

Edgar Filing: PCS EDVENTURES COM INC - Form 10KSB/A

PCS EDVENTURES COM INC  
Form 10KSB/A  
August 20, 2003

U. S. Securities and Exchange Commission  
Washington, D. C. 20549

FORM 10-KSB/A-1

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

For the fiscal year ended March 31, 2003

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

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

Commission File No. 333-53458

PCS EDVENTURES!.COM, INC.  
(Name of Small Business Issuer in its Charter)

IDAHO 82-0475383  
(State or Other Jurisdiction of (I.R.S. Employer I.D. No.)  
incorporation or organization)

345 Bobwhite Court, Suite #200  
Boise, Idaho 83706  
(Address of Principal Executive Offices)

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

1655 Fairview Ave. #100  
Boise, Idaho 83702  
(Former Name or Former Address, if changed since last Report)

Securities Registered under Section 12(b) of the Exchange Act: None  
Name of Each Exchange on Which Registered: None  
Securities Registered under Section 12(g) of the Exchange Act:

No par value common stock

Check whether the Issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such  
shorter period that the Registrant was required to file such reports), and (2)  
has been subject to such filing requirements for the past 90 days.

(1) Yes X No (2) Yes X No  
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Check if there is no disclosure of delinquent filers in response to Item  
405 of Regulation S-B is not contained in this Form, and no disclosure will be  
contained, to the best of the Registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form  
10-KSB or any amendment to this Form 10-KSB.

State Issuer's revenues for its most recent fiscal year: March 31, 2003 -

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\$1,857,491.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days.

June 25, 2003 - \$1,618,557.71. There are approximately 14,714,161 shares of common voting stock of the Registrant beneficially owned by non-affiliates. These computations are based upon the bid price for the common stock of the Registrant on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. ("NASD") on June 25, 2003.

(ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Not Applicable.

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

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(APPLICABLE ONLY TO CORPORATE ISSUERS)

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

June 25, 2003

18,080,646

DOCUMENTS INCORPORATED BY REFERENCE

A description of "Documents Incorporated by Reference" is contained in Part III, Item I.

Transitional Small Business Issuer Format Yes X No

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PART I

Item 1. Description of Business.

Business Development.

PCS (the "Company," "PCS," "we," "our," "us" or similar words) was incorporated in 1994 in the State of Idaho. In October 1994, we acquired PCS Schools, Inc. ("PCS Schools") as a wholly owned subsidiary. PCS Schools had created an educational enrichment program that was delivered in owner-operated, free standing Learning Centers. This program offered a unique atmosphere highly conducive to individual styles of learning and a system that utilized computer technology to increase areas of inquiry and application. Subsequently, we changed our business plan and business strategy and in connection with this change, we divested the Learning Centers developed by PCS Schools and focused our efforts on creating web based educational systems utilizing and improving PCS Schools legacy curriculum.

We issued certain notes in the aggregate amount of \$602,500 payable in a

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private offering to "accredited investors"; these notes bear interest at 8.00% per annum, with payments being due from April 6, 2002, through August 29, 2002. This offering also provided for a debt discount related to warrants that were issued to note holders in conjunction with the notes, amounting to \$191,634. This discount has been fully amortized as of March 31, 2003.

For a discussion of our business development for the years ended March 31, 2000 and 1999, see our 10-KSB Annual Report for the year ended March 31, 2001, which has been previously filed with the Securities and Exchange Commission, and is incorporated herein by reference. See Item 13, Part III.

### Business.

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We are engaged in the business of developing and marketing educational related technologies and programs directed to the kindergarten through 12th grade after-school market. Our products and technologies are targeted to both the classroom and home market. Our products and technologies are delivered to the classroom through an inventory of hardware, software, books, and Internet access. Our technologies and products are delivered to the home user through Internet access to our subscription based website. Our products and technologies allow students ages 3-18 to explore the basic foundations of mechanical engineering, structures in architecture, and math and science.

We have developed seven innovative technology based educational programs. Our "Academy of Engineering," "Academy of Robotics", "Edventures! Lab", "Discover! Lab" products are site-license installations for classrooms and learning programs. Our "Brick Lab!" and "Young Learner Building Box" products are also for classrooms and learning programs, but are not licensed. Our "Edventures! Online" product is our comprehensive Internet delivered educational experience that supports our Edventures! Labs and our Discover! Labs site licenses and also serves as a stand-alone home usage program. Our "Edventures! Online" program is delivered to the home user over the Internet on a monthly subscription basis. Separately, and in combination, these seven products present a platform for delivering educational services and support to classroom, learning center and home users, and create a virtual community of learners and parents on the web. It is our business strategy that as this online community grows, it will become an education portal through which additional PCS programs and services can be marketed and delivered.

We have only commenced marketing efforts for our current products and technologies during the last three years. We are attempting to expand distribution and marketing arrangements channels. To date, we have sold only a limited number of products related to our current product line.

### Principal Products or Services and their Markets.

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We have now developed and are currently marketing seven innovative technology based educational programs for the kindergarten through 12th grade ("K-12") after-school market, learning center market and home market. Separately, and in combination, these seven products present a platform for delivering educational services and support, and create a virtual community of learners and parents on the web. It is our intent that as this community grows, it becomes an education portal through which additional PCS programs and services can be deployed. The five technologies and products that we are currently marketing, are as follows:

Our Academy of Engineering Lab is a site license program designed for use within various K-12 environments. Using the Academy of Engineering, students develop, design, and produce exciting hands-on projects ranging from catapults to robots in response to engaging

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challenges in a variety of topics. The current Academy of Engineering product includes four books from the mechanical engineering strand and 12 extension books covering a variety of topics. Future topic strands for expanding the program include structural, electrical and software engineering. Each strand, when completed, includes courseware for over 272 hours of instruction. The Academy of Engineering program includes a variety of LEGO (Registered) products which are used as a mechanical engineering learning aid. An Academy of Engineering site license currently sells for between \$15,000 and \$19,500 and includes materials, LEGO (Registered) manipulatives and other building components, and curriculum, a custom designed storage and organization unit, a digital camera, web-based support by our "Edventures! Online" product and various electronic assessment tools, and two days of teacher training. We sold 56 Academy of Engineering Labs during the previous fiscal year. Each site license includes all materials necessary to utilize the complete Academy of Engineering program.

The Academy of Robotics Lab serves as a complement to our Academy of Engineering or can also serve as a stand alone robotics lab. The Academy of Robotics Lab is available in a 10, 20, or 30 student editions. Each Lab contains a comprehensive LEGO (Registered) inventory including LEGO (Registered) Mindstorms kits, additional LEGO (Registered) manipulatives, digital camera, web services, and curriculum. This Lab ranges in price from \$5995 to \$17,985. We sold 17 Academy of Robotics Labs during last fiscal year, which was the inaugural year for this Lab.

Edventures! Lab is a site license system intended for students ages 7-13 which provides a broader set of subject areas including art, programming, web page design, chess, physics, electricity, and others. It contains curriculum, storage cabinet, and a smaller inventory of LEGO (Registered) manipulatives. It relies on "Edventures! Online" for delivery of the curriculum. A site license for an Edventures! Lab currently costs \$6,995 which includes a 60-student block license for access to "Edventures! Online." We have sold 47 Edventures! Labs during the previous fiscal year.

Discover! Lab is a scaled down model of the Edventures! Lab site license system intended for smaller groups of approximately 15 students. It contains curriculum, a storage cabinet and other material, but has a reduced inventory of LEGO (Registered) materials and relies on "Edventures! Online" for delivery of the curriculum. A site license for a Discover! Lab currently costs \$2,499 which includes a 30-student block license for access to "Edventures! Online". We have sold 67 Discover! Labs during the previous fiscal year.

Edventures Brick Labs! provide an inexpensive hands-on learning solution for educators in all types of teaching environments. The Brick Lab! combines the "Edventures! Online" curriculum, LEGO (Registered) manipulatives, storage bins and Internet/web services for smaller groups of approximately 30 students. The Brick Lab! sells for \$499 and is not licensed. Introduced only two years ago, we have sold 440 Brick Labs during the previous fiscal year.

The Young Learner Building Box was designed to meet the needs of preschoolers. Introducing children to hands-on learning, this lab utilizes activities and games to teach number and letter recognition, build vocabulary, counting, and more. The Young Learner Building Box includes activity cards, large-size plastic building blocks, the exclusive "HIGHRISE" board game, developed by

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PCS for this specific Lab, and a sturdy mobile storage container. This lab sells for \$249 and is unlicensed.

"Edventures! Online" is an Internet delivered program that provides a safe, secure and exciting learning environment for students to interact within from home and from school. "Edventures! Online" includes online curriculum and assessment, filtered communication tools, forums and a variety of additional online services. The program utilizes Internet based resources and services as a stand-alone product and also serves as an extension service to our school-based Edventures! Lab. "Edventures Online" can be viewed on the web at [www.edventures.com](http://www.edventures.com). This environment features over 200 do-at-home projects organized into a sophisticated learning model (Merit System), an animated glossary, monitored chat rooms, live interaction with online instructors, personal email accounts for all students and more. The "Edventures! Online" at-home curriculum utilizes found materials, LEGO (Registered) products, software and other resources to teach concepts in Physics, Electricity, Internet, Programming, Art, Architecture, Engineering, and Robotics. "Edventures! Online" provides all lab licensees an on-line support tool and provides a framework within which students can safely communicate, collaborate, and learn. "Edventures! Online" is also available as a stand-alone, home based subscription product for \$69.95 per year.

The Academy of Engineering, Academy of Robotics, Edventures! Lab, Discover! Lab, and Brick Lab! have three main delivery models, which makes these products suitable for use in various learning environments:

School Resource Center. The Academy of Engineering, Academy of Robotics, Edventures! Lab, and Discover! Labs are currently being deployed as a school-wide resource center that allows K-12 teachers to integrate hands-on project based learning activities into their daily curriculum. As a resource center, these mobile Labs are rolled from classroom to classroom throughout the course of a typical school week, being used by the entire school. Examples of how the program is used include: (1) a platform for gifted and talented programs; (2) to enhance and extend a science curriculum; (3) to enhance and extend mathematics activities; (4) to serve as a foundation for an after-school program; (5) as a vocational-technical or technology education program; (6) and to serve as a special education resource. This model makes the program an ideal resource for schools around the country that are seeking innovative and organized methods for integrating technology and hands-on learning in the classroom.

Pre-Engineering Course. The Academy of Engineering, Academy of Robotics, and Edventures! Labs provide a comprehensive engineering curriculum designed around the hands-on use of LEGO (Registered) manipulatives. This curriculum allows the program to serve as the foundation for pre-engineering courses suitable for students in Jr./Sr. High. The hands-on applications of technology, design and production techniques, and the integration of the Internet based services, makes it a highly attractive total classroom solution.

After School Program. The Academy of Engineering, Academy of Robotics, Edventures! Lab, Discover! Lab, and Brick Lab programs were originally designed in an after-school environment and are ideal to meet the expanding need for educational solutions for school-based programs, Boys & Girls Clubs, YMCA, Community Learning Centers and similar organizations. When used in this format, these programs become a hub for educational activities out of the

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engineering curriculum, or from the online Edventures! program. The complete support, assessment and curriculum components provide a system for offering a flexible, effective educational offering.

We believe that education programs of our type are not currently available from any other source and present a unique opportunity for sales and marketing to specific segments of the education industry. We believe that PCS' education programs deliver a unique, proven learning experience that:

- \* provides students with exciting and relevant activities that brings curriculum to life;
- \* develops essential critical thinking and problem-solving skills;
- \* prepares students for real-world career demands; and
- \* builds a strong foundation in technical literacy.

Markets.

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The educational market is a significant market in the United States but is fragmented into various segments ranging from non-profit educational programs to the public school system. We focus our sales and marketing efforts on specific market segments in an integrated strategy that is intended to build brand name awareness of our PCS products in schools, at home and within the larger educational marketplace.

We believe that a major shift of focus is taking place in education in our public and private schools as educators and parents seek to maximize educational experiences for children based upon advances in technology. We believe that this shift necessitates sweeping changes in how schools are operated, programs are taught, technology is integrated, students are assessed and classrooms are managed. Over the past few years, the emergence of a for-profit education industry has begun to evolve in response to parents' and society's demand for more and better alternatives in education. Parents are giving their children's schools low grades for teaching performance and at the same time there is an increase in public support for school choice. The issue of education, including the public funding of private school vouchers is significant. A school voucher program has also been recently upheld in a case decided at the United States Supreme Court. These factors are driving the growth of private and charter school alternatives.

Capitalizing on this atmosphere, private education based companies specializing in after-school, tutoring, and special skills programs are marketing programs, technologies, and products catering to teachers, students, and parents. Parents support alternative education programs and enrichment activities and actively seek them out for their children, as well as exert more and more pressure on public schools to improve their performance. We believe that with this change and unrest taking place within the education industry, enormous opportunities are emerging for companies who understand the problems and promise of technology and new educational methodologies. It is our business strategy to, through our technologies and experience, develop and market technology enhanced learning programs to address this education demand.

