing actions and can receive greatly discounted gifts to give to their happy clients.

Sufficiency of Cash Flows

Because current cash balances and our projected cash generated from operations are not sufficient to meet our cash needs for working capital and capital expenditures, management intends to seek additional equity or obtain additional credit facilities. However, there can be no assurance that we will be able to issue additional capital upon terms acceptable to us. The sale of additional equity could result in additional dilution to our shareholders. A portion of our cash may be used to acquire or invest in complementary businesses or products or to obtain the right to use complementary technologies. From time to time, in the ordinary course of business, we evaluate potential acquisitions of such businesses, products or technologies.

RESULTS OF OPERATIONS

For the Three Months Ended November 30, 2014 Compared to the Three Months Ended November 30, 2013

Revenues

Our total revenues increased 3% to $403,950 for the three months ended November 30, 2014, compared to $391,219 for the three months ended November 30, 2013, an increase of $12,731. The increase in sales is due to the reflection of additional revenue reported and collected from Realtor.com listing uploads through our subsidiary, RealBiz, real estate division.

Revenues from the travel segment decreased 2% to $89,394 for the three months ended November 30, 2014, compared to $91,263 for the three months ended November 30, 2013, a decrease of $1,869. The decrease is attributable to a decline in tour and cruises booked by our luxury tour operation which provides escorted and independent tours worldwide to upscale travelers.

Revenues from the RealBiz real estate media increased 5% to $314,556 for the three months ended November 30, 2014, compared to $299,956 for the three months ended November 30, 2013, an increase of $14,600. The increase in sales is the reflection of additional revenue reported and collected from Realtor.com listing uploads.

Cost of Revenue

Cost of revenues increased 279% to $282,461 for three months ended November 30, 2014, compared to $74,530 for the three months ended November 30, 2013, an increase of $207,931. This is predominately due to the $126,039 representing three months of amortization of the cost of the Nestbuilder website placed in service in March 2014 which has been classified as a cost of sale as the website is considered a revenue producing tool for the RealBiz.

Operating Expenses

Our operating expenses include salaries and benefits, selling and promotion and general and administrative expenses. Our operating expenses decreased 42% to $1,962,587 for the three months ended November 30, 2014, compared to $3,369,127 for the three months ended November 30, 2013, a decrease of $1,406,540. This decrease was mainly attributable to: a decrease in finance and consulting fees of $1,401,408 and to a lesser extent a decrease in bad debt expense of $76,823, rent and utilities of $75,736, insurance of $74,805, dues and subscriptions of $32,006 and selling and promotion of $22,103. This was offset primarily by an increase in the impairment of ReachFactor intangible assets of $125,000 and to a lessor extent an increase in salaries and benefits of $75,790, in legal and professional fees of $30,718, technology and internet of $29,491, office expense of $11,838 and miscellaneous operating expenses of $3,504.

Other Income (Expenses)

Interest expense increased 124% to $382,241 for three months ended November 30, 2014, compared to $170,338 for three months ended November 30, 2013, an increase of $211,903 is due primarily to the amortization of the embedded beneficial conversion feature present in the convertible debts. There was no debt or legal settlement during the three months ended November 30, 2014 as there was for the three months ended November 30, 2013. There was an increase in warrants modification expense of 100% to $17,202 for the three months ended November 30, 2014, with none in the prior year reporting period, as the Company extended the expiration date of various common stock warrants. There was an increase in derivative liability expense of 100% to $234,303 for the three months ended November 30, 2014, with none in the prior year reporting period, as the Company's subsidiary incurred a convertible promissory note with a embedded conversion option. Loss on the change in fair value of derivatives decreased to a loss of $21,168 for the three months November 30, 2014, compared to a loss of $4,884,803 for the three months ended November 30, 2013, a decrease of $4,863,635 primarily due to the changes in the terms of the Company's Preferred Series A shares' ratchet provision. Other income increased 122% to $4,379 of other income, compared to other expense of $19,748 for the three months ended November 30, 2013, an increase of $24,127.

Net Loss

We had a net loss of $2,491,633 for the three months ended November 30, 2014, compared to net loss of $11,444,559 for the three months ended November 30, 2013, a decrease of $8,952,926. The decrease in loss from 2013 to 2014 was primarily due to a decrease of $4,863,635 in the loss in the change in the fair value of derivatives, a decrease in the loss on settlement of debt of $3,285,541 and a decrease in consulting fees of $1,401,408.

