

PLATINUM PARI-MUTUEL HOLDINGS, INC.

Annual Financial Reports

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PLATINUM PARI-MUTUEL HOLDINGS INC.

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FINANCIAL INFORMATION

Item 1 - Financial Statements

PLATINUM PARI-MUTUEL HOLDINGS, INC CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	December 31, 2016	March 31, 2016
ASSETS:		
Cash	\$ 1,221	\$ 22
Accounts Receivable	55,862	9,234
Other Current Assets	12,892	
Total Current assets	\$ 69,975	\$ 9,256
Equipment and Furnishings	381,058	414,194
Accumulated Depreciation	(257,868)	(79,242)
Net Equipment and Furnishings	\$ 123,190	\$ 334,952
Technology Development Costs:		
ROCS Integrated Mobile Hardware Systems	9,620,653	
mPath Discovery and FinStat Analysis Products	1,094,500	
Smacktive Social Media Application	4,208,905	
Smacked Ventures - FastMall, MapOS & Games	2,104,434	
Investment in SAGD, Inc. - Note 1	2,060	
Goodwill	19,135,937	
Total Assets	\$36,357,594	\$ 344,208
LIABILITIES:		
Accounts Payable	\$ 826,435	\$ 137,599
Accrued Interest Payable	12,551	232
Other Current Liabilities	153,928	
Deferred Income		130,000
Notes Payable - Short term	439,610	1,000
Total Current Liabilities	\$1,432,524	\$ 268,831
Deferred Tax Liability	5,260,937	
Notes Payable - Long term	410,054	
Total Long term Liabilities	\$ 5,670,991	\$ -
Total Liabilities	\$ 7,103,515	\$ 268,831

STOCKHOLDERS' EQUITY

Common Stock, authorized 950,000,000,
par value \$.001, 507,931,477 and 92,554,871

issued and outstanding respectively	507,932	92,555
Additional Paid in Capital	30,994,885	1,487,824
	December 31,	December 31,
	2016	2015
Dividends issued	(63,850)	
Accumulated Deficit	(2,184,888)	(1,505,002)
Total Stockholders' Equity	\$ 29,254,079	\$ 75,377
Total Liabilities and Stockholders' Equity	\$ 36,357,594	\$ 344,208

Note 1 - The investment in SAGD is reported at the cost of the investment in the application sold by Great Day, Inc to SAGD in exchange for 10,000,000 shares of restricted SAGD stock. As of March 31, the market price of the stock was listed on OTC Market at \$.05 per share.

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

PLATINUM PARI-MUTUEL HOLDINGS, INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

**For the Three Months Ended
March 31,**

	2016	2016
Revenue	\$ 107,250	\$ 25,475
Cost of Sales		22,384
	<u>\$ 107,250</u>	<u>\$ 3,091</u>
General and Administrative	752,952	2,214
Net Profit (Loss) from Operations	<u>\$ (645,702)</u>	<u>\$ (877)</u>
Interest Expense	13,818	2,575
Net Loss	<u>\$(659,520)</u>	<u>\$ (1,695)</u>
Weighted Average Loss per Share	<u>\$ (0.00257)</u>	<u>\$ (0.00002)</u>
Weighted Average Shares Outstanding	<u>256,914,488</u>	<u>92,554,871</u>

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

PLATINUM PARI-MUTUEL HOLDINGS, INC
STATEMENT OF SHAREHOLDER EQUITY
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Unaudited)

	Shares	Amount	Additional Paid-In Capital	Deficit	Total
Balance, December 31, 2014	3,260,631	\$ 3,261	\$ 1,268,020	\$ (1,426,106)	\$ (154,825)
Shares issued for debt retirement	75,294,240	75,294	185,930		261,224
Shares Issued for payment of compensation	14,000,000	14,000	33,874		47,874
Net Loss				(77,201)	(77,201)
Balance December 31, 2015	92,554,871	\$ 92,555	\$ 1,487,824	\$ (1,503,307)	\$ 77,072
Shares issued for acquisition of ROCS, Inc	200,000,000	200,000	8,840,295		9,040,295
Shares cancelled for sale of PPMG, Inc	(56,767,749)	(56,768)	(45,304)		(102,072)
Shares issued for acquisition of TBX Groups, Inc	272,144,290	272,144	20,712,070	(85,910)	20,898,304
Net Loss				(659,520)	(659,520)
Balance December 31, 2016	507,931,412	\$ 507,931	\$ 30,994,885	\$ (2,248,737)	\$ 29,254,079

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

PLATINUM PARI-MUTUEL HOLDINGS, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	As of March 31	
	2016	2016
Cash Flows from Operating Activities:		
Net Loss	\$ (659,520)	\$ (1,695)
Adjustments to reconcile net income to net cash used by operating activities:		
Dividends issued	(63,850)	
Common Stock issued for compensation		
Changes in operating assets and liabilities:		
Accounts Receivable	(52,363)	(5,735)