The Growth of the Extended Learning Market. Recent high-profile federal programs indicate a growing opportunity within the extended learning market which encompasses before, after, and summer school programs on the campus of public schools, or operated through the venue of organizations like the Boys & Girls Clubs of America. The web site, "[www.afterschool.gov](http://www.afterschool.gov)," summarizes many of the federal funding sources now available for this growing market segment. Congress has appropriated \$993.5 million for afterschool programs in Fiscal

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Year (FY) 2003.

### PCS Designated Markets.

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We have identified as our primary market for our labs traditional public and private schools and the after-school programs that are growing quickly across the United States. Widespread financial support for implementing school-based after-school programs is driving the growth of public school programs in this segment. The growth of programs such as those offered by the Boys & Girls Clubs of America are further proof of the market need for this product. As a niche market, after school programs, on and off the campus of public schools (the Extended Learning Market), represent a potential market for PCS products.

K-12 Market in International and U.S. We have entered into a sales agency agreement and product alliance relationship with Pitsco LEGO (Registered) Dacta, a Pittsburg, Kansas, based educational company that holds the exclusive distribution rights to LEGO (Registered) Dacta product sales in the United States. Pitsco, established in 1966, has established a market presence and reputation in the school market place and now markets its own line of modular school labs as well as hundreds of other hands-on type products. The Academy of Engineering product complements the Pitsco existing product line.

Boys & Girls Clubs. We are currently continuing our efforts to distribute our labs into the Boys and Girls Clubs. To date, clubs have evidenced a strong interest in our program due to an organization-wide mandate to implement educational programs like the Academy of Engineering. The funding cycle access to funds for these programs are a significant factor in our ability to market the Academy of Engineering to Boys and Girls Clubs. We currently have labs in over 20 of 3,300 Boys & Girls Clubs nationwide.

Extended Learning Market. In addition to the Boys & Girls Clubs of America, additional non-school-based programs are increasing through such institutions as the YMCA, Community Learning Centers, and other sites such as Science Museums. PCS is currently working to establish reference sites in each of these markets and will follow a strategy similar to the one it is pursuing with the Boys & Girls Clubs of America. Progress to date in these market segments include

### Edventures! Online Markets.

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Edventures! Online is designed to provide a full-featured educational extension via the Internet to all students participating in PCS programs such as the Academy of Engineering. However, for families and students who do not have access to PCS Labs through a local site license, the program is available on a subscription basis for \$69.95 per year. PCS describes the primary market for the current Edventures! Online product as families with children ages six to 13 who have a strong interest in education. Edventures! Online has been approved for state level funding for homeschool students in the states of California and Alaska. PCS is currently developing a promotional effort that will take advantage of this funding availability to promote the Edventures! program to the thousands of homeschool families in these states.

### Marketing and Other Agreements.

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Direct Sales Force. Currently, we have a direct sales force consisting of three employees and several independent agents. This direct sales force markets our products and programs in a variety of methods to various users,

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providers and others.

LEGO (Registered) Dacta and Pitsco Agreement. We have entered into a Marketing Agreement with LEGO (Registered) Dacta and Pitsco, LLC ("Pitsco") for the sale of our "The Academy of Engineering" product. Pitsco is an educational company that holds the exclusive distribution rights to LEGO (Registered) Dacta product sales in the United States. Pitsco, established in 1966, has established significant market presence and reputation in the school market place and now markets its own line of modular school labs as well as hundreds of other hands-on type products.

Competition.

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Both the education marketplace and the Internet are highly competitive and rapidly evolving fields, and are expected to continue to undergo significant and rapid technological change. Other companies may develop products and services and technologies superior to our products which may result in our products and services becoming less competitive. We are aware of several development stage and established enterprises, including major telecommunications and computer software and technology companies, which are exploring the fields of online educational products and services or are actively engaged in research and development of products and services targeted at these fields. Many of these companies have substantially greater financial, manufacturing, marketing and technical resources than we have and represent significant long-term competition. To the extent that these companies offer comparable products and services at lower prices, or higher quality and more cost effective, our business could be adversely affected.

Potential Competitive Advantages.

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We believe that we potentially have certain competitive advantages which we will attempt to maximize in developing and effecting our business strategy. These potential advantages include the following:

High barriers exist to entry. PCS' educational programs are innovative, unique and based on ten years of experience and product development. Barriers to entry for competitive products that are time tested are extremely high. Early and significant market penetration will guarantee a "first and best" name recognition for the types of educational services that PCS will deliver.

Utilize the Internet as a delivery and support mechanism for the programs. By leveraging our extensive expertise in Internet technology, PCS achieves the following significant advantages: (1) a high level of program control; (2) the building of a significant data model regarding program usage; and (3) a direct channel to enrolled students who access the program at home. Each of these advantages provides tangible long-term benefits to the Company.

Expand program offerings and distribute them via established program licensees. After implementing and proving a successful program model, PCS will utilize its established network of licensees to distribute additional programs designed to integrate seamlessly into the already deployed sites. This creates a long-term growth strategy that includes new and residual sales to an ever-growing list of existing licensees on an annual basis.

Proliferate licensing of PCS programs by continuing to expand other educational market segments. PCS recognizes that the public schools and community organizations offering educational programs are the best



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choice for rapid expansion and capturing market share and visibility. Additional market segments will be attacked individually as PCS demonstrates program viability, market by market. By taking a long term strategic approach to market penetration, and maintaining a policy of solid strategic alliances for distribution, each PCS educational program will be an asset that will continue to generate growth and sales.

### Sources and Availability of Raw Materials.

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None, not applicable.

### Patents, Trademarks, Licenses, Franchises, Concessions, Royalty Agreements or Labor Contracts.

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We seek to protect our technology, documentation and other written materials under trade secret and copyright laws, which afford only limited protection. Generally, we enter into confidentiality and non-disclosure agreements with our employees and with key vendors and suppliers. Currently we use the following trade names: "PCS" (TM); "Academy of Learning"; "business"; and "Edventures". We intend to evaluate continually the appropriateness of seeking registration of additional product names and trademarks as they evolve.

At the present time, we have not applied for any patents, nor do we have any patents pending. We anticipate that our products will not be the type for which patent protection will be sought. However, we may file for patent protection on certain aspects of our proprietary technology in the future.

Our present or future products may be found to infringe upon the intellectual property rights of others. If our products were found to infringe on intellectual property rights of others, our development and sale of such products could be severely restricted or prohibited. In such eventuality we would be required to obtain licenses to utilize such patents or proprietary rights of others, for which acceptable terms may be unavailable. If we were not able to obtain such licenses, the development or sale of products requiring such licenses could be materially and adversely affected. In addition, we could incur substantial costs in defending against challenges to our patents or infringement claims made by third parties or in enforcing any patents we may obtain.

Our PCS logo has been service/trade marked (#2213678) since December 29, 1998. Protection for this service/trademark is for a ten year period. We applied for a service/trademark (application #75-845244) for "PCS Edventures!.COM" on November 30, 1999, and for a service/trademark (application #60-162284) for "Senior Driver" on October 28, 1999. We anticipate that these applications will be granted in the near future. Once granted, the protection is for a period of ten years.

### Governmental Approval of Principal Products or Services.

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None, not applicable.

### Effects of Existing or Probable Governmental Regulations.

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#### Small Business Issuer.

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The integrated disclosure system for small business issuers adopted by

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the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a "Small Business Issuer," defined to be an issuer that has revenues of less than \$25 million; is a U.S. or Canadian issuer; is not an investment company; and if a majority-owned subsidiary, the parent is also a small business issuer; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding securities held by non-affiliates) of \$25 million or more.

The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. ("NASAA") have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets.

We are deemed to be a "small business issuer," and we have selected to comply with the "small business issuer" disclosure requirements of Regulation SB of the Securities and Exchange Commission.

### "Penny Stock" Designation.

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Our common stock is "penny stock" as defined in Rule 3a51-1 of the Securities and Exchange Commission. Penny stocks are stocks:

- \* with a price of less than five dollars per share;
- \* that are not traded on a "recognized" national exchange;
- \* whose prices are not quoted on the NASDAQ automated quotation system; or
- \* in issuers with net tangible assets less than \$2,000,000, if the issuer has been in continuous operation for at least three years, or \$5,000,000, if in continuous operation for less than three years, or with average revenues of less than \$6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the Securities and Exchange Commission require broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before making any transaction in a penny stock for the investor's account. You are urged to obtain and read this disclosure carefully before purchasing any of our shares.

Rule 15g-9 of the Securities and Exchange Commission requires broker/dealers in penny stocks to approve the account of any investor for transactions in these stocks before selling any penny stock to that investor. This procedure requires the broker/dealer to:

- \* get information about the investor's financial situation, investment experience and investment goals;
- \* reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor can evaluate the risks of penny stock transactions;
- \* provide the investor with a written statement setting forth the basis on which the broker/dealer made his or her determination; and
- \* receive a signed and dated copy of the statement from the investor, confirming that it accurately reflects the investor's financial

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situation, investment experience and investment goals.

Compliance with these requirements may make it harder for our stockholders to resell their shares.

Cost and Effect of Compliance with Environmental Laws.  
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None, not applicable.

Research and Development Expenses.  
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We incurred no research and development expenses during the last fiscal year due to a lack of funding. However, we believe that continued investment in research and development will contribute to attaining our strategic objectives and, as a result, expect research and development expenses to increase in future periods.

Number of Employees.  
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We employ approximately 10 full-time employees of which three are in sales, five are in design and project management, one in accounting/finance and one in administration. We will hire part-time and additional full-time employees on an "as-needed" basis. None of our employees are represented by a labor union. We believe that our relationship with our employees is good.

Item 2. Description of Property.  
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The Company leases its principal executive offices, at 345 Bobwhite Court, Suite #200, Boise, Idaho 83706. These offices consist of approximately 5,412 square feet of office space. Rent obligations are \$5,792/month under a non-cancelable operating lease.

Item 3. Legal Proceedings.  
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Warren Black v. PCS.  
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On January 18, 2002, Warren Black, a former independent contractor for the Company, filed a complaint against the Company alleging breach of contract. Mr. Black seeks the return of certain software products that he claimed to have provided the Company during his employment, or their monetary equivalent, which he claims to be \$15,000. The Company settled this action in February 2003. Per the terms of the settlement agreement, the Company agreed to issue Mr. Black a \$6,000 note in full satisfaction of his claim. The note is payable in quarterly installments of \$1,500 and accrues interest at 8.0% per annum. No payments have been made as of March 31, 2003, but the amount has been included in the Company's notes payable balance. As of June 30, 2003, the Company had made a \$1,500 payment.

Key Bank v. PCS and Maher.  
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On March 26, 2002, Key Bank, filed a complaint against the Company seeking recovery of \$25,208 alleged to be owed by the Company on a promissory note executed by the Company and guaranteed by Anthony A. Maher, the Company's President and CEO. The Company settled this claim on June 18, 2003, in

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exchange for \$20,000 in cash. As of March 31, 2003, the settlement has been paid-in-full, and the difference, of \$8,308, has been recorded as a gain on settlement of debt.

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

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No matter was submitted to the Company's shareholders during the last quarter of our current fiscal year.

## PART II

### Item 5. Market for Common Equity and Related Stockholder Matters.

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#### Market Information.

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There has never been any "established trading market" for our shares of common stock. Our common stock is presently quoted on the OTC Bulletin Board of the NASD under the symbol "PCSV" as reflected below. No assurance can be given that any market for our common stock will develop in the future or be maintained. If an "established trading market" ever develops in the future, the sale of "restricted securities" (common stock) pursuant to Rule 144 of the Securities and Exchange Commission by members of management or others may have a substantial adverse impact on any such market.

The range of high and low bid quotations for our common stock during each quarter since they commenced trading in September, 2001, are shown below. Prices are inter-dealer quotations as reported by the NQB, LLC, and do not necessarily reflect transactions, retail markups, mark downs or commissions.

#### Stock Quotations

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Quarter Ended -----	High ----	Low ---
September 30, 2001	\$0.60	\$0.25
December 31, 2001	\$0.28	\$0.18
March 31, 2002	\$0.25	\$0.06
June 30, 2002	\$0.19	\$0.07
September 30, 2002	\$0.20	\$0.10
December 31, 2002	\$0.15	\$0.06
March 31, 2003	\$0.10	\$0.065

#### Recent Sales of Unregistered Securities.

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During the last three years, PCS Edventures!.com, Inc. sold the securities listed below in unregistered transactions. Each of the sales was sold in reliance on the exemption provided for in Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). No underwriting fee or other compensation was paid in connection with the issuance of shares except as described in Footnote 1.

