Hokutou Holdings International, Inc. and Subsidiaries

Consolidated Financial Statements

As of and for the Three and Six Months Ended June 30, 2014 and 2013

Item 12: **Financial Statements for the issuers most recent year end.**

The financial statements presented are for the three and six months ended June 30, 2014 and 2013. For comparative purposes these financial statements are presented as if the acquisition of Platinum Pari-Mutuel Group had occurred as of the start January 1, 2013.

HOKUTOU HOLDINGS INTERNATIONAL, INC. AND SUBSIDIARIES
BALANCE SHEETS
UNAUDITED

	June 30, 2014	December 31, 2013
ASSETS:		
Cash	$ 63	$4,949
Total current assets	$ 63	$4,949
Equipment and Software Net of accumulated depreciation of $79,242	310,846	235,846
Total Assets	$ 310,909	$240,795
LIABILITIES:		
Accounts payable	$ 69,359	$106,349
Accrued interest payable	19,886	13,545
Notes payable – short term	1,000	4,500
Total current liabilities	$ 90,245	$124,394
Long-term notes payable	320,220	195,387
Total Liabilities	$ 410,465	$319,781
STOCKHOLDERS' EQUITY:		
Common stock, authorized 4,000,000,000, par value $0.001, 302,987,987 and 276,987,987 respectively	302,988	276,988
Additional paid in capital	961,043	934,937
Accumulated deficit	(1,363,587)	(1,290,911)
Total Stockholders' Deficit	($ 99,556)	($78,986)
Total Liabilities and Stockholders' Deficit	$ 310,909	$240,795

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

HOKUTOU HOLDINGS INTERNATIONAL, INC. AND SUBSIDIARIES
INCOME STATEMENTS
UNAUDITED

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2014	**2013**	**2014**	**2013**
Revenue	$ -	$ -	$40,000	$ -
General and administrative expense	30,140	57,813	97,246	117,277
Net loss from operations	($30,140)	($57,813)	($ 57,246)	($117,277)
Interest expense	7,774	2,849	15,430	6,383
Net Loss	($ 37,914)	($60,662)	($72,676)	($123,660)
Weighted average loss per share	$0.00	$0.00	$0.00	$0.00
Weighted average shares outstanding	302,987,987	276,987,987	289,987,987	276,987,987

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

HOKUTOU HOLDINGS INTERNATIONAL, INC. AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
UNAUDITED

	For the Three Months Ended June 30, 2014	For the Three Months Ended June 30, 2013	For the Six Months Ended June 30, 2014	For the Six Months Ended June 30, 2013
Cash Flows from Operating Activities:				
Net loss	($37,194)	($60,662)	($72,676)	($123,660)
Adjustments to reconcile net income to net cash used by operating activities:				
Depreciation	-	-	-	9,800
Changes in operating assets and accrued liabilities:				
Accounts payable and accrued liabilities	3,885	58,361	(26,043)	81,758
Net cash used by operations	(33,309)	(2,301)	(98,719)	(32,102)
Cash Flows from Investing Activities:				
Purchase of Software	(25,000)	-	(75,000)	-
Net cash used in investing activities	(25,000)	-	(75,000)	-
Cash Flows from Financing Activities:				
Proceeds from issuance of notes payable	-	4,500	250,333	19,500
Proceeds from issuance of subsidiary stock	-	-	-	10,000
Payments on notes payable	(1,000)	(2,000)	(81,500)	(5,000)
Net cash provided by financing activities	(1,000)	2,500	168,833	24,500
Net decrease in cash	(59,309)	199	(4,886)	(7,602)
Cash – Beginning of Period	59,372	72	4,949	7,873
Cash – End of Period	$ 63	$ 271	$ 63	$ 271
Supplemental Cash Flow Information:				
Cash paid for interest	-	-	$ 1,746	-
Issuance of shares of common stock to settle liabilities	-	$25,000	$52,106	$ 25,000