Prepaid Insurance	(12,891)	
Depreciation	178,626	
Property and Equipment	33,136	
Accounts payable and accrued liabilities	692,929	4,113
Other Current Liabilities	474,875	
Notes Payable	410,054	
Net cash used by operations	\$ 1,000,996	\$ 3,317
Cash Flows from Investing Activities:		
Investment in Technology Products	\$ 17,028,493	
Deferred Tax Liability	(5,260,937)	
Research and Development	19,135,937	
Net cash used in Investing Activities	\$ 30,903,493	\$ -
Cash Flows from Financing Activities:		
Additional Paid in Capital	\$ 29,507,061	
Conversion of Preferred Stock	(22,059)	
Capital Stock	415,377	
Net Cash Provided by Financing	\$ 29,900,379	\$ -
Net change in cash:	\$ (2,118)	\$ 3,317
Cash-Beginning of year	3,339	3,339
Cash - End of Period	\$ 1,221	\$ 22
Supplemental Cash Flow		
Information:		
Issuance of shares of common		
Stock to settle notes payable, accrued interest, and other debt		252,475

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

PLATINUM PARI-MUTUEL HOLDINGS, INC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Basis of Presentation

Platinum Pari-Mutuel Holdings, Inc and its subsidiaries (the "Company"), a Nevada corporation, was incorporated on October 10, 1997. The Company owns and operates entities in a variety of technology sectors, including Mobile Hardware Solutions, Business Intelligence and Predictive Analysis, Social Media, Mapping/Navigation systems, and game applications.

The Company focuses investments on highly talented developers, with innovative and leading edge solutions in high profile markets designed to enhance our society. Our current list of entities provide enhanced security for public safety, promoting healthier lifestyles, assisting

our mobility, adding a little entertainment and even enhancing our understanding of society itself. Our solutions span markets both domestic and international, from Fortune 200 companies, government entities, consumers, retail centers, financial markets, to schools and individuals. Our products impact the lives in all walks of life.

The Company currently owns and manages a portfolio of 4 primary subsidiaries:

Rugged Outdoor Computing Systems, Inc., a domestic company that architects mobile hardware solutions for public safety, homeland security and various commercial markets. Their systems represent a revolutionary advancement in technology for any market that requires integrated computer, video capture, and communications. Their cutting edge designs create highly reliable, lower cost solutions that provide an unsurpassed ability to capture, analyze, share and manage critical field information.

Smacktive, LLC offers a social media platform for people who want to meet others with similar active interests. Their proprietary mobile application provides a platform where any activity you can think of, whether at home or travelling, you can quickly find partners with similar interests. With today's trending towards a health conscious society, and promoting active social interaction, this application is a perfect fit for millions who are seeking partners for any desired activity.

mPathDiscovery, LLC is the brainchild of the recognized leader in the field of study known as "Digital Sociology." The company offers two extremely intuitive products that provide Actionable Intelligence, for predictive analysis of behavior, based on patterns including many that may initially appear unrelated. Simply put, Digital Sociology is the study of how individuals and cultures interact in the digital world, providing unmatched insight into human reactions to events, with predictive responses, offering unprecedented benefits to a wide range of businesses from marketing firms for branding and products analysis, political entities for messaging, image analysis or crisis management, hedge fund managers and brokerage firms seeking competitive advantage and intelligence agencies as part of their investigative process.

Smacked Ventures, Inc offers unique mobile applications including FastMall, MapOS, and several games for fun and learning. FastMall will guide you around locations and within structures without the need for GPS or Wi-Fi. Powered by their proprietary application Map OS with its combination of unique capabilities combined with a flexible creative interface improves the daily lives of a wide variety of users.

Great Day, Inc. is the brainchild of TBX Group COO, David Reeves. The company takes concepts and develops them into products for PPMH or for sale to other interested parties. It created one of PPMH's websites, nashpeeps.com that focuses on country music for fans to get access to the videos, and comments regarding country music in general. It recently began development of PotCircles, a social media site and mobile application that caters to the growing cannabis market. This application was sold on February 28 to SAGD.

Our early stage companies offer groundbreaking solutions for vertical markets and products with broad market appeal creating the potential for rapid market penetration.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report for the year ended March 31, 2016, filed on July 13, 2016.

The condensed consolidated balance sheet as of March 31, 2016, included herein was derived from the unaudited financial statements as of that date, but does not include all disclosures including notes required by US GAAP on an annual reporting basis.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year 2016 or any future period.

Principles of Consolidation

The condensed consolidated financial statements include the Company, its wholly-owned subsidiaries, and variable interest entities in which Platinum Pari-Mutuel Holdings is the primary beneficiary in accordance with the consolidation accounting guidance. All intercompany balances and transactions have been eliminated.

Going Concern

The Company has an accumulated deficit of \$2,248,737 and stockholders' equity of \$29,245,079 at December 31, 2016. The Company also has net loss attributable to operations of \$659,250.50 during the twelve months ended December 31, 2016, cash flows from operating activities of \$1,000,996 during the twelve months ended December 31. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's ability to continue as a going concern depends on its ability to deploy technology for its core businesses that generates sufficient revenue and cash flows to meet its obligations and on its ability to obtain additional financing or sell assets as may be required to fund current operations. Management's plans include generating income from the Company's products, and obtaining outside financing to permit the Company to generate sufficient cash flow.