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Name ----	Date ----	Shares Issued -----	Consideration Paid in Dollars -----
Gayle Anderson, Trustee Scott and Michelle LaBear, Jt Wros	4/17/00	37,037	27,777.75
Joseph R. Smith, IRA - First Union Sec. Equity Advisors International	4/17/00	100,000	75,000
James R. Chapman Technology Literacy Group, Inc.	4/17/00	74,075	55,556.25
Cecil D. Andrus	4/17/00	123,333.40	(2)
James R. Gaul	4/28/00	74,074	50,000
Stewart I. Perim	4/28/00	21,111	14,250
Peter S. Richards	4/28/00	37,500	25,312.50
Shannon Soulsby	5/5/00	100,000	(1)
Trent G. Rencher	5/5/00	100,000	67,500
John E. Richards	5/5/00	37,500	25,312
Ritter Family Trust	6/2/00	10,000	6,750
Loretta I. Cook	6/12/00	1,000	(3)
Mark E. Stutzman	6/12/00	1,000	(3)
Thomas M. Tice	6/12/00	1,000	(3)
Symbion, Ltd. Equity Advisors International	6/12/00	9,000	(3)
Halverson, Ronald and Valerie, Co-Trustees International Capital Group Ltd.	6/12/00	40,000	30,000
Douglas W. Miller	8/4/00	50,000	(4)
Dan Sevier	8/4/00	7,000	(3)
Allan J. Kupczak	8/4/00	1,000	(3)
Ryan Canning	9/15/00	66,667	50,000.25
Gene R. and Sara A. Whitlow Family Trust	9/15/00	8,000	6,000
Robert F. and Betty C. Mitchell	9/15/00	12,000	9,000
Kevin Denison	9/15/00	53,333	39,999.75
Mark E. Urness	9/15/00	12,000	9,000
Dwayne J. Denison	9/15/00	33,333	24,999.75
Evan Hathaway	9/15/00	13,000	9,750
Reed J. Bowen, Jr.	9/15/00	72,000	54,000
Kirk J. Moser	9/15/00	72,000	54,000
International Capital Group Ltd.	9/15/00	23,266	17,449.50
Joseph R. Smith IRA - First Union Sec.	9/15/00	5,000	(4)
Jerry H. Canning	9/15/00	50,000	37,500
Andrew Aeling fbo-First Trust Corp.	9/15/00	8,000	6,000
Thomas K. and Liesbeth L. Benedict	9/15/00	6,667	5,000.25
Mark S. Boland	9/15/00	12,000	9,000
Charles L. Bradley	9/15/00	12,000	9,000
Thomas S. Brower	9/15/00	16,000	12,000
Trevor Brown, Inc. Pension Plan	9/15/00	4,000	3,000
Trevor Brown, Inc. Pension Plan	9/15/00	12,000	9,000
Trevor Brown, Inc. Pension Plan	9/15/00	12,000	9,000
Trevor Brown, Inc. Pension Plan	9/15/00	6,667	5,000.25

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John C. Bult Trust	9/15/00	6,000	4,500
Judy Conger Calder	9/15/00	2,000	1,500
Coghlan Family Corporation, John R. Coghlan, President	9/15/00	30,000	22,500
Coogan Family Ltd. P/S, John S. Coogan, Jr., Gen.	9/15/00	12,000	9,000
Carl S. Derwig	9/15/00	10,000	7,500
John Duda	9/15/00	50,000	37,500
Daniel T. Gluch	9/15/00	8,400	6,300
Thomas R. and Anita L. Gluch	9/15/00	4,000	3,000
Greeley Orthodontic Center Profit Sharing	9/15/00	12,000	9,000
Walter Hinckfoot, Jr. Living Trust	9/15/00	14,000	10,500
Walter Hinckfoot, Jr. Living Trust	9/15/00	10,000	7,500
Donald Ingalls, Trustee	9/15/00	6,667	5,000.25
Jensen Orthodontic Center-Profit Sharing	9/15/00	15,000	11,250
Jeffrey E. and Miriam M. Joyce	9/15/00	12,000	9,000
Kimball Family Trust	9/15/00	60,000	45,000
Geoffrey Kopecky	9/15/00	12,000	9,000
Armand LaSorsa fbo - First Trust Corp.	9/15/00	8,000	6,000
Leon and Elba Manfredi	9/15/00	6,000	4,500
Mechling Family Trust	9/15/00	12,000	9,000
John Montfort	9/15/00	26,667	20,000.25
Norman R. Morris Living Trust	9/15/00	10,000	7,500
Robert G. Niederkom Irrevocable Trust	9/15/00	20,000	15,000
Diana Nichols	9/15/00	13,333	9,999.75
Clifford Nichols fbo - First Trust Co.	9/15/00	16,000	12,000
Dennis R. Shinn and Karen Brilland	9/15/00	12,000	9,000
Henry and Nellie M. Stuit Revocable Trust	9/15/00	12,000	9,000
Diane Stump	9/15/00	6,000	4,500
Mike Vander Plaats fbo - First Trust Co.	9/15/00	4,000	3,000
Robert Wegner fbo - First Trust Co.	9/15/00	16,000	12,000
Michael H. Yokoyama and Jaye S. Venturi	9/15/00	12,000	9,000
Douglas W. Miller	10/16/00	4,948	(3)
Dan Sevier	10/16/00	1,057	(3)
Tom Donovan	10/16/00	4,000	(3)
Thomas E. Thompson	10/16/00	2,316	(3)
Symbion, Ltd.	10/16/00	5,133	(3)
Loretta I. Cook	10/16/00	500	(3)
Thomas M. Tice	10/16/00	567	(3)
Ryan Cravens	10/16/00	942	(3)
James Boston	10/16/00	537	(3)
John G. Ariko, Jr. Revocable Living Trust	10/16/00	20,000	15,000
Richard K. and Polly L. Ball, Co-Trustees	10/16/00	6,000	4,500
Marcella D. Barnhort, Trustee	10/16/00	12,000	9,000
Barr Asset Family Ltd. Partnership	10/16/00	3,000	2,250
Ron C. Berg	10/16/00	2,000	1,500
Alan and Leslie Berlinberg, Trustees	10/16/00	6,667	5,000.25
Jeffrey T. Canning	10/16/00	4,000	3,000
Joseph L. Draskovich, First Trust Corp. fbo	10/16/00	10,000	7,500
Robert L. and Connie T. Dye	10/16/00	12,000	9,000

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Robert D. and Rita Y. Ervin, Co-Trustees	10/16/00	12,000	9,000
David R. and Alice M. Evers	10/16/00	16,000	12,000
Todd Gluch	10/16/00	1,333.33	1,000
Josie Gluch	10/16/00	1,333.33	1,000
Tyra Gluch	10/16/00	1,333.33	1,000
D. Hall Investments, L.L.C.	10/16/00	8,000	6,000
Ronald and Valerie Halverson, Co-Trustees	10/16/00	35,000	26,250
Frederick Z. Herr	10/16/00	30,000	22,500
Robert E. Hinman	10/16/00	3,000	2,250
Vance L. Kalcic	10/16/00	8,000	6,000
Charles Kovaleski, First Trust Corp. fbo	10/16/00	10,000	7,500
Chuck Leal	10/16/00	7,000	5,250
Steven Levy	10/16/00	8,000	6,000
R.C. Luker Construction Defined Benefit fbo	10/16/00	12,000	9,000
Leon and Elba Manfredi	10/16/00	4,000	3,000
Mechling Family Trust	10/16/00	4,000	3,000
Richard T. Press, First Trust Corp. fbo	10/16/00	13,096	9,822
Ratliff Investments	10/16/00	10,000	7,500
Karen G. Reardon	10/16/00	5,000	3,750
Robert E. Rigert	10/16/00	5,000	3,750
Hazen A. and Joseph Sandwick Revocable Trust	10/16/00	12,000	9,000
Annette Simons and Mark Sullivan	10/16/00	4,000	3,000
Stephen G. Smith	10/16/00	10,000	7,500
Swiss American, Inc.	10/16/00	67,000	50,250
Thomas E. Thompson	10/16/00	43,333	32,499.75
Bruce Unsworth, First Trust Corp. fbo	10/16/00	12,000	9,000
John R. Ureel	10/16/00	12,000	9,000
Jerome T. Usails, First Trust Corp. fbo	10/16/00	33,392	25,044
Mike Vander Plaats fbo - First Trust Co.	10/16/00	2,666.67	2,000
Robert and Sally Veazey	10/16/00	4,000	3,000
Johnny Warren	10/16/00	4,000	3,000
Gary R. Weber, Trustee	10/16/00	6,000	4,500
Steve Womack	10/16/00	10,000	7,500
Daniel Andrzejek, First Trust Corp. fbo	10/16/00	5,333.33	4,000
Don M. Barnes	10/16/00	6,000	4,500
Trace G. Barnes	10/16/00	6,000	4,500
Brian Dusseault, First Trust Corp. fbo	10/16/00	3,600	2,700
Ralph M. and Rita J. Eisenmann, Trustees	10/16/00	4,000	3,000
George R. Jarkesy, Jr.	10/16/00	6,700	5,025
Armand LaSorsa fbo - First Trust Corp.	10/16/00	8,000	6,000
Fred L. Prevost	10/16/00	20,000	15,000
Allen Reuben, M.D. P.A.	10/16/00	6,000	4,500
Dan Sevier	10/16/00	4,000	3,000
Ilene Canning	10/16/00	4,000	3,000
Nathan Pugmire	10/16/00	20,000	15,000
Richard F. Schmidt	10/16/00	50,000	(4)
Loretta I. Cook	10/16/00	10,000	100
Steve Cook	10/16/00	505	5.05
Ryan Cravens	10/16/00	6,089	60.89

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Lois C. Hull	10/16/00	1,405	14.05
Nerese S. Crayton	10/16/00	1,405	14.05
Randy P. Masciarelli	10/16/00	703	7.03
Douglas W. Miller	10/16/00	29,869	298.69
Mark Miller	10/16/00	3,000	30.00
Dan Sevier	10/16/00	35,670	356.70
Frank S. Mascari	10/16/00	500	5.00
Richard D. Simpson	10/16/00	2,810	28.10
Eric M. Tice	10/16/00	400	4.00
Lauren M. Tice	10/16/00	400	4.00
Thomas M. Tice	10/16/00	10,019	100.19
Symbion Ltd.	10/16/00	56,670	566.70
Thomas E. Thompson	10/16/00	16,653	166.53
Debbie A. Tice	10/16/00	703	7.03
Tammy Deboe	10/16/00	703	7.03
Mary DeMarco	10/16/00	703	7.03
Roy and Marian Svee, Co-Trustees	10/16/00	500,000	(5)
Anthony A. Maher	10/16/00	500,000	(5)
Donald J. Farley	10/16/00	500,000	(5)
George R. Jarquesy, Jr.	10/16/00	100,000	(4)
Nathan and Kristen Pugmire	11/2/00	37,037	27,777.75
Russell B. Geyser	11/2/00	50,000	(6)
Russell B. Geyser	11/2/00	50,000	(6)
Russell B. Geyser	11/2/00	30,000	(6)
Russell B. Geyser	11/2/00	30,000	(6)
Russell B. Geyser	11/2/00	15,000	(6)
Cliff Papik	11/2/00	10,000	(6)
Elaine Montemarano	11/2/00	10,000	(6)
Jeff Block	11/2/00	5,000	(6)
Art Beroff	11/2/00	100,000	(4)
Art Beroff, Custodian for David Beroff	11/2/00	12,500	(4)
Art Beroff, Custodian for Ilana Beroff	11/2/00	12,500	(4)
Frank S. Mascari	11/2/00	6,448	64.48
James Boston	11/8/00	3,015	30.15
George R. Jarquesy, Jr.	11/8/00	8,291	82.91
International Capital Group Ltd.	11/8/00	7,200	72.00
Brent Fox	12/20/00	22,222	15,000
Leonard W. Burningham	4/9/01	100,000	25,000 (7)
Equity Advisors	5/29/01	60,000	600 (8)
Mark Stutzman	5/29/01	7,025	70 (8)
J. Jay Longwell	7/18/01	6,000	4,500 (9)
Samuel R. Trozzo & Marilyn A. Trozzo			
TTEES FBO Trozzo Family Trust	8/24/01	250,000	25,000 (10)
Douglas Miller	10/11/01	1,000	280 (11)
Tom Tice	10/11/01	1,000	280 (11)
Mark Stuzman	10/11/01	1,000	280 (11)
Lorie Cook	10/11/01	1,000	280 (11)
Walt Miller	10/11/01	1,000	280 (11)
Dan Sevier	10/11/01	7,500	2,100 (11)
Tom Thompson	10/11/01	3,750	1,050 (11)
Ryan Cravens	10/11/01	3,750	1,050 (11)
LaRocco & Associates Inc.	10/11/01	15,000	4,500 (12)
Tom Hay	10/11/01	10,000	2,800 (13)
Charles Bradley	10/11/01	5,000	1,400 (13)
Liesbeth Benedict	10/11/01	5,000	1,400 (13)
Scott Peyron & Associates, Inc.	10/26/01	59,570	37,529 (14)
Vern Nelson	10/26/01	15,968	10,060 (14)
Tom Hay	12/31/01	15,000	4,500 (15)
John Coghlan	2/6/02	250,000	25,000 (10)
Thomas Hay	3/31/02	10,000	1,400 (16)