For the Nine months Ended November 30, 2014 Compared to the Nine Months Ended November 30, 2013

Revenues

Our total revenues decreased 9% to $1,155,252 for the nine months ended November 30, 2014, compared to $1,270,511 for the nine months ended November 30, 2013, a decrease of $115,259. The decrease is attributable to a decline in tour and cruises booked by our luxury tour operation which provides escorted and independent tours worldwide to upscale travelers.

Revenues from the travel segment decreased 28% to $295,680 for the nine months ended November 30, 2014, compared to $413,256 for the nine months ended November 30, 2013, a decrease of $117,756. The travel revenue decrease is attributable to a decline in tour and cruises booked by our luxury tour operation which provides escorted and independent tours worldwide to upscale travelers

Revenues from real estate media increased less than 1% to $859,572 for the nine months ended November 30, 2014, compared to $857,255 for the nine months ended November 30, 2013, an increase of $2,317. The Company is shifting from the legacy virtual tour business and focused on the rollout of its new technology products and is offering agents a free trial period before charging fees for the use of new products.

Cost of Revenue

Cost of revenues increased 106% to $742,567 for nine months ended November 30, 2014, compared to $360,391 for the nine months ended November 30, 2013, an increase of $382,176. This is predominately due to the $320,067 representing nine months of amortization of the cost of the Nestbuilder website placed in service in March 2014 which has been classified as a cost of sale as the website is considered a revenue producing tool for RealBiz.

Operating Expenses

Our operating expenses include salaries and benefits, selling and promotion and general and administrative expenses. Our operating expenses decreased 19% to $5,459,696 for the nine months ended November 30, 2014, compared to $6,717,259 for the nine months ended November 30, 2013, a decrease of $1,257,563. This decrease was mainly attributable to: a decrease in finance and consulting fees of $1,279,922 and to a lesser extent a decrease in investor relations of $363,501, rent and utilities of $93,631, bad debt expense of $76,823, insurance of $67,982, dues and subscriptions of $35,811, amortization of intangibles of $28,492, travel and entertainment of $19,430 and office expense of $10,780. This was offset primarily by an increase in directors' fees of $200,000 and to a lesser extent an increase in the impairment of ReachFactor intangible assets of $125,000, legal and professional fees of $114,724, technology and internet of $110,784, salaries and benefits of $105,623 selling and promotion of $46,609 and depreciation of $16,072.

Other Income (Expenses)

Interest expense increased 80% to $915,091 for the nine months ended November 30, 2014, compared to $509,525 for nine months ended November 30, 2013, an increase of $405,566 is due primarily to the amortization of the embedded beneficial conversion feature present in the convertible debts. There was no debt or legal settlement during the nine months ended November 30, 2014 as there was for the nine months ended November 30, 2013. There was an increase in warrants modification expense of 100% to $17,202 for the nine months ended November 30, 2014, with none in the prior year reporting period, as the Company extended the expiration date of various common stock warrants. There was an increase in derivative liability expense of 100% to $234,303 for the nine months ended November 30, 2014, with none in the prior year reporting period, as the Company's subsidiary incurred a convertible promissory note with a embedded conversion option. Loss on the change in fair value of derivatives decreased to a gain of $1,122,399 for the nine months November 30, 2014, compared to a loss of $8,608,398 for the nine months ended November 30, 2013, a decrease of $9,730,797 primarily due to the changes in the terms of the Company's Preferred Series A shares' ratchet provision. Other income increased to $170,463, compared to $18,677 for the nine months ended November 30, 2013, an increase of $189,140, primarily due to a net grant received from a grant program in Canada to encourage research and development.

Net Loss

We had a net loss of $4,920,745 for the nine months ended November 30, 2014, compared to net loss of $18,224,898 for the nine months ended November 30, 2013, a decrease of $13,304,153. The decrease in loss from 2013 to 2014 was primarily due to a decrease of $9,730,797 in the loss in the change in the fair value of derivatives, a decrease in the loss on settlement of debt of $3,319,446 and a decrease in consulting fees of $1,279,922.