Use of Estimates

The preparation of the Company's condensed consolidated financial statements in conformity with US GAAP 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 condensed consolidated financial statements and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the condensed financial statements; therefore, actual results could differ from management's estimates.

Trade Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company regularly reviews its accounts receivable and makes provisions for potentially uncollectible balances. Uncollectible balances are written off against the allowance after extensive efforts of collection and when balances are deemed uncollectible. Recoveries of trade receivables previously written off are recorded when cash is received. A trade receivable is considered to be past due if any portion of the receivable balance has not been received by the Company within its normal terms.

Recently Adopted Accounting Guidance

Business Combinations

In September 2015, the Financial Accounting Standards Board ("FASB") issued new authoritative accounting guidance on simplifying the accounting for measurement-period adjustments in business combinations, which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The effect on earnings for changes in depreciation and amortization, or other income effects (if any) as a result of the change to the provisional amounts, calculated as if the accounting had been completed as to the acquisition date, must be recorded in the reporting period in which the adjustment amounts are determined rather than retrospectively. This standard became effective for the Company in the first quarter of 2016, and is applied on a prospective basis to adjustments to provisional amounts that occur after the effective date, with no impact to its financial statements.

Recently Issued Accounting Guidance

Leases

In February 2016, the FASB issued new authoritative accounting guidance on leasing arrangements. The guidance outlines a comprehensive model for entities to use in accounting for leases, and supersedes most current lease accounting guidance, including industry-specific guidance. The core principles of the new lease accounting model is that lessees are required, among other things, to recognize lease assets and lease liabilities on disclosure requirements for leasing arrangements. The standard is effective for the Company in the first quarter of 2019; however, early adoption is permitted. This standard is required to be applied using the modified retrospective approach. The Company is currently evaluating the impact of this guidance on its financial statements and does not expect this standard to have a material impact on its financial statements.

Revenue Recognition

In May 2014, the FASB issued new authoritative accounting guidance on revenue from contracts with customers. The guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services." The guidance also requires significantly expanded disclosures about revenue recognition. In July 2015, the FASB voted to approve a one-year deferral of the effective date to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. This standard will therefore be effective for the Company in the first quarter 2018 and will be applied using either the full modified retrospective adoption methods. In March, April and May 2016, the FASB issued additional implementation guidance related to the new standard. The Company does not expect this standard to have a material impact on its financial statements.

2. Acquisitions

Rugged Outdoor Computing Systems, Inc

On June 13, 2016 the Company acquired Rugged Outdoor Computing Systems, Inc., a development company in the computer technology sector for a total purchase price of \$9,040,295 consisting of a share exchange of 100% of ROCS common stock for 200,000,000 shares of Company common stock. The purchase price for ROCS was based on ROCS financials provided to the Company during the process of due diligence review prior to the acquisition date and the data described below in the Acquisition Valuation Analysis. The 200,000,000 shares of Company common stock was based on the Company's common stock price of \$0.05 on June 13, 2016.

ROCS, Inc. architects and manufactures proprietary solutions for markets that require fully integrated systems that include video capture, computing, high capacity storage and communications. The reliance on the ability to gather, analyze, store and communicate field information with a host of support resources is critical to effective operations in a number of Public Safety markets, Homeland Security and Intelligence markets. ROCS systems represent a revolution in technology capability for these markets. By enhancing functionality, improving reliability and simplifying operation, at a substantially lower cost will represent groundbreaking advancement in field operations for these markets.

TBX Group, Inc.

On September 7, 2016, Platinum Pari-Mutuel Holdings, Inc completed its acquisition of TBX Group, Inc ("TBX") for a total purchase price of \$20,531,749, which consisted of a maximum 350,000,000 shares of Company Class A common stock, broken down as 272,144,290 shares of common stock and 8,316,986 shares of Company convertible preferred series B shares with a minimum conversion of 3 common shares per each preferred share.

The Company has issued 206,187,464 of the 350,000,000 total available common shares, the remaining 143,812,536 will be issued to shareholders at a date to be determined by the Board, the total to be based upon the conversion of the 8,316,986 preferred shares. The conversion price of the preferred shares is calculated based on the weighted average trading price for the

preceding 20 trading days, with a minimum of 93,907,784 to be issued if conversion price is \$.90 per share or higher. The full conversion of 143,812,536 shares will be issued if the conversion price falls below \$.30 per share. The purchase price of TBX was based on value of the operating subsidiaries it held, primarily mPathDiscovery, LLC, Smacked Ventures, Inc and Smacktive, LLC, using TBX financials provided to the Company during the process of due diligence review prior to the acquisition date and the data described below in the Acquisition Valuation Analysis. The number of preferred shares issued was determined based on the Company's common stock price of \$0.30 on September 07, 2016.