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Liesbeth Benedict	3/31/02	23,000	3,220 (16)
Charles Bradley	3/31/02	26,000	3,640 (17)
Larocco & Associates, Inc.	4/8/02	15,000	4,500 (18)
Scott Peyron & Associates, Inc.	4/8/02	207,220	14,505 (19)
Vern Nelson	4/8/02	41,197	2,884 (19)
Charles Bradley	5/17/02	235,000	27,541 (20)
Corporate Image Bureau	5/17/02	200,000	10,680
Larocco & Associates	5/17/02	100,000	7,000 (21)
Equity Advisors, Inc.	5/17/02	50,000	4,250 (22)
Tom Hay	5/17/02	15,000	0 (23)
Liesbeth Benedict	5/17/02	28,000	(24)
Richard F. Schmidt	6/7/02	75,000	(25)
Thomas Thompson	6/7/02	97,500	(25)
David & Jama Fox	6/7/02	120,000	(25)
Wayne Demeester	6/7/02	22,500	(25)
Trent Rencher	6/7/02	150,000	(25)
International Capital Group Ltd.	6/20/02	108,300	(25)
Vern Nelson	9/3/02	8,680	569 (26)
Scott Peyron & Associates	9/3/02	157,276	10,313 (26)
Stewart Johnson	9/3/02	15,333	1,005 (26)
Capital Growth Planning	9/3/02	46,650	8,271 (27)
John G. Ariko, Jr.	9/3/02	6,000	1,064 (27)
Don M. Earnes	9/3/02	2,000	355 (27)
Mark A. Boland	9/3/02	2,800	496 (27)
Charles L. Bradley	9/3/02	8,000	1,418 (27)
Thomas S. Brower	9/3/02	2,000	355 (27)
Trevor J. Brown & Annette Kowalski	9/3/02	8,000	1,418 (27)
John C. Bult	9/3/02	8,000	1,418 (27)
Carl S. Derwig	9/3/02	4,000	709 (27)
Kathleen M Cullinan	9/3/02	2,000	355 (27)
Emtay Corporation	9/3/02	2,000	355 (27)
Robert D & Rita Y Ervin	9/3/02	8,000	1,418 (27)
David & Alice Evers	9/3/02	4,000	709 (27)
Robert J & Anne Fyfe	9/3/02	2,000	355 (27)
Robert Graybill	9/3/02	6,000	1,064 (27)
William & Linda Hamm	9/3/02	4,000	709 (27)
Fred & Debbie Harper	9/3/02	4,000	709 (27)
Thomas Hay	9/3/02	4,000	709 (27)
George & Elizabeth Hibbs	9/3/02	4,000	709 (27)
Donald R. Ingalls	9/3/02	2,000	355 (27)
Verl A. Jensen	9/3/02	6,000	1,064 (27)
Mary A. Kalcic	9/3/02	3,000	532 (27)
Paul A. & Lynn Kalcic	9/3/02	1,400	248 (27)
Kenneth & Jill Flint	9/3/02	2,000	355 (27)
Kenneth P. Klauer	9/3/02	4,000	709 (27)
David & Sue Kimball	9/3/02	4,000	709 (27)
Paul Kuehn	9/3/02	2,000	355 (27)
Armand Lasorsa	9/3/02	8,000	1,418 (27)
Sina L. Leatha	9/3/02	8,000	1,418 (27)
David C. Levosky	9/3/02	4,600	816 (27)
Ralph S. Long	9/3/02	4,000	709 (27)
Donald & Nancy Lorenzen	9/3/02	2,000	355 (27)
Johnnie & June Baker Louderback	9/3/02	2,000	355 (27)
Norman R. Morris	9/3/02	4,000	709 (27)
Bruno & Joan Nordberg	9/3/02	2,000	355 (27)
Hazen A. & Josephine Sandwick	9/3/02	4,000	709 (27)
Ronald Scheeler	9/3/02	2,000	355 (27)
Darren Shetler	9/3/02	4,000	709 (27)
Vincent Simon	9/3/02	4,000	709 (27)
Diana Gayle Smith	9/3/02	4,800	851 (27)
Frederick R. Stahl Jr.	9/3/02	4,000	709 (27)
Steve Womack	9/3/02	4,000	709 (27)

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Nelson Wooster	9/3/02	4,000	709(27)
Michael H Yokoyama & Jaye Venturi	9/3/02	4,000	709(27)
Robert Ritter	9/3/02	4,000	709(27)
John R. Coghlan	9/3/02	4,000	709(27)
Johnnie I & June Louderback	9/3/02	4,000	709(27)
Waterford Financial Inc.	9/3/02	78,125	12,500(28)
Bernhard Schmitt	1/16/03	304,500	51,765(29)
Larocco & Associates	1/23/03	90,000	8,550(30)
Edward G Clark	2/3/03	39,063	3,711(31)
Cindra L. Andolshek	2/3/03	39,062	3,711(31)
Rick Schmidt	2/3/03	75,000	7,125(31)
The Ritter Family Trust	2/5/03	150,000	15,000(32)
Nelson Wooster	2/5/03	80,000	8,000(32)
John C. Bult Trust	2/5/03	400,000	40,000(32)
Lorentzen Family Trust	2/5/03	20,000	2,000(32)
Ralph S. & Vera Long Living Trust	2/5/03	20,000	2,000(32)
Marketshare Recovery, Inc.	2/19/03	130,000	12,350(33)
Armand LaSorsa	6/24/03	200,000	20,000(34)
Carl S. Derwig	6/24/03	200,000	20,000(34)
Vincent Simon	6/24/03	100,000	10,000(34)
Robert Graybill	6/24/03	150,000	15,000(34)
David R. & Alice M. Evers	6/24/03	100,000	10,000(34)
Robert D. & Rita Y. Ervin	6/24/03	200,000	20,000(34)
Trevor J. Brown & Annette Kowalaski	6/24/03	100,000	10,000(34)
Mark S. Borland	6/24/03	30,000	3,000(34)
Jim & Kathleen M. Cullinan	6/24/03	10,000	1,000(34)
Norman R. Morris	6/24/03	100,000	10,000(34)
Frederick R. Stahl, Jr.	6/24/03	100,000	10,000(34)

- (1) These shares of common stock were issued to employees for services at the rate of \$5.00 per share.
- (2) These shares of common stock were issued to members of the Board of Directors at the rate of \$0.25 per share.
- (3) These shares of common stock were issued to employees of Capital Growth for commissions at the rate of \$0.75 per share.
- (4) These shares of common stock were issued as a result of several consulting agreements with rates ranging from \$0.25 per share to \$0.75 per share.
- (5) These shares of common stock were issued to members of the Board of Directors for services at the rate of \$0.25 per share.
- (6) These shares of common stock were issued for the purchase of the assets of Senior Driver at the rate of \$0.25 per share.
- (7) These shares of common stock were issued for conversion of debt at \$0.25 per share.
- (8) These shares of common stock were issued for conversion of warrants at \$0.75 per share.
- (9) These shares of common stock were issued for services at \$0.75 per share.
- (10) These shares of common stock were issued for cash at \$0.10 per share.
- (11) These shares of common stock were issued for services at \$0.28 per share.
- (12) These shares of common stock were issued for services at \$0.30 per share.

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- (13) These shares of common stock were issued as consideration for notes payable at \$0.28 per share.
- (14) These shares of common stock were issued for conversion of payable at \$0.63 per share.
- (15) These shares of common stock were issued as consideration for notes payable at \$0.30 per share.
- (16) These shares of common stock were issued as considerations for notes payable at \$0.14 per share.
- (17) These shares of common stock were issued as interest for notes payable at \$0.14 per share.
- (18) These shares of common stock were issued for conversion of accounts payable at \$0.30 per share.
- (19) These shares of common stock were issued for conversion of accounts payable at \$0.07 per share.
- (20) These shares of common stock were issued for conversion of debt at \$0.13 per share.
- (21) These shares of common stock were issued for prepaid services at \$0.07 per share.
- (22) These shares of common stock were issued for accounts payable at \$0.08 per share.
- (23) These shares of common stock are incentive shares for extension of Hay's note payable.
- (24) These shares of common stock were issued in exchange for cash for PCS/Benedict given note payable.
- (25) These shares of common stock were issued to these individuals on a 1.5:1 ratio in exchange for these individuals transferring their free-trading shares to Corporate Image Bureau as part of Corp.IM's marketing contract.
- (26) These shares of common stock were issued for conversion of accounts payable at \$0.07 per share.
- (27) These shares of common stock were issued for extension of debt, valued at an average of \$0.17 per share.
- (28) These shares of common stock were issued for services at \$.16 per share.
- (29) These shares of common stock were issued for prepaid services at \$0.17 per share.
- (30) These shares of common stock were issued for services at \$0.095 per share.
- (31) These shares of common stock were issued for services at \$0.095 per share.
- (32) These shares of common stock were issued for cash at \$0.10 per share.
- (33) These shares of common stock were issued for services at \$0.095 per share.

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(34) These shares of common stock were issued for conversion of debt at \$0.10 per share.

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Holders.

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As of June 25, 2003, there were 17,844,728 shares of common stock outstanding and approximately 443 stockholders of record.

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Dividends.

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We have not paid any cash dividends since our inception and do not anticipate or contemplate paying dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of our business.

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Item 6. Management's Discussion and Analysis or Plan of Operation.

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Results of Operation.

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Results and Comparison for Fiscal Years

Fiscal year ended March 31, 2003 resulted in a net loss of (\$454,163). This net loss is a decrease of (\$1,106,185), or 71%, from the net loss for fiscal year 2002 of (\$1,560,348). The Basic Loss per Share for fiscal year 2003 is (\$0.03), as compared to a loss per share of (\$0.12) for fiscal year 2002. Details of changes in revenues and expenses can be found below.

Revenues

Revenues of \$1,857,491 for fiscal year 2003 were up from revenues of \$572,356 for fiscal year 2002 by \$1,285,135, or 225%. This increase is due to increased marketing and promotion efforts as well as the introduction of two additional lab products during this previous fiscal year.

Cost of Goods Sold/Cost of Sales

Cost of Goods Sold increased \$419,394, or 183%, from fiscal year 2002, \$228,807, to fiscal year 2003, \$648,201. This increase is due primarily to increase sales as previously mentioned.

Operating Expenses

Operating expenses decreased by \$97,092, or 6%, from fiscal year 2002, when operating expenses were \$1,557,542 to fiscal year 2003 when operating expenses were \$1,460,450. This decrease is due cost containment strategies, most notably temporarily eliminating research and development costs and also cutting our workforce by 40%, or 8 people.

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Liquidity.

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As of the fiscal year ended March 31, 2003, the Company had \$11,449 in Cash, with total current assets of \$493,849 and total current liabilities of \$1,963,322. The Company has a stockholders' deficit of (\$1,469,473).

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Item 7. Financial Statements.

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PCS EDVENTURES!.COM, INC.  
AND SUBSIDIARY

RESTATED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2003

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
PCS Edventures!.COM, Inc. and Subsidiary  
Boise, Idaho

We have audited the accompanying consolidated balance sheet of PCS Edventures!.COM, Inc. and Subsidiary, as of March 31, 2003 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended March 31, 2003 and 2002. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of PCS Edventures!.COM, Inc. and Subsidiary, as of March 31, 2003 and the

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consolidated results of their operations and their cash flows for the years ended March 31, 2003 and 2002 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the company will continue as a going concern. As discussed in Note 9 to the consolidated financial statements, the Company has accumulated significant losses, has negative working capital and deficit in stockholders' equity, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The consolidated financial statements do not include any adjustments that might result from the outcome of the uncertainty.

As discussed in Note 13 to the financial statements, the Company issued options to purchase 499,998 shares of common stock to directors as payment for accrued director fees of \$45,000. This issuance was mistakenly excluded from the Company's financial statements. Due to the nature of the transaction, the net result of the error is a reclassification between current liabilities and stockholders' equity (deficit). See Note 13.

