
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2017

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

For the transition period from _____ to _____

Commission File Number: 000-55353

CAROLCO PICTURES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida
(State or Other Jurisdiction
of Incorporation or Organization)

26-4330545
(I.R.S. Employer
Identification No.)

1395 Brickell Avenue Suite 800, Miami, Florida
(Address of Principal Executive Offices)

33131
(Zip Code)

(877) 535-1400
(Registrant's Telephone Number, Including Area Code)

5550 Glades Road, Ste. 500, Boca Raton, Florida 33431
(Former name, former address and former fiscal year, if changed since last report)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

As of May 22, 2017, there were 34,940 shares of the registrant's common stock, par value \$0.0001 per share, outstanding.

CAROLCO PICTURES, INC.
INDEX

	<u>Page</u>
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	4
<u>Condensed Consolidated Balance Sheets as of March 31, 2017 (unaudited) and December 31, 2016</u>	4
<u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2017 and 2016 (unaudited)</u>	5
<u>Condensed Consolidated Statement of Stockholders’ Deficit for the Three Months Ended March 31, 2017 (unaudited)</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2017 and 2016 (unaudited)</u>	7
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	8
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	19
Item 4. <u>Controls and Procedures</u>	19
<u>PART II – OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	20
Item 1A. <u>Risk Factors</u>	20
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	20
Item 3. <u>Defaults Upon Senior Securities</u>	20
Item 4. <u>Mine Safety Disclosures</u>	20
Item 5. <u>Other Information</u>	20
Item 6. <u>Exhibits</u>	20
<u>Signatures</u>	21

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this quarterly report on Form 10-Q. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this quarterly report on Form 10-Q reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K, for the fiscal year ended December 31, 2016, in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this quarterly report on Form 10-Q and in other reports that we file with the Securities and Exchange Commission (the “SEC”). You are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this quarterly report on Form 10-Q.

We file reports with the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. You can also read and copy any materials we file with, or furnish to, the SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this quarterly report on Form 10-Q, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this quarterly report, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

**Carolco Pictures, Inc.
Condensed Consolidated Balance Sheets**

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	(unaudited)	
ASSETS		
Current Assets		
Cash	\$ 18,000	\$ 101,000
Accounts receivable	1,000	11,000
Prepaid expenses and other current assets	15,000	3,000
Total current assets	<u>34,000</u>	<u>115,000</u>
Total assets	<u>\$ 34,000</u>	<u>\$ 115,000</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	\$ 150,000	\$ 130,000
Accrued interest related parties	124,000	118,000
Accrued payroll - officers	553,000	458,000
Advances from related parties	41,000	41,000
Deposit on future sale of equity	55,000	55,000
Deferred revenue	-	24,000
Note payable	75,000	75,000
Convertible notes payable-related party	484,000	484,000
Derivative liability	3,602,000	12,985,000
Total current liabilities	<u>5,084,000</u>	<u>14,370,000</u>
Commitments and Contingencies		
Stockholders' Deficit		
Series A Preferred stock: \$0.0001 par value, 5,000,000 shares authorized; 5,000,000 issued and outstanding at March 31, 2017 and December 31, 2016	1,000	1,000
Series B Preferred stock: \$0.0001 par value, 1,000,000 shares authorized; 1,000,000 issued and outstanding at March 31, 2017 and December 31, 2016	-	-
Series C Preferred stock: \$0.0001 par value, 41,000,000 shares authorized; 40,511,991 issued and outstanding at March 31, 2017 and December 31, 2016	4,000	4,000
Common stock par value \$0.0001: 300,000,000 shares authorized; 33,940 shares issued and outstanding, at March 31, 2017 and December 31, 2016	-	-
Additional paid-in capital	10,201,000	7,626,000
Accumulated deficit	(15,059,000)	(21,697,000)
Total Stockholders' Deficit allocated to Carolco Pictures, Inc.	<u>(4,853,000)</u>	<u>(14,066,000)</u>
Non-Controlling Interest in Subsidiaries	(197,000)	(189,000)
Total Stockholders' Deficit	<u>(5,050,000)</u>	<u>(14,255,000)</u>
Total Liabilities and Stockholders' Deficit	<u>\$ 34,000</u>	<u>\$ 115,000</u>