Contractual Obligations

The following schedule represents obligations under written commitments on the part of the Company that are not included in liabilities:

	Current	Long Term		
	FY2015	FY2016	FY 2017 and thereafter	Totals
Leases	$ 41,267	$ 148,638	$ -0-	$ 189,905
Other	84,216	147,588	295,176	526,980
Totals	$ 125,483	$ 296,226	$ 295,176	$ 716,885

Liquidity and Capital Resources

At November 30, 2014, we had $15,789 cash on-hand, a decrease of $102,029 from $117,818 at the start of fiscal 2015. The decrease in cash was due primarily to operating expenses, website development costs and advances to affiliates.

Net cash used in operating activities was $2,335,681 for the nine months ended November 30, 2014, a decrease of $1,286,530 from $3,622,211 used during the nine months ended November 30, 2013. This decrease was primarily due to an increase in the gain on change in fair value of derivatives and to a lesser extent a decrease the loss on conversion of debt, a decrease in stock based compensation and consulting fees, an increase in loss of non-controlling interest of consolidated subsidiaries offset by increases in amortization of intangibles and debt discount, directors fees and accounts payable and accrued expenses.

Net cash used in investing activities decreased to $587,112 for the nine months ended November 30, 2014, compared to $589,579 for the nine months ended November 30, 2013, a decrease of $2,467 primarily due to incurring website development costs and to a lesser extent the purchase of computer equipment.

Net cash provided by financing activities decreased by $2,266,049 to $2,818,107, for the nine months ended November 30, 2014, compared to $5,084,156 for the nine months ended November 30, 2013. This decrease was primarily due to the net decrease of proceeds in the issuance of common stock and the exercise of warrants of $2,486,164 and to a lesser extent a decrease in proceeds of the issuance of shares of preferred stock of $404,000 offset by increases in proceeds, net of payments, of $624,115 received for convertible promissory notes, loans and shareholder advances.

The growth and development of our business will require a significant amount of additional working capital. We currently have limited financial resources and based on our current operating plan, we will need to raise additional capital in order to continue as a going concern. However, there can be no assurance that we will be able to raise additional capital upon terms that are acceptable to us. We currently do not have adequate cash to meet our short or long-term objectives. In the event additional capital is raised, it may have a dilutive effect on our existing stockholders.

We are a media company focusing on travel and real estate by utilizing multiple media platforms including the Internet, radio and television. As a company that has recently changed our business model and emerged from the development phase with a limited operating history, we are subject to all the substantial risks inherent in the development of a new business enterprise within an extremely competitive industry. Due to the absence of an operating history under the new business model and the emerging nature of the markets in which we compete, we anticipate operating losses until we can successfully implement our business strategy, which includes all associated revenue streams. Our multi-platform media revenue model is new and evolving, and we cannot be certain that it will be successful. The potential profitability of this business model is unproven. Our ability to generate revenues depends, among other things, on our ability to create enough viewership to provide advertisers, sponsors, travelers and homebuyers value. Accordingly, we cannot assure you that our business model will be successful or that we can sustain revenue growth, achieve or sustain profitability, or continue as a going concern.

We will need to raise substantial additional capital to support the on-going operation and increased market penetration of our real estate and travel business including the development of national sales representation for national and global advertising and sponsorships, increases in operating costs resulting from additional staff and office space until such time as we generate revenues sufficient to support the business. We believe that in the aggregate, we will need approximately $750,000 to $1.5 million to repay debt obligations, provide capital expenditures for additional equipment and satisfy payment obligations, office space and systems required to manage the business, and cover other operating costs until our planned revenue streams from advertising, sponsorships, e-commerce, travel and real estate are fully- implemented and begin to offset our operating costs. There can be no assurances that we will be successful in raising the required capital to complete this portion of our business plan.

Since our inception, we have funded our operations with the proceeds from the private equity financings. We have issued these shares without registration under the Securities Act of 1933, as amended, afforded the Company under Section 4(a)(2) and Regulation D promulgated thereunder because the issuance did not involve a public offering of securities. The shares were sold solely to "accredited investors" as that term is defined in the Securities Act of 1933, as amended, and pursuant to the exemptions from the registration requirements of the Securities Act under Section 4(a)(2) and Regulation D thereunder. Currently, revenues provide less than 20% of our cash requirements. The remaining cash need is derived from raising additional capital. The current monthly cash burn rate is approximately $400,000, with the expectation of profitability by the end of fiscal 2015.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk

This represents the risk of loss that may result from the potential change in value of a financial instrument because of fluctuations in interest rates and market prices. We do not currently have any trading derivatives nor do we expect to have any in the future. We have established policies and internal processes related to the management of market risks, which we use in the normal course of our business operations.