/S/HJ & Associates

HJ & Associates, LLC

Salt Lake City, Utah

June 26, 2003, except Notes 10, 11, 12 and 13, which are July 30, 2003

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### PCS EDVENTURES!.COM, INC. AND SUBSIDIARY Consolidated Balance Sheet

#### ASSETS

	March 31, 2003
CURRENT ASSETS	
Cash	\$ 11,449
Accounts receivable	345,333
Inventory	2,073
Deferred costs (Note 2)	103,662
Debt extension costs, net (Note 2)	5,460
	-----
Total Current Assets	467,977
	-----
FIXED ASSETS, NET (Note 3)	25,447
	-----
OTHER ASSETS	
Deposits	425
	-----
Total Other Assets	425
	-----
TOTAL ASSETS	\$ 493,849
	=====

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

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

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LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	March 31, 2003 (Restated)
CURRENT LIABILITIES	
Bank overdraft	\$ 8,053
Accounts payable	109,742
Wages payable	30,603
Payroll taxes payable	233,331
Accrued interest	55,035
Accrued expenses (Restated)	170,328
Unearned revenue (Note 2)	382,489
Notes payable - related parties (Note 5)	165,882
Notes payable (Note 6)	762,859
	-----
Total Current Liabilities	1,918,322
	-----
Total Liabilities	1,918,322
	-----
COMMITMENTS AND CONTINGENCIES (Note 8)	
STOCKHOLDERS' EQUITY (DEFICIT)	
Common stock, no par value, authorized 50,000,000 shares; 17,832,301 shares issued and outstanding (Restated)	22,150,987
Accumulated deficit	(23,530,460)
	-----
Total Stockholders' Equity (Deficit)	(1,424,473)
	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 493,849 =====

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

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

	For the Years Ended March 31,	
	2003	2002
REVENUES		
Lab Revenue	\$1,691,325	\$ 494,727
License Revenue	151,254	55,699
Subscription Revenue	14,912	21,930
	-----	-----
Total Revenues	\$1,857,491	\$ 572,356
	-----	-----
COST OF GOODS SOLD	648,201	228,807
	-----	-----
GROSS PROFIT	1,209,290	343,549

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	-----	-----
OPERATING EXPENSES		
Salaries and wages	597,617	606,405
Depreciation expense	57,632	82,832
General and administrative	805,201	868,305
	-----	-----
Total Operating Expenses	1,460,450	1,557,542
	-----	-----
OPERATING LOSS	(251,160)	(1,213,993)
OTHER INCOME AND EXPENSES		
Interest expense	(219,194)	(346,355)
Interest income	63	-
Gain on settlement of debt (Note 7)	16,128	-
	-----	-----
Total Other Income and Expenses	(203,003)	(346,355)
	-----	-----
NET LOSS	\$ (454,163)	\$ (1,560,348)
	=====	=====
BASIC LOSS PER SHARE (Note 1)	\$ (0.03)	\$ (0.12)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	15,284,032	12,763,365
	=====	=====

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

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

	Common Shares	Deferred Consulting Fees	Accumulated Deficit
	Shares	Amount (Restated)	
Balance, March 31, 2001	12,383,959	\$21,247,795	\$(173,066) \$(21,515,949)
Common stock issued for conversion of debt at \$0.25 per share	100,000	25,000	- -
Common stock issued for conversion of warrants at \$0.75 per share	67,025	50,269	- -
Stock offering costs	-	(49,599)	- -
Common stock issued for services at \$0.75 per share	6,000	4,500	- -
Common stock issued for cash at \$0.10 per share	250,000	25,000	- -
Warrants issued in conjunction with private placement memorandum at \$0.73 per warrant	-	191,634	- -



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Common stock issued for services at \$0.28 per share	20,000	5,600	-	-
Common stock issued for services at \$0.30 per share	15,000	4,500	-	-
Common stock issued as consideration for notes payable at \$0.28 per share	20,000	5,600	-	-
Common stock issued for conversion of payable at \$0.63 per share	75,538	47,774	-	-
Common stock issued as consideration for notes payable at \$0.30 per share	15,000	4,500	-	-
Common stock issued for cash at \$0.10 per share	250,000	25,000	-	-
Common stock issued as consideration for notes payable at \$0.14 per share	59,000	8,430	-	-
Amortization of expenses prepaid with common stock	-	-	145,722	-
Net loss for the year ended March 31, 2002	-	-	-	(1,560,348)
Balance, March 31, 2002	13,261,522	\$21,596,003	\$ (27,344)	\$(23,076,297)

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

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

	Common Shares	Common Shares Amount (Restated)	Deferred Consulting Fees	Accumulated Deficit
Balance, March 31, 2002	13,261,522	\$21,596,003	\$ (27,344)	\$(23,076,297)
Common stock issued for conversion of accounts payable at \$0.08 per share	50,000	4,250	-	-
Common stock issued for conversion of accounts payable at \$0.30 per share	15,000	4,500	-	-
Common stock issued for conversion of accounts payable at \$0.07 per share	248,417	17,389	-	-
Common stock issued for				

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prepaid services at \$0.05 per share	515,000	27,500	(27,500)	-
Common stock issued for prepaid services at \$0.07 per share	100,000	7,000	(7,000)	-
Common stock issued for services at \$0.07 per share	157,500	11,025	-	-
Cancelled common stock previously issued for services that had not been performed	(20,000)	-	-	-
Common stock issued for conversion of debt at \$0.13 per share	204,000	27,541	-	-
Common stock issued for conversion of warrants at \$0.01 per share	9,808	98	-	-
Common stock issued for services at \$0.16 per share	100,800	16,128	-	-
Common stock issued for conversion of warrants at \$0.01 per share	10,500	105	-	-
Common stock issued for extension of debt, valued at an average of \$0.17 per share	233,250	41,353	-	-
Common stock issued for services at \$0.16 per share	78,125	12,500	-	-
Common stock issued for conversion of warrants at \$0.01 per share	13,055	131	-	-
Balance Forward	14,976,977	\$21,765,523	\$ (61,844)	\$(23,076,297)

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

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

	Common Shares	Deferred Consulting Fees	Accumulated Deficit
	Shares	Amount	
		(Restated)	
Balance Forward	14,976,977	\$21,765,523	\$ (61,844)\$(23,076,297)
Common stock issued for conversion of warrants at			

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\$0.01 per share	10,500	105	-	-
Common stock issued for prepaid services at \$0.17 Per share	304,500	51,765	(51,765)	-
Common stock issued for conversion of accounts payable at \$0.07 per share	181,289	11,888	-	-
Options issued to Directors for accrued Director's Fees (Restated)	-	45,000	-	-
Common stock issued for services at \$0.095 per share	90,000	8,550	-	-
Common stock issued for services at \$0.095 per share	153,125	14,547	-	-
Common stock issued for services at \$0.095 per share	130,000	12,350	-	-
Common stock issued for conversion of debt at \$0.10 per share	1,290,000	129,000	-	-
Common stock issued for cash at \$0.10 per share	670,000	67,000	-	-
Common stock issued for conversion of warrants at \$0.01 per share	25,910	259	-	-
Amortization of deferred consulting expense	-	-	113,609	-
Net loss for the year ended March 31, 2003	-	-	-	(454,163)
Balance, March 31, 2003	17,832,301	\$22,105,987	\$ -	\$(23,530,460)

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

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

For the Years Ended  
March 31,  
2003                      2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (454,163)	\$ (1,560,348)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	57,632	82,832

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Amortization of debt offering and extension costs	58,195	79,092
Amortization of debt discount	24,654	166,980
Amortization of expenses prepaid with common stock	113,609	145,722
Common stock issued for services	75,100	33,130
Gain on settlement of debt	(16,128)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	9,671	(330,783)
(Increase) in prepaid expenses	(103,662)	-
(Increase) in inventories	(2,073)	-
Decrease in deposits	6,575	-
Increase in accounts payable and accrued liabilities	81,916	328,975
Increase in interest payable	11,652	36,729
(Decrease) in commitments and contingencies	-	(1,938)
Increase (decrease) in unearned revenue	(14,526)	367,230
	-----	-----
Net Cash Used by Operating Activities	(151,548)	(652,379)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(1,031)
	-----	-----
Net Cash Used by Investing Activities	-	(1,031)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in cash overdraft	(36,669)	9,426
Proceeds from related party notes	27,000	89,500
Payments to related party notes	(20,000)	(60,750)
Proceeds from notes payable	680,866	717,500
Payments on notes payable	(546,263)	(65,831)
Debt offering and extension costs	(52,034)	(90,713)
Proceeds from sales of common stock	109,051	50,670
	-----	-----
Net Cash Provided by Financing Activities	161,951	649,802
	-----	-----
INCREASE (DECREASE) IN CASH	10,403	(3,608)
CASH AT BEGINNING OF YEAR	1,046	4,654
	-----	-----
CASH AT END OF YEAR	\$ 11,449	\$ 1,046
	=====	=====

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

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

For the Years Ended  
March 31,  
2003 2002

NON-CASH INVESTING AND FINANCING ACTIVITIES:

Issuance of stock for payment on notes payable and interest	\$ 156,541	\$ -
Common stock issued for services	\$ 75,100	\$ 33,130

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Common stock issued as consideration for notes payable	\$	-	\$	18,530
Common stock issued for conversion of accounts payable	\$	38,027	\$	72,774
Options issued to directors for accrued directors fees	\$	45,000	\$	-

### Cash Paid For:

Interest	\$	94,057	\$	2,145
Income taxes	\$	-	\$	-

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

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

### NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

The consolidated financial statements presented are those of PCS Edventures!.COM, Inc., an Idaho Corporation, and its wholly-owned subsidiary, PCS Schools, Inc., an Idaho corporation (collectively, "the Company").

On August 3, 1994, PCS Edventures!.COM, Inc., was incorporated under the laws of Idaho to engage in web-based and site-licensable educational products.

In October 1994, an agreement was authorized allowing the Company to exchange, on a one-for-one basis, common stock for stock of PCS Schools, Inc. As a result of this agreement, PCS Schools, Inc., became a wholly-owned subsidiary of the Company.

On March 27, 2000, the Company changed its name from PCS Education Systems, Inc. to PCS Edventures!.COM, Inc.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Accounting Method

The Company's consolidated financial statements are prepared using the accrual method of accounting. The Company has elected a March 31 year end.

#### b. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### c. Revenue Recognition

The Company recognizes revenues as required by Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements".

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### Lab Revenue

The Company recognizes revenues relating to sales of the Academy of Engineering (AOE) and Edventures! labs as they are delivered to the customers. Binding purchase orders, typically from school districts, are recorded upon receipt as accounts receivable, with an offsetting amount recorded as unearned revenue. Revenue is only recognized once the product has been delivered to the customer and all other obligations have been met. All product inventory is purchased on a sale-by-sale basis, and is shipped directly from third-party suppliers to the end

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b. Revenue Recognition (Continued)

##### Lab Revenue (Continued)

customer. Accordingly, all costs associated with the purchase of product inventory are also deferred until the product is delivered. As of March 31, 2003, the Company has recorded unearned revenues and deferred costs of \$382,489 and \$103,662, respectively.

##### Licensing Revenue

The Company recognizes revenues relating to the AOE lab and the Edventures! lab site licenses over the 1-year term of the license beginning when the physical lab equipment and the license has been delivered. Subsequent sales of AOE or Edventures! lab licenses are recorded on the sale of the license and recognized over a 1 year time period to revenue. Each lab license is for a period of 1 year from the date of the renewal.

##### Subscription Revenue

The Company recognizes revenues relating to the subscriptions sold to their edventures.com website on a monthly basis. Revenues relating to other activities such as education services delivered are recognized when the services are rendered. If a customer decides to discontinue the use of the products, the customer must return all of the information received except for the physical lab equipment. Additionally, the customer will not have access to the license when the contract is terminated. The Company does not have an obligation to refund any portion of the proceeds received for either the sale of the AOE lab license or the subsequent renewals of the licenses.

#### d. Reclassification

Certain prior year balances have been reclassified to conform with the current year presentation.

#### e. Provision for Income Taxes

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Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely that not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Provision for Income Taxes (Continued)

Net deferred tax assets consist of the following components as of March 31, 2003, and 2002:

	2003	2002
	-----	-----
Deferred tax assets:		
NOL Carryover	\$ 3,012,800	\$ 2,791,595
Deferred tax liabilities:	-	-
Valuation allowance	(3,012,800)	(2,791,595)
	-----	-----
Net deferred tax asset	\$ -	\$ -
	=====	=====

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate of 39% to pretax income from continuing operations for the years ended March 31, 2003 and 2002 due to the following:

	2003	2002
	-----	-----
Book loss	\$ (177,124)	\$ (433,711)
Stock for services/options expense	73,596	-
Penalties	10,716	-
Other	12,797	-
Valuation allowance	80,015	433,711
	-----	-----
	\$ -	\$ -
	=====	=====

At March 31, 2003, the Company had net operating loss carryforwards of approximately \$7,725,000 that may be offset against future taxable income from the year 2003 through 2023. No tax benefit has been reported in the March 31, 2003 consolidated financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Due to the change in ownership provisions of the Tax Reform Act of

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1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in future years.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

f. Debt Offering Costs

Debt offering costs are related to private placements in 2001, and are being amortized on a straight line basis over the term of the related debt. Amortization expense related to these costs was \$11,622 and \$79,092 in 2003, and 2002, respectively. These costs have been fully amortized as of March 31, 2003.

g. Debt Extension Costs

As the 2001 private placement units came due, the Company entered into debt extension agreements with most of the individual debt holders. Per the terms of the extension agreements, each unit, of \$1,000 each, would be extended for one year in exchange for 500 shares of common stock. In total, 233,250 shares of common stock, valued at \$41,353, were issued to extend \$491,500 of debt. The Company also incurred administrative fees of \$9,830 related to the extensions. The combined value of the common stock and administrative fees has been capitalized and amortized over the term of the one-year extensions. During the year ended March 31, 2003, the Company has amortized \$46,573.

h. Basic Loss Per Share

The computation of basic loss per share of common stock is based on the weighted average number of shares outstanding during the period of the financial statements. Diluted loss per share is equal to basic loss per share as the result of the antidilutive nature of the stock equivalents. The Company has excluded 3,940,082 potential common stock equivalents from the calculation of basic loss per share.