See accompanying notes to condensed consolidated financial statements

Carolco Pictures Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended	
	March 31, 2017	March 31, 2016
Revenue	\$ 53,000	\$ 22,000
Cost of goods sold	<u>31,000</u>	<u>2,000</u>
Gross Profit	<u>22,000</u>	<u>20,000</u>
Operating expenses		
Compensation	94,000	114,000
General and administrative	<u>98,000</u>	<u>28,000</u>
Total operating expenses	<u>192,000</u>	<u>142,000</u>
Loss from operations	<u>(170,000)</u>	<u>(122,000)</u>
Other (income) expense		
Interest expense (including interest to related party of \$7,000 and \$72,000 respectively)	7,000	170,000
Change in fair value of derivative liability	(6,807,000)	2,380,000
Gain on extinguishment of derivative liability	-	(174,000)
Other (income) expense	<u>-</u>	<u>1,000</u>
Other (income) expense, net	<u>(6,800,000)</u>	<u>2,377,000</u>
Net income (loss)		
Income (loss) before non-controlling interest	6,638,000	(2,499,000)
Loss attributable to non-controlling interest	<u>(8,000)</u>	<u>(32,000)</u>
Net income (loss) attributable to Carolco Pictures, Inc.	<u>\$ 6,638,000</u>	<u>\$ (2,467,000)</u>
Net income (loss) per common share		
-Basic	<u>\$ 195.58</u>	<u>\$ (155.17)</u>
-Diluted	<u>\$ 0.08</u>	<u>\$ (155.17)</u>
Weighted average common shares outstanding		
-Basic	<u>33,940</u>	<u>15,899</u>
-Diluted	<u>87,399,072</u>	<u>15,899</u>

See accompanying notes to the condensed consolidated financial statements.

Carolco Pictures, Inc.
Condensed Consolidated Statement of Stockholders' Deficit
For the Three Months Ended March 31, 2017
(Unaudited)

	<u>Common Shares, \$0.0001 Par Value Per Share</u>		<u>Series A Preferred \$0.0001 Par Value</u>		<u>Series B Preferred \$0.0001 Par Value</u>		<u>Series C Preferred \$0.0001 Par Value</u>		<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Non-Controlling Interest</u>	<u>Total Stockholders' Deficit</u>
	<u>Issued</u>	<u>Amount</u>	<u>Issued</u>	<u>Amount</u>	<u>Issued</u>	<u>Amount</u>	<u>Issued</u>	<u>Amount</u>				
Balance Dec 31, 2016	33,940	\$ -	5,000,000	\$ 1,000	1,000,000	\$ -	40,511,991	\$ 4,000	\$ 7,626,000	\$ (21,697,000)	\$ (189,000)	\$ (14,255,000)
Extinguishment of derivative liability									2,575,000			2,575,000
Net income										6,638,000	(8,000)	6,630,000
Balance Mar 31, 2017	<u>33,940</u>	<u>\$ -</u>	<u>5,000,000</u>	<u>\$ 1,000</u>	<u>1,000,000</u>	<u>\$ -</u>	<u>40,511,991</u>	<u>\$ 4,000</u>	<u>\$10,201,000</u>	<u>\$ (15,059,000)</u>	<u>\$ (197,000)</u>	<u>\$ (5,050,000)</u>

See accompanying notes to the condensed consolidated financial statements.