Summary

The ROCS, Inc and TBX Group, Inc acquisitions were recorded for as a business combination under the acquisition method and, accordingly, the total purchase price was allocated to the tangible and intangible assets acquired and the liabilities assumed based on their respective fair values on the acquisition dates. The assets and liabilities of each acquisition were initially transferred at the basis being carried on each subsidiary's books.

The Company has made its best efforts in the subjective valuation process for the acquired operating subsidiaries. The Company understands that while the subsidiaries carried no asset values for the developed assets, each of the businesses has developed assets, some have been in the market for years and all have required substantial development. There is value in those assets that must be recorded.

The Company has attempted to analyze, as information was available to support various alternative valuation methods, including known and estimated development costs, comparative sales or development costs of similar businesses, and valuations based on projected future performance for each business acquired.

The following Table presents the allocation of the FMV adjustment for each of the acquired subsidiaries between development costs and Goodwill including any amounts the deferred tax liability. The basis the company used for development valuation cost is based on the Historical cost to develop the assets, products and applications prior to acquisition by the Company.

Acquisition Valuation Analysis					
PPMH, Inc.					
(in million \$'s)					
	ROCS	mPath	Smacktive	Smacked Ventures	Totals
<i>Investment Valuation Analysis:</i>					
Investment Booked at Acquisition	\$ 9.0	\$ 11.4	\$ 7.7	\$ 1.5	\$ 29.6
Book Value of Assets Acquired - Net of Liabilities	1.0	-	(0.2)	(0.1)	0.7
FMV Adjustment	\$ 8.0	\$ 11.4	\$ 7.9	\$ 1.6	\$ 28.9
<i>Allocation of Acquisitions:</i>					
Allocated to Development Costs	\$ 9.5	\$ 1.0	\$ 4.0	\$ 2.0	\$ 16.5
Allocated to Other Assets	0.1				0.1
FMV Allocated to Goodwill	-	10.4	3.9	(0.4)	13.9
Liabilities Assumed	(0.6)		(0.2)	(0.1)	(0.9)
Net Asset Allocation	\$ 9.0	\$ 11.4	\$ 7.7	\$ 1.5	\$ 29.6
<i>Allocation of FMV Adjustment:</i>					
FMV Allocated to Development	\$ 8.0	\$ 1.0	\$ 4.0	\$ 2.0	\$ 15.0
FMV Allocated to Goodwill	-	10.4	3.9	(0.4)	\$ 13.9
Total FMV Allocation	\$ 8.0	\$ 11.4	\$ 7.9	\$ 1.6	\$ 28.9
<i>Goodwill</i>					
FMV Allocated to Goodwill	\$ -	\$ 10.4	\$ 3.9	\$ (0.4)	\$ 13.9
Deferred Tax Liability (1)	2.8	0.4	1.4	0.7	\$ 5.3
Total Allocated to Goodwill	\$ 2.8	\$ 10.8	\$ 5.3	\$ 0.3	\$ 19.2
Note (1) Deferred Taxes are calculated at 35% of FMV Allocated to Acquired Assets					

The Deferred tax liability was calculated at 35% of the FMV allocated to acquired assets and will be amortized in conjunction with the FMV amortization of booked development costs. The Goodwill is not deductible for tax purposes.

Acquisition Valuation Analysis

The Company performed a valuation analysis to support the acquisitions considering various key measurement criteria including, actual development cost, comparative sales and costs of similar companies when available, and through metrics of future performance. The following table presents the results of that analysis.

Comparative Valuation Analysis						
PPMH, Inc.						
(in million \$'s)						
	ROCS	mPath	Smacktive	Smacked Ventures	Totals	Per Share @ 507M
Investment in Development/Launch:						
Estimated Additional Investment Required	\$ 4.0	\$ 2.0	\$ 5.5	\$ 1.5	\$ 13.0	\$.026
Total Book Value including Investment	13.0	13.4	12.2	3.1	41.7	\$.082
Total Est. Cost Invested	13.0	3.0	9.5	4.0	29.5	\$.051
Total Anticipated Investment	17.0	3.0	13.5	5.5	39.0	\$.077
Competitive Valuation:						
Competitive Development Cost	15-20M	3-5M	1-3M	1-3M	20-30M	\$.04- \$.06
Development Cost of Acquired Assets	9.5	1.0	4.0	2.0	16.5	\$.032
Competitive Business Investment	30-50M	5-8M	10-30M	5-15M	50-100M	\$.10- \$.20
Total Projected Investment	17.0	3.0	13.5	5.5	39.0	\$.077
Valuation based on Future Analysis:						
Present Value	24.0	51.0	6.5	5.4	86.9	\$.171
Book Value recorded at Acquisition	9.0	11.4	7.7	1.6	29.6	\$.058
YR 5 - Est Net Earnings	18.2	15.6	3.4	2.8	39.0	\$.077
YR 5 - Est. Value at 10X	182.0	156.0	34.0	28.0	390.0	\$.769
Est. Potential Valuation	180.0	160.0	200.0	50.0	590.0	\$ 1.16
Note (1) PV based on 5 yr projected earnings, with additional investment and no ongoing stream, and 10% discount rate.						