	For the Years Ended	
	March 31,	
	2003	2002
Basic loss per share from operations:		
Numerator - loss	\$ (454,163)	\$ (1,560,348)
Denominator - weighted average number of shares outstanding	15,284,032	12,763,365
	-----	-----
Loss per share	\$ (0.03)	\$ (0.12)
	=====	=====

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002



NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Newly Issued Accounting Pronouncements

SFAS No. 145 -- On April 30, 2002, the FASB issued FASB Statement No. 145 (SFAS 145), "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS 145 rescinds both FASB Statement No. 4 (SFAS 4), "Reporting Gains and Losses from Extinguishment of Debt," and the amendment to SFAS 4, FASB Statement No. 64 (SFAS 64), "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements." Through this rescission, SFAS 145 eliminates the requirement (in both SFAS 4 and SFAS 64) that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. However, an entity is not prohibited from classifying such gains and losses as extraordinary items, so long as it meets the criteria in paragraph 20 of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. Further, SFAS 145 amends paragraph 14(a) of FASB Statement No. 13, "Accounting for Leases", to eliminate an inconsistency between the accounting for sale-leaseback transactions and certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The amendment requires that a lease modification (1) results in recognition of the gain or loss in the 9 financial statements, (2) is subject to FASB Statement No. 66, "Accounting for Sales of Real Estate," if the leased asset is real estate (including integral equipment), and (3) is subject (in its entirety) to the sale-leaseback rules of FASB Statement No. 98, "Accounting for Leases: Sale-Leaseback Transactions Involving Real Estate, Sales-Type Leases of Real Estate, Definition of the Lease Term, and Initial Direct Costs of Direct Financing Leases." Generally, FAS 145 is effective for transactions occurring after May 15, 2002. The Company does not expect that the adoption of SFAS 145 will have a material effect on its financial performance or results of operations.

SFAS No. 146 -- In June 2002, the FASB issued SFAS No. 146, "Accounting for Exit or Disposal Activities" (SFAS 146). SFAS 146 addresses significant issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for under EITF No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The scope of SFAS 146 also includes costs related to terminating a contract that is not a capital lease and termination benefits that employees who are involuntarily terminated receive under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. SFAS 146 will be effective for exit or disposal activities that are initiated after December 31, 2002 and early application is encouraged. The provisions of EITF No. 94-3 shall continue to apply for an exit activity initiated under an exit plan that met the criteria of EITF No. 94-3 prior to the adoption of SFAS 146. The effect on adoption of SFAS 146 will change on a prospective basis the timing of when the restructuring charges are recorded from a

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

### h. Newly Issued Accounting Pronouncements (Continued)

commitment date approach to when the liability is incurred. The Company does not expect that the adoption of SFAS 146 will have a material effect on its financial performance or results of operations.

SFAS No. 147 -- In October 2002, the FASB issued Statement No. 147 "Acquisitions of Certain Financial Institutions an amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9" (SFAS 147). SFAS 147 removes acquisitions of financial institutions from the scope of both Statement 72 and Interpretation 9 and requires that those transactions be accounted for in accordance with FASB Statements No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets. Thus, the requirement in paragraph 5 of Statement 72 to recognize (and subsequently amortize) any excess of the fair value of liabilities assumed over the fair value of tangible and identifiable intangible assets acquired as an unidentifiable intangible asset no longer applies to acquisitions within the scope of this Statement. In addition, this Statement amends FASB Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, to include in its scope long-term customer-relationship intangible assets of financial institutions such as depositor- and borrower-relationship intangible assets and credit cardholder intangible assets. Consequently, those intangible assets are subject to the same undiscounted cash flow recoverability test and impairment loss recognition and measurement provisions that Statement 144 requires for other long-lived assets that are held and used. SFAS 147 is effective October 1, 2002. The Company does not expect that the adoption of SFAS 147 will have a material effect on its consolidated financial statements.

SFAS No. 148 -- In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure" (SFAS 148). SFAS 148 amends SFAS No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"), to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of SFAS 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS 148 is effective for fiscal years beginning after December 15, 2002. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. The Company is currently evaluating the effect that the adoption of SFAS 148 will have on its results of operations and financial condition.

SFAS No. 149 In April 2003, the FASB issued Statement of Financial Accounting Standards No. 149 ("SFAS 149"), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", to provide clarification on the meaning of an underlying, the characteristics of a derivative that contains financing components

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

h. Newly Issued Accounting Pronouncements (Continued)

and the meaning of an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. This statement will be applied prospectively and is effective for contracts entered into or modified after June 30, 2003. The statement will be applicable to existing contracts and new contracts relate to forward purchases or sales of when-issued securities or other securities that do not yet exist. The Company does not expect that the adoption of SFAS 149 will have a material effect on the Company's consolidated financial statements.

SFAS No. 150 In May 2003, the FASB issued Statement of Financial Accounting Standards No 159 ("SFAS 150"), Accounting for certain financial instruments with characteristics of both liabilities and equity. This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement will be effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principal for financial instruments created before the issuance date of the statement and existing at the beginning of the interim period of adoption. The Company does not expect that the adoption of SFAS 150 will have material effect on the Company's consolidated financial statements.

NOTE 3 - FIXED ASSETS

Computer equipment and education asset software have 5-year lives. Office equipment has a 7-year life. Depreciation is computed using the straight-line method. Assets and depreciation for the period are as follows:

	March 31, 2003
Computer equipment	\$ 343,093
Office equipment	54,638
Education assets and software	278,885
Accumulated depreciation	(651,169)
	-----
Total Fixed Assets	\$ 25,447
	=====

Depreciation expense for the years ended March 31, 2003 and 2002 was \$57,632 and \$82,832, respectively.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
March 31, 2003 and 2002

NOTE 4 -

COMMON STOCK TRANSACTIONS

During the year ended March 31, 2002, the Company issued 500,000 shares of common stock for cash at \$0.10 per share.

During the year ended March 31, 2002, the Company issued 175,538 shares of common stock to convert debt and accounts payable at an average value of \$0.42 per share.

During the year ended March 31, 2002, the Company issued 94,000 shares of common stock as consideration for notes payable at an average value of \$0.20 per share.

During the year ended March 31, 2002, the Company issued 67,025 of common stock for the exercise of warrants valued at \$0.75 per share. Total cash received was \$670. The balance of \$49,599 was accounted for as a stock offering cost.

During the year ended March 31, 2002, the Company issued 41,000 shares of common stock for services at an average value of \$0.36 per share.

During the year ended March 31, 2003, the Company received \$698 in exchange for the conversion of 69,773 warrants into an equivalent number of common stock at \$0.01 per share.

During the year ended March 31, 2003, the Company issued 233,250 shares of common stock in exchange for one-year extension agreements related to the 2001 private placement. The share were valued at an average of \$0.17 per share.

During the year ended March 31, 2003, the Company sold 670,000 shares of common stock for \$0.10 per share.

During the year ended March 31, 2003, the Company issued 494,706 shares of common stock in exchange for accounts payable valued at \$38,027.

During the year ended March 31, 2003, the Company issued 1,494,000 shares of common stock in exchange for notes payable valued at \$156,541.

During the year ended March 31, 2003, the Company issued 1,629,050 shares of common stock in exchange for services valued at \$161,365.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
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NOTE 5 -

NOTES PAYABLE - RELATED PARTIES

Notes payable - related parties consisted of the following at March 31, 2003:

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Notes payable to the President bearing interest at 10% per annum, all unpaid principal and interest due on demand	\$ 165,882 -----
Total Notes Payable - Related Parties	\$ 165,882 =====

### NOTE 6 - NOTES PAYABLE

Notes payable consisted of the following at March 31, 2003:

Notes payable related to private placement memorandum bearing interest at 8.00% per annum, with payments due April 6, 2002, through August 29, 2003.	\$ 398,500
Notes payable to six unrelated individuals bearing interest at 8.0% to 11.2% per annum, with payment due within one year, unsecured	57,507
Line of credit with a bank bearing interest at 13.99% per annum, unsecured	46,905
Note payable to a bank bearing interest at 7.25% with payment due on June 15, 2003, guaranteed by directors	60,600
Note payable to a company bearing no interest, with monthly payments of \$750 until the note is paid-in-full, unsecured	17,250
Note payable to a company bearing interest at 7.0% per annum, due within one year, unsecured	693
Line of credit with a bank bearing interest at 7.0% per annum, past due, unsecured	26,549
Line of credit with a financing institution with varying interest charges, due periodically (generally monthly), secured by assets and specific receivables	154,855 -----
Total Notes Payable	\$ 762,859 =====

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
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March 31, 2003 and 2002

### NOTE 7 - GAIN ON SETTLEMENT OF DEBT

On June 18, 2002, the Company reached a settlement agreement with Key Bank (See Note 8) whereby the Company agreed to pay \$20,000 in full satisfaction of a \$28,308 debt, which included principal and interest of \$25,208 and \$3,100, respectively. The difference, of \$8,308, was recorded as a gain on settlement of debt. The \$20,000 obligation has been paid-in-full as of March 31, 2003.

On March 3, 2003, the Company reached a settlement agreement with a company to settle a \$25,820 debt in exchange for a new promissory note for \$18,000. The promissory note does not accrue interest and

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is payable in monthly installments of \$750 until the balance is paid-in-full. As of March 31, 2003, one payment has been made reducing the balance to \$17,250. See Note 6.

### NOTE 8 - COMMITMENTS AND CONTINGENCIES

#### Operating Lease Obligation

The Company leases its office under a non-cancelable lease agreement accounted for as an operating lease. The lease expires in March 2008.

Minimum rental payments under the non-cancelable operating lease is as follows:

Years ending March 31,	Amount
2004	\$ 69,500
2005	75,500
2006	81,500
2007	87,500
2008	85,250
	-----
Total	\$399,250 =====

Rent expense was \$74,132 and \$71,848 for the years ended March 31, 2003 and 2002, respectively.

#### Litigation

Warren Black v. PCS - On January 18, 2002, Warren Black, a former independent contractor for the Company, filed a complaint against the Company alleging breach of contract. Mr. Black sought the return of certain software products that he claimed to have provided the Company during his employment, or their monetary equivalent, which he claimed to be \$15,000. The Company settled this action in February 2003. Per the terms of the settlement agreement, the Company agreed to issue Mr. Black a \$6,000 note in full satisfaction of his claim. The note is payable in quarterly installments of \$1,500 and accrues interest at 8.0% per annum. No payments have

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
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March 31, 2003 and 2002

### NOTE 8 - COMMITMENTS AND CONTINGENCIES

#### Litigation (Continued)

been made as of March 31, 2003, but the amount has been included in the Company's notes payable balance.

Key Bank v. PCS and Maher - On March 26, 2002, Key Bank, filed a complaint against the Company seeking recovery of \$25,208 and accrued interest alleged to be owed by the Company on a promissory note executed by the Company and guaranteed by Anthony A. Maher, the

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Company's President and CEO. The Company settled this claim on June 18, 2003, in exchange for \$20,000 in cash. As of March 31, 2003, the settlement has been paid-in-full, and the difference, of \$8,308, has been recorded as a gain on settlement of debt.

### NOTE 9 - GOING CONCERN

The Company's consolidated financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company does not have significant cash or other material assets, nor does it have an established source of revenues sufficient to cover its operating costs. Additionally, the Company has accumulated significant losses, has negative working capital, and a deficit in stockholders' equity. All of these items raise substantial doubt about its ability to continue as a going concern. The Company has expanded its product line to include three additional educational labs, which they believe will significantly boost future revenues. The Company also intends to continue offerings of its common stock to raise the capital necessary to cover operating costs not provided for by current revenues. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the preceding paragraph and eventually attain profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

### NOTE 10 - DILUTIVE INSTRUMENTS

#### a. Stock Options

The Company has applied Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for all stock option plans. Under APB Opinion 25, compensation cost is recognized for stock options granted to employees when the option price is less than the market price of the underlying common stock on the date of grant.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
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### NOTE 10 - DILUTIVE INSTRUMENTS (Continued)

#### a. Stock Options (Continued)

FASB Statement 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), requires the Company to provide proforma information regarding net income and net income per share as if compensation costs for the Company's stock option plans and other stock awards had been determined in accordance with the fair value based method prescribed in SFAS No. 123. The Company estimates the fair value of each stock award at the grant date by using the Black-Scholes option pricing model with the following weighted average assumptions used for grants, respectively; dividend yield of zero percent for all years; expected volatility of 84% to 163% percent for all years;

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risk-free interest rates of 3% to 6%, and expected lives of 3 to 10 years.