Carolco Pictures Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

For the Three Months Ended

March 31, 2017 March 31, 2016

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Cash flows from operating activities:		
Net income (loss)	\$ 6,630,000	\$ (2,499,000)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Change in fair value of derivative liability	(6,807,000)	2,380,000
Amortization of debt discount	-	79,000
Gain on extinguishment of derivative liability	-	(174,000)
Changes in operating assets and liabilities:		
Accounts receivable	10,000	(1,000)
Prepaid expenses and other assets	(12,000)	(1,000)
Accounts payable	19,000	8,000
Accrued interest	6,000	18,000
Accrued payroll – related party	95,000	45,000
Deferred revenues	(24,000)	-
	<u>(83,000)</u>	<u>(144,000)</u>
Net cash used in operating activities	<u>(83,000)</u>	<u>(144,000)</u>
Cash flows from financing activities:		
Advances from (repayments to) related parties	-	196,000
Repayment of convertible notes payable	-	(123,000)
Proceeds from note payable	-	30,000
	<u>-</u>	<u>103,000</u>
Net cash provided by financing activities	<u>-</u>	<u>103,000</u>
Net change in cash	(83,000)	(41,000)
Cash at beginning of the period	<u>101,000</u>	<u>48,000</u>
Cash at end of the period	<u>\$ 18,000</u>	<u>\$ 7,000</u>
Supplemental disclosure of cash flows information:		
Interest paid	\$ -	\$ 19,000
Income tax paid	\$ -	\$ -
Non-cash financing and investing activities:		
Common stock issued upon conversion notes payable and accrued interest	\$ -	\$ 83,000
Minority share of losses of subsidiary	\$ 8,000	\$ 32,000
Extinguishment of derivative liability upon warrant expiration	\$ 2,575,000	\$ -

See accompanying notes to the condensed consolidated financial statements.

Carolco Pictures, Inc.
Notes to the Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2017 and 2016
(Unaudited)

Note 1 - Organization and Basis of Operations

Carolco Pictures, Inc. (formerly “Brick Top Productions, Inc” or the “Company”) was incorporated under the laws of the State of Florida in February 2009 under the name “York Entertainment, Inc.” The Company changed its name to Brick Top Productions, Inc. in October 2010. In January 2015, the Company changed its name from Brick Top Productions, Inc. to Carolco Pictures, Inc. In addition, in January 2015, the Company changed its stock symbol from “BTOP” to “CRCO.”

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) as promulgated in the United States of America (“U.S.”) and with instructions to Form 10-Q pursuant to the rules and regulations of Securities and Exchange Act of 1934, as amended (the “Exchange Act”) and Article 8-03 of Regulation S-X under the Exchange Act. Accordingly, these condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, we have included all adjustments considered necessary (consisting of normal recurring adjustments) for a fair presentation. Operating results for the three months ended March 31, 2017 are not indicative of the results that may be expected for the fiscal year ending December 31, 2017. You should read these unaudited condensed consolidated financial statements in conjunction with the audited financial statements and the notes thereto included in the Company’s annual report on Form 10-K for the year ended December 31, 2016 filed on April 10, 2017. The condensed consolidated balance sheet as of December 31, 2016 has been derived from the audited financial statements included in the Form 10-K for that year.

Going Concern

The Company’s condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. As reflected in the condensed consolidated financial statements, the Company had a stockholders’ deficit of \$5,050,000 at March 31, 2017, and utilized net cash used in operating activities of \$83,000 for the three months then ended. These factors raise substantial doubt about the Company’s ability to continue as a going concern within one year from the date that the financial statements are issued. In addition, the Company’s independent public accounting firm in its audit report to the financial statements included in the 2016 Annual Report expressed substantial doubt about the Company’s ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management estimates that the current funds on hand and raising capital through proceeds from the sale of common stock subscriptions will be sufficient to continue operations through 2017. The ability of the Company to continue as a going concern is dependent on the Company’s ability to execute its strategy and in its ability to raise additional funds. Management is currently seeking additional funds, primarily through the issuance of equity securities for cash to operate its business. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stock holders, in case or equity financing.

Note 2 - Summary of Significant Accounting Policies

Reverse Stock Split

In January 2017, the Company’s Board of Directors declared a 1-for-10,000 reverse stock split of the Company’s common stock. All shares and per-share amounts have been retroactively restated as of the earliest periods presented to reflect the stock split.

Use of 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 disclosures 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. Those estimates and assumptions include depreciable lives of property and equipment, analysis of impairments of recorded goodwill, accruals for potential liabilities, assumptions made in valuing derivative liabilities and assumptions made in valuing stock instruments issued for services.