The Company used data gathered from internet sources, open financial records, and other publicly disclosed publications and financial websites. In some cases the Company had to rely on estimates as to what portion development cost represented to the investment as a whole over a period of time.

ROCS, Inc.

The Company based its valuation of ROCS on the cost to develop the technology covering the 10 yrs of its development cycle. ROCS has provided a detailed invoice support for the \$9.5M invested prior to its acquisition by the Company.

To support those costs, the Company research similar development companies with public information available. The Company chose two companies, xPlore Technologies and Catcher Inc. These two companies were both start-ups and produced a computer similar to ROCS, one with software video capture, the other with no video solution. At a stage in their development years, similar with ROCS's current stage, transitioning into production. XPlore shows development costs of \$14M and \$9.5M for Catcher. The total investment in the companies during early years was \$48M for xPlore and \$30M for Catcher. By comparison, ROCS has spent \$9.5M for a more complex system and anticipates a total investment of less than \$20M. Larger competitors typically spend significantly more on product development, especially one that is disruptive to its current development strategy, and is estimated would cost in excess of \$20M to produce ROCS technology, plus overhead.

A third method was also applied to support the valuation, a Present Value calculation based on forecasted future financial performance, including the anticipated additional required Investment, which was well in excess of current stated value of ROCS technology.

Based on this information, the Company determined that the acquisition value of \$9M with a development cost basis of \$9.5M is reasonable for the valuation of the ROCS acquisition.

Smacktive, LLC

The Company initially valued Smacktive at \$7.9M based upon the acquisition price used when it was acquired by TBX Group in March 2016. The Company relied on statements from the previous owner and developer of the application concerning his investment in the both Smacktive and Smacked Venture prior to acquisition. He stated it was in excess of \$12 total investment since 2006, including development for several upgrades to each application. He also stated that approximately two-thirds of that was on the Smacktive application. The Company allocated \$8M to this acquisition for use as part of the valuation analysis.

The Company created pro forma projections of anticipated future operations to calculate a present value, but a better measure in this industry is the value per user. The following table represents the basis used for an Estimated Potential Future Value for Smacktive Social Media.

Comparative Valuation References				
Social Media - Smacktive				
	Users (millions)	Value (billions)	Value/ User	Early Stage Investment
Snapchat	70	28	400.0	
Twitter	200	13	65.0	62
FB	1200	184	153.3	
Pinterest	150	11	73.3	37
Foursquare	45	0.6	13.3	71

LinkedIn	277	26	93.9	73
Instagram	77	1	13.0	58
Tinder	50	1.35	27.0	
MeetUp	23			
Smacktive	20	0.2	10.0	

From what the Company could gather during its research was that most of the launched social media companies were started with about 3-10M in seed development funding. Those that were successful received later round funding based upon their market penetration and potential future growth.

The computed per user value is based upon the stated value of the business divided by the number of users. The Future Potential Value for Smacktive was based on the estimated user base at the end of 5 years multiplied by \$10 per user, which is significantly less than recent market valuations.

Smacktive has been in the market since October 2014, with two years in prior development along with continued development since that date. Based upon the results of this analysis, The Company believes that the valuation of \$7.9M for Smacktive is reasonable. And the \$4M used as a basis for development cost allocation is also reasonable, with the balance of \$3.9M to goodwill.

mPath

The Company initially valued mPath at \$11.4 based upon the acquisition price used with it was acquired by TBX Group in December 2015. To determine the actual cost to develop the technology, the Company relied on statements from the previous owner and developer of the business's technology which consisted primarily from his time over several years prior.

Based upon industry research, and the fact that the business's products have been in development for several years, the Company has determined that the \$1M was well within industry guidelines for solutions similar to the business's offerings. The balance of \$10.4M will be allocated to Goodwill.

The Company also created pro forma analysis based on a 5 year projected future performance. The analysis projected a Present Value well in excess of the \$11.4 booked valuation for the mPath acquisition.

Based upon the results of this analysis, the Company believes that the valuation of \$11.4M for mPath is reasonable. And the \$1M used as a basis for development cost allocation is also reasonable, with the balance of \$10.4M to goodwill.

Smacked Ventures

The Company initially valued Smacked Ventures at \$1.6M based upon the acquisition price used when it was acquired by TBX Group in March 2016. The Company relied on statements from the previous owner and developer of the application concerning his investment in the both Smacktive and Smacked Venture prior to acquisition. He stated it was in excess of \$12M total investment since 2006, including development for several upgrades to each application. He

also stated that approximately one-third of that was on Smacked Ventures applications. The Company allocated \$4M to this acquisition for use as part of the valuation analysis.

The subsidiary's primary product, FastMall, with its proprietary MapOS navigation system has been in the market since 2010 with development beginning 2 years prior and has undergone at least 3 major upgrades since initial launch. The business has also developed and marketed over 20 games over the years.