	For the Years Ended	
	March 31,	
	2003	2002
Net loss:		
As reported	\$ (454,163)	\$ (1,560,348)
Pro Forma	(653,702)	(1,780,940)
Net loss per share:		
As reported	\$ (0.03)	\$ (0.12)
Pro Forma	(0.04)	(0.14)

The Company has granted the following options as of March 31, 2003:

Description	Date of Grant	Exercise Number	Exercise Price	Amount Exercised
1) Officers/directors	4-20-00	600,000	\$ 0.75	0
2) Employee	6-01-00	45,000	\$ 0.75	0
3) Consultant	9-20-00	200,000	\$ 0.50	0
4) Employees	9-01-00	200,000	\$ 0.75	0
5) Director	10-01-00	200,000	\$ 0.75	0
6) Employee	01-05-01	25,000	\$ 0.75	0
7) Employee	6-15-01	25,000	\$ 0.75	0
8) Employee	10-24-01	50,000	\$ 0.30	0
9) Employee	12-1-01	24,230	\$ 0.15	0
10) Board Members	12-10-01	1,000,000	\$ 0.30	0
11) Board Members	6-3-02	1,000,000	\$ 0.16	0
12) Employees	7-1-02	335,000	\$ 0.16	0
13) Employees	7-15-02	15,000	\$ 0.16	0
14) Employees	8-15-02	5,000	\$ 0.16	0
15) Board Members	10-21-03	499,998	\$ 0.09	0
		-----		
		4,224,228		
		=====		

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
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NOTE 10 - DILUTIVE INSTRUMENTS (Continued)

a. Stock Options (Continued)

Description	Fair Value	Risk-Free Interest Rate	Expected Life	Expected Volatility
1) Officers/directors	\$0.46	6.15%	3	91.32%
2) Employee	\$0.46	6.15%	3	92.82%
3) Consultant	\$0.42	6.15%	3	89.37%
4) Employees	\$0.52	6.21%	3	85.69%
5) Director	\$0.52	6.21%	3	84.39%
6) Employee	\$0.52	6.21%	3	84.39%
7) Employee	\$0.39	3.76%	3	76.69%
8) Employee	\$0.19	3.76%	3	100.52%



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9) Employee	\$0.14	3.76%	3	99.80%
10) Board Members	\$0.20	5.69%	10	99.80%
11) Board Members	\$0.15	5.48%	10	128.91%
12) Employees	\$0.14	2.84%	3.5	157.77%
13) Employees	\$0.14	2.84%	3.5	152.96%
14) Employees	\$0.14	2.84%	3.5	163.77%
15) Board Members	\$0.09	3.94%	10	158.83%

On June 15, 2001, the Company granted 25,000 options to an employee. These options had an exercise price of \$ 0.75 per option and a three year life with a fair value determined by Black Scholes of \$0.39.

On December 1, 2001, the Company granted employees 24,230 options to employees. The options have an exercise price of \$0.15 per share. As the exercise price of the shares was less than the trading price of the Company's common shares on the date of issuance, the Company has recognized \$1,696 of expense related to these options.

On December 5, 2001, the Company's Board of Directors approved the granting of 1,050,000 options to employees and board members. On October 24, 2001, the Company granted 50,000 shares to an employee. On December 10, 2001, the Company granted 1,000,000 shares to board members. Each option granted has an exercise price of \$0.30 and a fair value determined by Black Scholes of \$0.14 and \$0.20, respectively.

On May 14, 2002, the Company authorized the issuance of 1,000,000 options to members of the board of directors. These options vested immediately and have an exercise price of \$0.16 per share and are exercisable for ten years. All 1,000,000 of the options were granted on June 3, 2002. The options were determined to have a fair value of \$0.15 per share using the Black-Scholes valuation model. The granting of these options had a \$154,983 impact on the pro forma net income of for the Company.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
Notes to the Consolidated Financial Statements  
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NOTE 10 - DILUTIVE INSTRUMENTS (Continued)

a. Stock Options (Continued)

On May 14, 2003, the Company also authorized the issuance of 500,000 options to employees. These options vest over three and one-half years and have an exercise price of \$0.16 per share. The Company granted 355,000 of the options to employees during July and August of 2002. The options were determined to have a fair value of \$0.14 per share using the Black-Scholes valuation model. As none of these options have vested as of March 31, 2003, their granting had no impact on the pro form net income of the Company.

On October 21, 2002, the Company authorized and issued 499,998 options to Board Members as payment for accrued directors fees. These options vested immediately and have an exercise price of \$0.09 per share. The options were determined to have a fair value of \$0.09 per share using the Black-Scholes valuation model. The granting of these options had a \$44,556 impact on the pro forma net income of the Company.

b. Warrants

During the year ended March 31, 2002, the Company issued warrants

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allowing the holders to purchase 263,607 shares of the Company's common stock. The warrants were issued in conjunction with the private placement memorandum and are exercisable at a price of \$0.01 per share for two years. The fair value of the warrants, as determined by Black Scholes, was \$191,634, and was recorded as debt discount. This discount has been fully amortized as of March 31, 2003.

During the year ended March 31, 2003, 69,773 of these warrants were exercised and converted into an equivalent number of common shares in exchange for \$698 in cash.

### NOTE 11 - RELATED PARTY TRANSACTIONS

During the year ended March 31, 2003, three members of the Company's board of directors acted as guarantors on a promissory note that provided the Company \$60,600 in financing.

During the years ended March 31, 2003, and 2002, the Company repaid of debt owed to officers of the Company of \$20,000 and \$60,750, respectively.

During the years ended March 31, 2003, and 2002, the Company borrowed from the President of the Company \$27,000 and \$89,500, respectively.

On October 21, 2002, the Company authorized and issued options to purchase 499,998 shares of common stock to Board Members as payment for accrued directors fees totaling \$45,000. These options vested immediately and have an exercise price of \$0.09 per share. This payment covered all directors fees incurred for the year ended March 31, 2002. As of March 31, 2003 the Company still owes these directors \$45,000 for services rendered during the year ended March 31, 2003.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
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### NOTE 12 - SUBSEQUENT EVENTS

#### Stock Issuances

On May 8, 2003, the Company issued 35,000 shares of common stock to a note holder as payment of interest and late charges associated with a note that had been paid-in-full subsequent to year end. The shares were valued at \$0.09 per share.

On May 15, 2003, the Company authorized and issued options to purchase 642,855 shares of common stock to Board Members as payment for accrued directors fees totaling \$45,000. These options vested immediately and have an exercise price of \$0.07 per share. This payment covered all directors fees incurred for the year ended March 31, 2003.

On May 15, 2003, the Company authorized and issued options to purchase 250,000 shares of common stock to the Company's President and CEO. These options vested immediately and have an exercise price of \$0.07 per share.

On May 20, 2003, the Company authorized and issued options to purchase

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100,000 shares of common stock to an employee. These options will vest over three years and have an exercise price of \$0.07 per share.

On June 6, 2003, the Company issued 202,234 shares of common stock to the Company's President and CEO as payment for accrued interest on his outstanding note (See Note 5). The shares were valued at \$0.09 per share.

On June 6, 2003, the Company issued 11,111 shares to an employee as reimbursement for expenses incurred. The shares were valued at \$0.09 per share.

### NOTE 13 - RESTATEMENT

Subsequent to the issuance of the March 31, 2003 audited financial statements, the Company determined that options to purchase 499,998 shares of common stock issued to members of the Company's Board of Directors had not been appropriately disclosed or recorded. The options, which vest immediately and have an exercise price of \$0.09 per share, were issued on October 21, 2002, as partial payment for accrued directors fees.

The Company had previously authorized board compensation at a rate of \$15,000 per year for each of the three board members. Full accruals for the board compensation have been made and had previously been reported at the full and unpaid amount. The issuance of the above-mentioned options was intended to compensate the three board members for one year of service, for a total of \$45,000. As such, it was noted that the previously reported balance of the accrual as of March 31, 2003, was overstated by the same amount.

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PCS EDVENTURES!.COM, INC. AND SUBSIDIARY  
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### NOTE 13 - RESTATEMENT (Continued)

The exercise price of the options was equivalent to the quoted trading price of the company's common stock on the date of issuance, and as such, the options were determined to have no intrinsic value. The Company has historically applied the provisions of APB Opinion 25 (See Note 10) to all issuance of options to purchase common stock. Accordingly, the issuance of these options would typically have no balance sheet or income statement effect, but because the issuance of the options was to satisfy an outstanding obligation owed to the board members, and as the Company has no par common stock, the liability has been removed and the offsetting entry has been recorded as a \$45,000 increase in the Company's common stock account. The pro-forma net income disclosure (at Note 10) has also been restated to reflect the issuance of the options.

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Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

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None, not applicable.

PART III

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Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.

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No reports are required to be filed by members of management or other shareholders because our company is required to file its reports under Section 15(d) of the Exchange Act.

Identification of Directors and Executive Officers.  
-----

The following table sets forth the name, address, age and position of each officer and director of the Company:

Name ----	Age ---	Position -----
Anthony A. Maher	56	Chairman of the Board, President, and Chief Executive Officer
Robert O. Grover	40	Executive Vice President, Chief Technology Officer
Christina M. Vaughn	34	Vice President, Chief Financial Officer
Donald J. Farley	52	Secretary, Director
Roy M. Svee	76	Treasurer, Director
Cecil D. Andrus	75	Director

Term of Office.  
-----

The terms of office of the current directors shall continue until the annual meeting of stockholders, which has been scheduled by the Board of Directors to be held in May of each year. The annual meeting of the Board of Directors immediately follows the annual meeting of stockholders, at which executive officers for the coming year are elected.

Business Experience.  
-----

Anthony A. Maher, Chairman, President & CEO. Anthony A. Maher was recruited to PCS at its inception as Chairman of the Board, President and Chief Executive Officer and structured the purchase of PCS Schools. Since then, Mr. Maher has overseen the development of the curriculum from four core areas to over 60; the development of its distance developer database; and the creation of its web based publishing expertise. From 1982 to 1989 he was founder and Chairman of the Board of National Manufacturing Company, Inc. and its subsidiary, National Medical Industries, Inc. From 1979 to 1982, Mr. Maher was Executive Vice President for Littletree Inns, a hotel company based in Boise, Idaho with properties throughout the Northwest. Mr. Maher graduated from Boise State University in 1970 with a Bachelor of Arts degree in Political Science.

Robert O. Grover. Robert O. Grover joined PCS at its inception and became Executive Vice President in May 1996. Mr. Grover's current focus is on the development of PCS distance education applications including the web-based

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support and delivery systems that are integral to Edventures!.COM, Edventures Labs, and the Academy of Engineering. In 1992, he developed the PCS Merit System that has become the foundation of the Edventures!.COM learning systems online. Mr. Grover graduated from Boise State University in 1987 with a Bachelor of Arts degree in English.

Christina Vaughn was promoted to Vice President and CFO from Assistant CFO on May 1, 2002. She joined PCS in September 2000 after serving 8 years as an analyst for the local natural gas utility. She brings to PCS extensive knowledge of revenue, cash, and cost forecasting, asset/liability mitigation, managed reporting of commodities pricing as well as capital project analysis. She graduated, cum laude, May 1990 from the College of Idaho with a BBA in Finance, and from Atkinson Graduate School of Management/Willamette University with an MBA in May 1992.

Donald J. Farley. Mr. Farley is a director and the Secretary of the Company and has acted as the Company's legal counsel since 1994. Mr. Farley is a founding partner of the law firm of Hall, Farley, Oberrecht & Blanton, P.A. His legal practice emphasizes litigation and representation of closely held businesses. He has been in private practice since 1975, after serving a two year judicial clerkship with former United States District Judge J. Blaine Anderson. Mr. Farley is admitted to practice before all state and federal courts in Idaho and has also been admitted to practice before the United States Supreme Court. He is a member of the American Bar Association, the International Association of Defense Counsel, Defense Research Institute, the Idaho State Bar Association and the Association of Trial lawyers of America. Mr. Farley graduated from the University of Idaho in 1970 with a Bachelor of Arts degree in Economics and from the University of Idaho College of Law in 1973.

Roy M. Svee. Mr. Svee is, and has been since 1996, a director and the Treasurer of the Company. Mr. Svee has served with distinction throughout his business career on the Board of Directors of such organizations as Southgate Bank; First National Bank; Colonial Savings; Eastern Heights Bank; TFC Bank and its parent; Hansen Engine and Hansen Air Systems, Inc.; Genius Technologies and JF Goodhouse, Inc., all in Minnesota and Michigan. During his working career, he served as Regional Manager of Montgomery Ward and after that as Senior Vice President-Strategic Planning for Target Stores. He retired from JB Goodhouse, Inc. as President & CEO in 1991. Mr. Svee has a Bachelor of Business Administration degree from the University of Minnesota and served as a pilot in the Navy Air Corps.

Cecil D. Andrus. Former Idaho State Governor Andrus joined the PCS Board of Directors in November 1995. Following his retirement from public service in January 1995, Governor Andrus founded and now directs the Andrus Center for Public Policy at Boise State University. Governor Andrus is the first person in the history of Idaho to be elected Governor four different times (1970, 1974, 1986 and 1990). When he retired from public office, he was the senior governor in the United States in length of service. Mr. Andrus resigned as governor in 1977 to become the Secretary of the Interior in the Carter Administration, the first Idahoan to serve in a Presidential Cabinet. Governor Andrus is also a director of Albertsons, KeyCorp and The Gallatin Group.

### Family Relationships.

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There are no family relationships between any of our directors or executive officers.