Item 4. Controls and Procedures.

(*a) Evaluation of Disclosure Controls and Procedures*

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act are designed to provide reasonable assurance that information required to be disclosed in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosures. Our management, under the supervision and with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of November 30, 2014. Based upon that evaluation, our CEO and CFO concluded that, as of November 30, 2014, our disclosure controls and procedures were not effective as a result of the material weaknesses in internal control over financial reporting described below.

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision of the Company's CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and our directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, we have determined that our disclosure controls and procedures were not effective at the reasonable assurance level due to the lack of an independent audit committee or audit committee financial expert which represents a material weakness as reported in the Company's Annual Report on Form 10-K, filed with the SEC on June 13, 2014. Due to liquidity issues, we have not been able to immediately take any action to remediate this material weakness. However, when conditions allow, we intend to expand our board of directors and establish an independent audit committee consisting of individuals with industry experience including a qualified financial expert. Notwithstanding the assessment that our disclosure controls and procedures were not effective and that there was a material weakness as identified herein, we believe that our consolidated financial statements contained herein fairly present our financial position, results of operations and cash flows for the periods covered thereby in all material respects.

(b) Changes in Internal Control over Financial Reporting.

During the three months ended November 30, 2014, there have been no changes in our internal control over financial reporting (as defined in Rule13a-15(f) of the Act) 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.

There have been no material changes from the legal matters reported in our Annual Report on Form 10-K for the year ended February 28, 2014, as filed with the SEC on June 13, 2014.

Item 1A. Risk Factors.

There have been no changes that constitute material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended February 28, 2014, as filed with the SEC on June 13, 2014.

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

Not applicable

Item 3. Defaults upon Senior Securities.

There were no defaults upon senior securities during the period ended November 30, 2014.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information.

There is no other information required to be disclosed under this item, which was not previously disclosed.

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification of the Principal Executive Officer of Next 1 Interactive, Inc., pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of the Principal Accounting Officer of Next 1 Interactive, Inc., pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of the Principal Executive Officer of Next 1 Interactive, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Principal Accounting Officer of Next 1 Interactive, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

NEXT 1 INTERACTIVE, INC.

Date: January 20, 2015	*/s/ William Kerby* William Kerby Chief Executive Officer (Principal Executive Officer)
Date: January 20, 2015	*/s/ Adam Friedman* Adam Friedman Chief Financial Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William Kerby, certify that:

1. I have reviewed this Form 10-Q of Next 1 Interactive, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. Along with the Principal Accounting Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13- a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financing reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

Date: January 20, 2015

By: */s/ William Kerby*
William Kerby
Principal Executive Officer
Next 1 Interactive, Inc.

Exhibit 31.1

CERTIFICATION OF PRINCIPAL ACCOUNTING OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Adam Friedman, certify that:

1. I have reviewed this Form 10-Q of Next 1 Interactive, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods present in this report;

4. Along with the Principal Executive Officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13-a-15 (f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financing reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: January 20, 2015

By: *//s/ Adam Friedman*
Adam Friedman
Principal Accounting Officer
Next 1 Interactive, Inc.

Exhibit 32.1

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

In connection with this Quarterly Report of Next 1 Interactive, Inc. (the "Company"), on Form 10-Q for the period ended November 30, 2014, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, William Kerby, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended November 30, 2014, fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended November 30, 2014, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 20, 2015

By: */s/ William Kerby*
William Kerby
Principal Executive Officer
Next 1 Interactive, Inc.

Exhibit 32.2

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

In connection with this Quarterly Report of Next 1 Interactive, Inc. (the "Company"), on Form 10-Q for the period ended November 30, 2014, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Adam Friedman, Principal Accounting Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Quarterly Report on Form 10-Q for the period ended November 30, 2014, fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Quarterly Report on Form 10-Q for the period ended November 30, 2014, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 20, 2015

By: *<u>/s/ Adam Friedman</u>*
Adam Friedman
Principal Accounting Officer
Next 1 Interactive, Inc.