The Company created pro forma analysis based on a 5 year projected future performance. The analysis projected a Present Value well in excess of the \$2M booked valuation for the Smacked Ventures acquisition. The Company used industry standards for revenue generation based on similar businesses in the market. Being a social media type application, the potential valuation of \$50M was based on a user base of 5M and the same per-user value of \$10 applied in the valuation of Smacktive.

Based upon the results of this analysis, the Company believes that the valuation of \$1.6M for Smacked Ventures is reasonable. And the \$2.0M used as a basis for development cost allocation is also reasonable, creating a \$.3M in negative goodwill.

The Company

The results of operations of the acquisitions have been included in the condensed consolidated financial statements as though wholly owned since January 1, 2016.

3. Property and Equipment

Property and equipment consist of:

	<u>Dec 31, 2016</u>	<u>Dec. 31, 2015</u>
Equipment & Furnishings	\$ 381,058	\$ 414,194
Less: Accumulated depreciation	<u>(257,868)</u>	<u>(79,242)</u>
Net	<u>\$ 123,190</u>	<u>\$ 334,952</u>

Depreciation expense was \$1,067 for the nine months ended September 30, 2016.

4. Goodwill and Other Intangible Assets

Goodwill

Goodwill is generally not deductible for tax purposes. The following table presents the goodwill activity for the periods presented. The Company's acquisition of TBX Group generated goodwill of \$13.9M from the excess purchase price over the FMV of acquired assets. The Deferred Tax liability arose from applying a 35% tax liability on the \$15M of allocation of purchase price to amortizable development assets and equipment acquired. Refer to the Comparative Valuation Table above for further discussion and analysis.

Goodwill - March 31, 2016	\$ -
Goodwill booked on TBX Group Acquisition	13,875,000
Deferred Tax Liability - All Acquisitions	<u>5,260,937</u>

Goodwill - March 31, 2017 \$ 19,135,937

5. Convertible Preferred Series B shares

On September 7, 2016 the Company issued 8,316,986 shares of convertible preferred series B shares as part of the TBX acquisition. The preferred shares carry no interest rate and are convertible at the discretion of the Board of Directors.

These Series A preferred shares convert to common shares at a basis of \$2.70 per preferred share with a minimum issue of 24,950,958 common shares at a conversion price of \$0.90 and a maximum of 77,855,210 common shares at a conversion price of \$0.17. As of December 31, 2016, with a closing price on the OTC Market of \$.16 per share, the conversion of the preferred shares would be 77.855.210 common shares.

The "per share" calculations in the condensed consolidated financial statements reflect values as though these shares had been issued as of December 31, 2016.

6. NOTES PAYABLE

Notes payable consists of:	<u>Sept. 30, 2016</u>	<u>Dec 31, 2015</u>
(1) 8% Note Payable, due May 2016		\$ 1,000
(2) 4% Note Payable, due Dec 2018	\$ 350,000	
(3) 0% Note Payable due Dec 2018	54,664	
(4) 2% Note Payable, due Dec 2018	250,000	
(5) 0% Note Payable due Sept 2019	170,000	
(6) 2% Note Payable, due Oct 2016	<u>25,000</u>	<u> </u>
Total notes payable	<u>\$ 849,664</u>	<u>\$ 1,000</u>

(1) 8% note was due to related party of the company and was paid on time.

(2) 4% Note is due to existing Officer of the Company, Mr. Paul Baioni. This Note was a part of the acquisition of ROCS, Inc. The note accrues interest and has two equal installments, the first due by December 2017. The note was originally due on December 31, 2016, but was extended for another two years.

(3) 0% Note for \$54,664 is due to existing Officer of the Company, Mr. John Miller. This was acquired as part of the TBX Group acquisition for fees and expenses owed to Mr. Miller. The note carries a \$2,277.67 installment per month beginning December 2016, and due to be paid in full by December 2018. As of the date of this filing, the note is in default \$9,110.68.

(4) 4% note for \$250,000 is due to Embedded Systems Design, owned by John Whittaker, CTO of the Company and CTO of ROCS. The note carries a 4% interest with two equal installments, the first of which is due by December 2017.

(5) 0% Note for \$170,000 is due to Sam Feuer, owner of Mindsmack, LLC and the previous owner of Smacktive and Smacked Ventures for the remaining 30% interest in Smacktive, LLC,. The note carries a \$5,000 per month installment, The Company is delinquent \$30,000 on the installment payments. Mr. Feuer has agreed to delay payments until later in 2017.

(6) 4% Note is due to owners of PPMG, Inc, formerly a wholly owned subsidiary of Company. The note was not paid on time, but the Holder has agreed to an extension and possible conversion into company common stock.

7. Preferred Series A shares issued

On September 6, 2016, the Company issued 10,000 of its authorized 30,000 shares of preferred series A shares to its Chairman and CEO Paul Baioni. Each share has voting rights equal to 100,000 shares of Company's common stock. These preferred shares have a par value of \$.001 and carry no interest, no equity, or any rights other than stated voting rights.