### Involvement in Certain Legal Proceedings.

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During the past five years, none of our present or former directors, executive officers or persons nominated to become directors or executive officers:

(1) Filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing;

(2) Was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him or her from or otherwise limiting his involvement in any type of business, securities or banking activities;

(4) Was found by a court of competent jurisdiction in a civil action, by the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated.

Compliance with Section 16(a) of the Exchange Act.  
-----

Each of the Company's directors and executive officers will file their Form 3's Initial Statement of Beneficial Ownership of Securities with the Securities and Exchange Commission within three days of the filing of this Report.

Item 10. Executive Compensation.  
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Cash Compensation.  
-----

The following table shows the aggregate compensation that we have paid to directors and executive officers for services rendered during the periods indicated:

SUMMARY COMPENSATION TABLE

Long Term Compensation

(a)	(b)	Annual Compensation			Awards		Payouts		(i)
		(c)	(d)	(e)	(f)	(g)	(h)		
Name and Principal Position	Year or Period Ended	Salary (\$)	Bonus (\$)	Other Annual Compensation	Restricted Stock	Securities Underlying Options	LTIP Pay-outs	All Other Compensation	
-----									

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Anthony A. Maher	3/31/03	120,000	0	0	0	0	0	0
President	3/31/02	120,000	0	0	0	*	0	0
Director								

\* Mr. Maher was the only executive officer of PCS whose cash compensation exceeded \$100,000 during the last two fiscal years. Mr. Maher was issued 500,000 shares of "restricted securities" as additional compensation in October, 2000. See the table below under the heading "Stock Option Plans and Other Incentive Compensation Plans" of this Item for stock options granted to Mr. Maher and other members of management during the last two fiscal years ended March 31, 2002 and 2001.

### Options Grants in Last Fiscal Year

There were grants of stock options made during the fiscal years ended March 31, 2003 and 2002 to our directors and executive officers and others. These options are described below under the heading "Stock Option Plans and Other Incentive Compensation Plans" of this Item.

### Compensation of Directors

Each fiscal year, the Board of Directors sets the dollar amount for the compensation of outside directors for their services. Said compensation shall be in the form of freely tradable PCS common stock at its then bid price, or in the form of stock options to purchase PCS common stock at its then current bid price. For fiscal years 2002 and 2003, the Board of Directors set the amounts of \$15,000 for each of said fiscal years.

### Employment Agreements

We have no written employment agreements with our management. Currently, we are paying our officers the following annual salaries: Anthony A. Maher - \$120,000; Robert O. Grover - \$84,000; Christina Vaughn - \$75,000. The Company also provides medical and dental insurance for its officers and other employees.

### Stock Option Plans and Other Incentive Compensation Plans

PCS has not adopted any formal option plans or other incentive compensation plans as of the date of this report. We anticipate that our Board of Directors will, in the near future, adopt incentive compensation plans to provide reward and incentives to employees, directors and agents of PCS. PCS has granted the following options to officers, directors, employees and consultants:

Option Holder	Number Shares	Date of Grant	Exercise Price	Expiration Date
-----	-----	-----	-----	-----
Anthony A. Maher*	200,000	04/20/00	\$.75	04/20/03
Roy M. Svee*	200,000	04/20/00	\$.75	04/20/03
Donald J. Farley*	200,000	04/20/00	\$.75	04/20/03
Robert O. Grover*	200,000	10/01/00	\$.75	10/01/03
Christy Vaughn*	75,000	09/01/00	\$.75	09/01/03
David Chase	50,000	09/01/00	\$.75	09/01/03
Richard Wright	50,000	09/01/00	\$.75	09/01/03
Laura Hosie	45,000	06/01/00	\$.75	06/01/03

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Anita Ashcraft-Drake	25,000	09/01/00	\$.75	09/01/03
Nathan Cook	25,000	01/05/01	\$.75	01/05/04
Consultant	200,000	09/20/00	\$.50	09/20/03
Bill Albert	25,000	06/15/01	\$.75	6/15/04
Frances Guiney	50,000	10/21/01	\$.30	10/24/04
Bill Albert	2,310	12/01/01	\$.15	12/01/04
Nathan Cook	1,155	12/01/01	\$.15	12/01/04
Robert O. Grover*	6,467	12/01/01	\$.15	12/01/04
Suzanne Haislip	3,696	12/01/01	\$.15	12/01/04
Christa Roesberry	1,442	12/01/01	\$.15	12/01/04
Anthony A. Maher*	9,160	12/01/01	\$.15	12/01/04
Donald J. Farley*	250,000	12/10/01	\$.30	12/10/04
Roy M. Svee*	250,000	12/10/01	\$.30	12/10/04
Anthony A. Maher*	400,000	12/10/01	\$.30	12/10/04
Cecil D. Andrus*	100,000	12/10/01	\$.30	12/10/04
Board Members*	1,000,000	6/03/02	\$.16	6/03/12
Suzanne Haislip	50,000	7/01/02	\$.16	1/01/06
Christina Vaughn*	50,000	7/01/02	\$.16	1/01/06
William Albert	75,000	7/01/02	\$.16	1/01/06
David Chase	35,000	7/01/02	\$.16	1/01/06
Joe Egusquiza	15,000	7/01/02	\$.16	1/01/06
Laura Baran	25,000	7/01/02	\$.16	1/01/06
Robert O. Grover*	75,000	7/01/02	\$.16	1/01/06
Christa Roesberry	10,000	7/01/02	\$.16	1/01/06
Nathan Cook	15,000	7/15/02	\$.16	1/15/06
Nic Perner	5,000	8/15/02	\$.16	2/15/06
Board Members*	499,998	10/21/02	\$.09	
Board Members*	642,855	5/15/03	\$.07	
Anthony A. Maher*	250,000	5/15/03	\$.07	
Employee	100,000	5/20/03	\$.07	

\* Denotes directors and executive officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth information concerning the beneficial ownership of PCS common stock as of June 25, 2003, by each director and executive officer, all directors and officers as a group, and each person known to PCS to beneficially own 5% or more of its outstanding common stock.

Name and Address of Beneficial Owner	Shares Owned(1)	Percentage Owned(1)
Anthony A. Maher 345 Bobwhite Court, Suite 200, Boise, Idaho 83706	2,270,394 (3)	10.09%
Robert O. Grover 345 Bobwhite Court, Suite 200, Boise, Idaho 83706	596,467 (4)	2.65%
Roy M. Svee 345 Bobwhite Court, Suite 200, Boise, Idaho 83706	1,480,951 (5)	6.58%
Donald J. Farley 345 Bobwhite Court, Suite 200, Boise, Idaho 83706	1,454,285 (6)	6.46%
Cecil D. Andrus	687,618 (7)	3.06%



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345 Bobwhite Court, Suite 200,  
Boise, Idaho 83706

Christina M. Vaughn	125,000 (8)	(2)
345 Bobwhite Court, Suite 200, Boise, Idaho 83706		

All officers and Directors as a group (6 persons)	6,614,715	29.40%
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(1) Based upon 18,080,646 shares of common stock issued and outstanding as of June 25, 2003, including 4,224,228 shares that may be issued upon the exercise of currently exercisable options, and 193,834 warrants that may be converted into common stock, for a total number of shares outstanding of 22,498,708, calculated in accordance with Rule 13d-3 promulgated under the Exchange Act. It also includes shares owned by (i) a spouse, minor children or by relatives sharing the same home, (ii) entities owned or controlled by the named person and (iii) other persons if the named person has the right to acquire such shares within 60 days by the exercise of any right or option. Unless otherwise noted, shares are owned of record and beneficially by the named person.

(2) Less than one percent.

(3) These shares include (i) 1,302,234 shares owned of record by Mr. Maher, (ii) 10,000 shares owned by Louise Maher, (iii) 9,500 shares which are beneficially owned by a family limited liability named Sullivan Maher for which Mr. Maher acts as a manager (iv) 35,000 shares owned by the Nick Maher foundation of which Mr. Maher is a trustee, (v) 4,500 shares owned by E.L. Sullivan which are voted by Mr. Maher pursuant to an irrevocable proxy, (vi) 9,160 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.15 per share and are exercisable through December 2004, (vii) 400,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.30 per share and are exercisable through December 2004, (viii) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.16 per share and are exercisable through June 3, 2012, and (ix) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable through May 15, 2013.

(4) These shares include (i) 315,000 shares owned of record by Mr. Grover, (ii) 200,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.75 per share and are exercisable through October 2003, (iii) 6,467 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.15 per share and are exercisable through December 1, 2004; and (iv) 75,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.16 per share and are exercisable through December 31, 2005.

(5) These shares include (i) 600,000 shares owned of record by Mr. Svee, (ii) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.30 per share and are exercisable through December 2011, (iii) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.16 per share and are exercisable through June 3, 2012, (iv) 214,285 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.07 per share and are exercisable through May 15, 2013, and (v) 166,666 shares which may be issued upon the exercise of currently exercisable stock options; these options

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are exercisable at \$.09 per share and are exercisable through September 6, 2012.

(6) These shares include (i) 722,000 shares owned of record by Mr. Farley, (ii) 9,000 shares in the name of Ryan Farley, (iii) 9,000 shares in the name of Brandon Farley, (iv) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.30 per share and are exercisable through December 2004, (v) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.16 per share and are exercisable through June 3, 2012, and (vi) 214,285 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.07 per share and are exercisable through May 15, 2013.

(7) These shares include (i) 123,333 shares owned of record by Mr. Andrus, (ii) 100,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.30 per share and are exercisable through December 2004, (iii) 250,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.16 per share and are exercisable through June 3, 2012, and (iv) 214,285 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.07 per share and are exercisable through May 15, 2013.

(8) These shares include (i) 75,000 shares which may be issued upon the exercise of currently exercisable stock options. These options are exercisable at \$.75 per share and are exercisable through September 2003, and (ii) 50,000 shares which may be issued upon the exercise of currently exercisable stock options; these options are exercisable at \$.16 per share and are exercisable through December 31, 2005.

### Changes in Control.

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To our knowledge, there are no present arrangements or pledges of our securities that may result in a change in control of our company.

### Item 12. Certain Relationships and Related Transactions.

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#### Transactions with Management and Others.

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During the last two fiscal years ended March 31, 2003 and 2002, we have granted certain options to members of our management. See the heading "Stock Option Plans and Other Incentive Compensation Plans" of Item 10, above. In October, 200, we also issued 500,000 shares of our "restricted securities" to Anthony A. Maher, our President.

During the year ended March 31, 2003, three members of the Company's board of directors acted as guarantors on a promissory note that provided the Company \$60,600 in financing.

During the years ended March 31, 2003, and 2002, the Company repaid debt owed to the President of the Company of \$20,000 and \$60,750, respectively.

During the years ended March 31, 2003, and 2002, the Company borrowed from the President of the Company \$27,000 and \$89,500, respectively.

On October 21, 2002, the Company authorized and issued options to purchase 499,998 shares of common stock to Board Members as payment for accrued directors fees totaling \$45,000. These options vested immediately and

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have an exercise price of \$.09 per share. This payment covered all directors fees incurred for the year ended March 31, 2002. As of March 31, 2003, the Company still owes these directors \$45,000 for services rendered during the year ended March 31, 2003.

On September 22, 2000, the President of the Company was issued 500,000 shares of common stock for services valued at \$355,000.

Transactions with Promoters.  
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Except as outlined under the caption "Executive Compensation," during the past two years, there have been no material transactions, series of similar transactions or currently proposed transactions, to which our company or any of our subsidiaries was or is to be a party, in which the amount involved exceeded \$60,000 and in which any director or executive officer, or any security holder who is known to us to own of record or beneficially more than five percent of our common stock, or any member of the immediate family of any of the foregoing persons, or any promoter or founder had a material interest.

Item 13. Exhibits and Reports on Form 8-K.  
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Reports on Form 8-K.

No Current Reports on Form 8-K of the Securities and Exchange Commission have been filed by the Company during the last quarter of its fiscal year ended March 31, 2003.

Exhibits\*

(i)

Where Incorporated  
in this Report  
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Registration Statement on SB-2, as amended.\*\*                      Parts I, II and III

(ii)

Exhibit  
Number  
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Description  
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21	Subsidiaries of the Company**
31.1	302 Certification of Anthony A. Maher
31.2	302 Certification of Christina M. Vaughn
32	906 Certification

\*        Summaries of all exhibits contained within this Report are modified in their entirety by reference to these Exhibits.

\*\*        These documents and related exhibits have been previously filed with the Securities and Exchange Commission and are incorporated herein by reference.

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SIGNATURES

In accordance with the requirements of the Act, the Registrant caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

PCS EDVENTURES!.COM, INC.

Date: 8/19/03

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By/s/Anthony A. Maher

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Anthony A. Maher  
CEO, President and Chairman of the  
Board of Directors

Date: 8/19/03

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By/s/Christina M. Vaughn

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Christina M. Vaughn  
Vice President and CFO

Date: 8/20/03

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By/s/Cecil D. Andrus

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Cecil D. Andrus  
Director