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

NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS

Organization and Nature of Business – Hokutou Holdings International, Inc. (the "Company') is a development stage company, which is publically traded on OTC Markets under the ticker symbol HKTU and was formed in the state of Colorado on January 10, 1997 under the name Golden Chain Marketing, Inc. The Company's name was changed to Virtuallender.com, Inc. on May 20, 1999 and again on November 12, 1999 to VLDC Technologies, Inc. The Company's name was further changed to JTS International, Inc. on January 20, 2006, and again to Fuji Construction Company International, Inc. on December 31, 2007, before being changed to its current name Hokutou Holdings International, Inc. on October 13, 2008. The Company was previously a nutraceutical company, which distributed a product line of anti-aging supplements to consumers throughout the United States. In the second and third quarters of 2012, the Company was engaged in developing new supplements. By the end of 2012, the development of new supplements become uneconomical and the Company began to seek other more efficient and effective revenue generating opportunities.

In November 2013, the Company purchased a corporation known as Platinum Pari-Mutuel Group, Inc. ("Platinum'). In return for restricted common stock of the Company, Platinum sold 100% of its stock to the Company and became the Company's wholly owned subsidiary. Platinum owns and has operated an online gaming hub, capable of supporting multiple game applications. Platinum has designed a game application that will allow users to follow and share information regarding the fast-paced global financial marketplace and to compete against each other in a traditional racing format known as "stock-racing". Platinum has a hub computer operation located in St. Kitts to facilitate the transaction processing. This location provides Platinum the to service both domestic (U.S.) and international markets simultaneously, but separately, since the rules and regulations of these jurisdictions may differ. U.S. domestic play will be "for fun" only because most for real money online gaming is illegal, while most international jurisdictions will allow "for real money" play.

If the U.S. market opens up "for real money" in this application, Platinum is poised to offer such services to their players. The system is based on a pari-mutuel wagering system ("pari-mutuel" is a French word, loosely interpreted, meaning "betting amongst ourselves") where the operator takes a percentage of sales to pay the costs (expenses, marketing, profit, etc.) and the rest is paid back to the players. The typical risk management restrictions that are common in most other non-pari-mutuel models are not required in this business model.

The key management of Platinum has extensive relationships within the gaming industry from owning racehorses to financial reconciliations with host racing facilities to technical land regulatory backgrounds in multiple gaming applications. The "man years" involved with the gaming industry by these key personnel is well in excess of 75 man years.

The Company will provide Platinum's stock racing system for both internet gambling users and social media uses who do not wish to gamble for money but who enjoy the social media aspects of the game. Platinum believes that the game is fast=paced and exciting while providing a social media platform where the user community will be able to discuss the financial markets and financial instruments, users will be able to compete against each other in contests that involve pick the best or worst performing racers. Because of current internet gaming laws in the United States, Platinum offers U.S. users the opportunity to play "for fun" contests that are comprised of single or multiple races. Platinum plans to offer a portfolio contest structured like fantasy football, but instead of drafting players, users will compete with their fantasy portfolios of securities.

Going Concern – The Company has an accumulated deficit of $1,363,587 and stockholders' deficit of $99,556 at June 30, 2014. The Company also has net losses attributable to Hokutou of $37,194 and $60,662 during the three months ended June 30, 2014 and 2013, respectively and $72,676 and $123,660 for the six months ended June 30, 2014 and 2013, respectively. Negative cash flows from operating activities of $33,309 and $2,301 during the three months ended June 30, 2014 and 2013, respectively, and $98.719 and $32,102 for the six months ended June 30, 2014 and 2013, respectively. Working capital deficits of $90,182 as of June 30, 2014 and $119.455 at December 31, 2013. These conditions raise substantial doubt about the Company's ability to continue as a going concern. 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 various pari-mutuel licensing and operational programs to permit the Company to generate sufficient cash flows to continue as a going concern. There is no assurance these plans will be realized.