8. Income (Loss) Per Share

Basic and diluted net loss per common share is presented in conformity with GAAP rules and regulations when dealing with convertible shares. Basic net income (loss) per share attributable to common shareholders is computed using the weighted average number of common shares outstanding during the period. Diluted net income per share attributable to common stockholders would be using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. The Company's potential common shares consist of shares issuable upon the conversion of Series B Preferred shares.

9. Legal Proceedings

The Company is subject to one legal proceeding arising from the ordinary course of business related to prior dealings with its newly acquired subsidiary TBX Group, Inc. The litigation is ongoing and has no material impact on the financial condition of the Company. The Company was dismissed from the lawsuit in January 2017, but still maintains its countersuit against plaintiff. Company anticipates this matter to be settled during the second quarter of 2017.

Beginning on March 3, the Company has been inundated with threats of Class Action lawsuits from at least 6 different law firms with claims of fraud and misrepresentation basing their allegations on the "concern" that the SEC expressed regarding public statements and valuations in Company's public disclosures. Based upon the Company having been cleared of those concerns by the SEC as of March 27, the Company believes that these claims pursued based upon the SEC original notice have no validity.

As of the date of this filing, no known "lead plaintiffs" have been secured by any of the firms, and only one class action has actually been filed with any court with the plaintiff having a total investment in Company stock of approximately \$1,000. The deadlines for find a lead plaintiff if May 2, 2017. The Company has received no notice from any court, any law firm, with any request for response, documents or discussion.

As of March 11, 2017, neither the Company, nor its Officers or Directors has been served in any other lawsuit or legal proceeding in which either they, the Company, or its subsidiaries are named defendants.

10. Stockholders' Equity

Common Stock

As of March 31, 2017, the Company had 507,931,477 shares of common stock outstanding. As of March 31, 2016, the Company had 92,554,871 shares of common stock outstanding.

Preferred Stock

As of March 31, 2017, the Company had 8,316,986 shares of its Preferred Series "B" stock outstanding. As of March 31, 2016, the Company had no Preferred Series "B" stock outstanding. These preferred series B shares convert to common stock at a minimum of 24,950,958 shares and a maximum of 77,855,710 shares.

11. Stock Activity

Restricted Stock

On September 7, 2016, the Company issued 272,144,290 shares of restricted stock in conjunction with the acquisition of TBX Group, Inc. These shares were issued to shareholders of TBX Group, Inc. as a part of the exchange for 100% of the outstanding shares of TBX and have a restricted term of one year.

Preferred Stock

On September 7, 2016, the Company issued 8,316,986 shares of its Series B preferred stock as a part of the TBX Group, Inc. acquisition. These shares are convertible into shares of common stock with a restricted status for one year from date of issuance.

On September 6, 2016, the Company issued 10,000 shares of Series A preferred stock to the Chairman and CEO, Paul Baioni. These shares are non-convertible, non-equity based and hold no special rights or privileges other than special voting rights.

12. Contractual Agreements

The Company has an agreement to purchase the remaining 30% interest in Smacktive, LLC, one of its recently acquired subsidiaries as part of the TBX Group, Inc acquisition. The Company currently holds a 70% interest in the subsidiary. The purchase price was \$175,000, and calls for the payment of \$5,000 per month until paid in full. As of March 31, 2017, the Company owes \$170,000 on this agreement.

For purposes of reporting this entity in the condensed consolidated financial statements, this subsidiary is treated as being wholly owned.

13. Income Taxes

The Company is currently only subject to income taxes in the United States. It anticipates expanding its activities outside the United States which will be subject to local country income tax.

The Company currently carries a deferred tax liability as it relates to the acquisition and subsequent valuation of one of its subsidiaries representing 35% of the fair market valuation increase in subsidiaries assets. The Company regularly assesses the realizability of its deferred

tax assets. In performing this assessment, the Company weighs all available positive and negative evidence, including earnings history and results of recent operations, scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies to determine, based upon the weight of the available evidence, whether it is more-likely-than-not that some or all of its deferred tax assets will not be realized. As of September 30, 2016, the Company's valuation of these assets and liabilities are fairly represented in the condensed consolidated financial statements.

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

This section and other parts of this Quarterly Report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar items. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled "Risk Factors" above, which are incorporated herein by reference.

Overview

Platinum Pari-Mutuel Holdings, Inc. continues to take steps to position itself to become a focused leader in specific vertical technology markets. We anticipate leveraging the highly talented designers and developers within our group, with their unique and innovative solutions, into the high profile markets they represent. Leading and cutting edge companies, with truly revolutionary products will allow the Company entry into some high margin markets that are presently void of suitable competition.

Our revenues will come in a variety of forms, product sales, memberships, subscriptions, other services, hosting, and revenue sharing opportunities, as our products span a wide range of manufactured solutions, to social media, to business intelligence services, to consumer shopping discounts and navigation services. Each one of our four primary focus solutions have the potential to disrupt existing markets.

Our long-term financial focus is on sustainable, long-term growth: however, in the near term we expect operating losses as we continue to invest in our business, products, and marketing. Our investments in 2016 are geared towards exposure and growth in our target markets and expanding our customer base. We are also refining and developing customer user interfaces for expanded market appeal and broadening the customer base for our solutions. Our focus is on creating value for our members and customers, and increasing return on investment while supporting our long-term objectives of sustainable revenue and earnings growth.

Our Products

The first acquisition was Rugged Outdoor Computing Systems, Inc. ("ROCS") on June 13, 2016. ROCS represents a new age for Public Safety, Homeland Security, and selected commercial markets technology solutions. Their products stand alone in the market offering fully integrated event managed video capture, leading edge computer capabilities, with highly functional communications. Their revenue streams consist of the sales of hardware and

software along with maintenance and warranty contracts. There will also be some revenues from customizations for select customers desiring specialized solutions outside of entities basic products offerings.

The Company's second acquisition TBX Group, Inc. on September 7, 2016 added three subsidiaries with great potential for impacting society, in both domestically and international markets.

The first is our Business Intelligence/Predictive Analysis entity, mPathDiscovery, LLC. The entity has two primary product lines, focused on Digital Sociology reports and analysis, and FinStat that is a stock market analysis and forecasting tool to be used at a variety of levels from basic investor access to large hedge fund managers and brokerage firms. Revenues streams consist of specialized analysis reports on specific topics, such as marketing product analysis, branding, crisis management, political messaging and intelligence agencies for rooting out criminal elements in our society. The entity also has subscription services for ongoing analysis and repetitive access to services hosted on a cloud based delivery system.

The second subsidiary, Smacktive, LLC is a social media company with an application, Smacktive, that focuses on healthy active lifestyles by connecting individuals in local areas to meet and participate in activities of their choice. Revenue streams are typical of a social media company with premium membership fees for special access to content, sponsored advertising revenues by industry providers such as golf and tennis clubs, training facilities, talent providers like music lessons, etc. The third revenue stream would be from general ad placements within the application and directed advertising to the member base with focused interests. As of March 31, 2017, Smacktive, LLC has earned no revenue since its acquisition by TBX Group in March of 2016.

The third subsidiary, Smacked Ventures, Inc. has a focused solution, Fastmall and MapOS, which is a propriety application that allows for users to navigate within large structures such as malls, retail shopping centers, hospitals, convention centers, office buildings, etc where GPS and Wifi are ineffective for finding specific locations. Revenue streams come from three distinct offerings within the application, including fees for mapping locations, contracts with retail establishments for "pushing" discounts and advertising to customers using the application, and general advertising placements within the application or directed to specific members based upon their buying habits.

As a result of our long-term investment philosophy, we expect fiscal year ending December 31, 2017 to be in an operating loss.

Cost of Revenue

Our cost of revenue varies within each operating entity, primarily salaries and benefits for our production operations, development staff, customer support, advertising teams, marketing expenses, and web hosting costs related to operating our application platforms. For our manufactured products subsidiary, ROCS, costs of revenue will also include the physical costs of production for the solutions they sell, primarily hardened computer systems and body camera systems, cameras, cables and mounts.

Overhead costs are of lesser significance to the whole and include building leases, professional and consulting fees, general advertising, investor relations, legal and accounting fees for the Company as a whole.

Sales and Marketing

The Company intends to invest heavily in sales and marketing expenses throughout the remainder of 2017. The products and services that we sell, especially the social media applications will require significant investment to build a customer member base. We are negotiating with a couple of media companies to exchange shares of Company stock for advertising placements. Our other products are more direct focused sales and advertising process due to the nature of the businesses and solutions offered. We anticipate that sales and marketing will represent a significant portion of our 2017 fiscal year operating budget to support our long-term growth strategy.

Technology Development

Our business model relies heavily on technology development. Our product leaders are all focused on innovative solutions in high profile markets, so maintaining a competitive edge will be critical to our long-term success. Our existing products are leading edge solutions in their respective markets, and our talent is on design and development, so we anticipate that we will be able to maintain our positions in the forefront of each of the markets we serve. This will require us to continue to invest heavily in technology development, enhancements and new products and will continue to represent a significant ongoing cost, this year and in subsequent years.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with US GAAP. The preparation of these statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based, to the extent possible, on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the assumptions and estimates associated with the valuation of goodwill and intangible assets, website and software development costs, income taxes and legal contingencies have the greatest potential impact on our condensed consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Item 3 - Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of this annual reporting period. Based on that evaluation, our Chief Executive officer have concluded that as of such date, our disclosure controls and procedures were effective.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management's evaluation during the period covered by this quarterly reporting period, that materially affected, or are reasonably likely to materially affect, our internal control over financing reporting.

Signatures

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

PLATINUM PARI-MUTUEL HOLDINGS, INC

Dated: March 11, 2017

By: /s/ Paul Baioni
Paul Baioni
Chief Executive Officer and Director

Dated: March 11, 2017

By: /s/ John Miller
John Miller
Executive Vice President and Chief Financial Officer