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. These same estimates may affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual amounts and results could differ from those estimates.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts and transactions of Hokutou Holdings and its subsidiaries, Platinum and Platinum Pari-Mutuel Games, Ltd. All significant intercompany transactions have been eliminated in consolidation.

Fair Value of Financial Instruments – In the first quarter of 2008, the Company adopted the Fair Value Measurements and Disclosures standard issued by the Financial Accounting Standards Board ("FASB") for financial assets and liabilities and elected the deferral option available for one year for non-financial assets and liabilities. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures. This standard does not require any new fair value measurements, but discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). On January 1, 2009, the Company adopted the remaining provisions as it relates to nonfinancial assets and liabilities that are not recognized or disclosed at fair value on a recurring basis. The adoption of the remaining provisions did not materially impact the Company's consolidated financial statements. As permitted in 2008, the Company chose not to elect the fair value option as prescribed by FASB for its financial assets and liabilities that had not been previously carried at fair value. The carrying amounts reported in the balance sheets for current assets and current liabilities approximate fair value due to their short-term nature. The carrying amounts reported for long-term debt approximate fair value because the underlying instruments bear interest rates which approximate current market rates for obligations with similar terms.

Cash **–** The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Federal Deposit Insurance Corporation subject to certain limitations insures cash balances in banks.

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.

Property and Equipment – Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the asset, which range from six to ten years.

Maintenance and repairs of equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Impairment of Long-lived Assets – The Company periodically reviews the carrying value of its long-lived assets in relation to historical results, as well as management's best estimate of future trends, events and overall business climate. If such reviews indicate that the carrying value of such assets may not be recoverable, the Company will then estimate the future cash flows generated by such assets (undiscounted and without interest charges). If such future cash flows are insufficient to recover the carrying amount of the assets, then impairment is triggered and the carrying value of any impaired assets would then be reduced to fair value.

Income Taxes – The Company recognizes an asset or liability for the deferred tax consequences of all temporary differences between the tax bases of assets or liabilities and their reported amounts in the financial statements. Temporary differences will result in taxable or deductible amounts in future years when the amounts reported in the financial statements are recovered or settled. These deferred tax assets or liabilities are measured using the tax rates that are anticipated to be in effect when the differences are expected to reverse. Deferred tax assets are reviewed periodically for recoverability and a valuation allowance is provided as necessary.

Basic and Diluted Loss Per Common Share – Basic loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss attributable to common stockholders by the weighted average number of common shares and the dilutive potential common share equivalents then outstanding. As of June 30, 2014 and 2013 there were 289,987,987 and 276,987,987 weighted average common shares outstanding, respectively.

Shareholders' Equity – At June 30, 2014 the Company was authorized to issue 4,000,000,000 shares of common stock at a par value of $0.001 per share and had 302,987,877 common shares issued and outstanding.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation. The financial statements as presented here were restated to assume the acquisition of Platinum prior to January 1, 2012.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of:

June 30,	**2014**	**2013**
Equipment	$ 185,088	$ 185,088
Software	205,000	55,000
	390,088	240,088
Less: Accumulated depreciation	79,242	79,242
	$ 310,846	$ 160.846

Depreciation expense was $0 amd $9,800 for the three and six months ended June 30, 2013.

NOTE 4 – NOTES PAYABLE

Notes payable and advances from IRP investors consist of:

June 30,	**2014**	**2013**
8% note payable, due July 2015	$120,000	$ -
8% notes payable to a stockholders, due July 2015	168,000	-
8% notes payable to a stockholders, due January 2015	-	58,600
8% notes payable to a related party, due January 2015	-	29,387
8% notes payable to a related party, due July 2015	32,220	4,500
8% note payable, due May 2014	1,000	5,000
Total notes payable less unamortized discount	321,220	97,487
Less: current portion	2,000	5,000
Long-Term Notes Payable	$320,220	$92,487