Principles of Consolidation

The Company's consolidated subsidiaries and/or entities are as follows:

<u>Name of consolidated subsidiary or entity</u>	<u>State or other jurisdiction of incorporation or organization</u>	<u>Date of incorporation or formation (date of acquisition, if applicable)</u>	<u>Attributable interest</u>
York Productions, LLC	The State of Florida	October 22, 2008 (June 1, 2010)	60%
York Productions II, LLC	The State of Florida	June 13, 2013	60%
S&G Holdings, Inc.	The State of Tennessee	January 4, 2005 (December 24, 2013)	75%
Recall Studios, Inc.	The State of Nevada	March 30, 2016 (July 27, 2016)	100%

The accompanying financial statements are consolidated and include the accounts of the Company and its majority owned subsidiaries. The consolidated accounts include 100% of the assets and liabilities of our majority owned subsidiaries, and the ownership interests of minority investors are recorded as a minority interest. All inter-company balances and transactions have been eliminated. York Productions, LLC and York Productions II, LLC are currently inactive.

Concentrations

During the three months ended March 31, 2017, the Company had one customer that accounted for 91% of sales. During the three months ended March 31, 2016, the Company had one customer that accounted for 80% of sales.

Loss Per Share

Basic loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted loss per share reflects the potential dilution, using the treasury stock method that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the loss of the Company. In computing diluted loss per share, the treasury stock method assumes that outstanding options and warrants are exercised and the proceeds are used to purchase common stock at the average market price during the period. Options and warrants may have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the options and warrants.

For the three months ended March 31, 2017, the dilutive impact of a note payable that can convert into 13 shares of common stock and warrants exercisable into 239 shares of common stock have been excluded because their impact on the income per share is anti-dilutive. For the three months ended March 31, 2017, the calculation of diluted earnings per share included convertible Series A Preferred stock that can convert into 2,000,000 shares of common stock, convertible Series B Preferred stock that can convert into 81,023,982 shares of common stock, and notes that can convert into 4,341,150 shares of common stock. For the three months ended March 31, 2016, the dilutive impact of 295 warrants has been excluded because their impact on the loss per share is anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months ended March 31,	
	2017	2016
Earnings per share – Basic		
Income (Loss) for the period	\$ 6,638,000	\$ (2,467,000)
Basic average common stock outstanding	33,940	15,899
Net earnings per share	<u>\$ 195.58</u>	<u>\$ (155.17)</u>

	Three months ended March 31,	
	2017	2016
Earnings per share - Diluted		
Income (Loss) for the period	\$ 6,638,000	\$ (2,467,000)
Basic average common stock outstanding	33,940	15,899
Diluted effect from preferred stock and convertible notes	87,365,132	-
Diluted average common stock outstanding	<u>87,399,072</u>	<u>15,899</u>
Net earnings per share	<u>\$ 0.08</u>	<u>\$ (155.17)</u>

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a probability weighted average Black-Scholes-Merton models to value the derivative instruments at inception and on subsequent valuation dates through the March 31, 2017, reporting date.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is in the process of evaluating the impact of ASU 2016-02 on the Company's financial statements and disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

Note 3 – Note Payable

The Company has a note payable to a financial institution wherein the Company can make advances up to \$75,000. The note payable is secured by certain of the Company's assets, bears an average interest rate of 5% per annum and will mature in April 2017. As of March 31, 2017, and December 31, 2016, the outstanding balance of the note amounted to \$75,000. The amount is currently past due.

Note 4 – Convertible Notes Payable to Related Parties

Chairman and Former CEO

In July 2015, the Company issued convertible promissory notes to Alex Bafer, Chairman and former CEO in exchange for the cancellation of previously issued promissory notes in the aggregate of \$530,000 and accrued interest of \$13,000 for a total of \$543,000. The notes are unsecured, bear interest of 5% per annum, matured on October 1, 2015 and are convertible to shares of common stock at a conversion price equal to the lowest closing stock price during the 20 trading days prior to conversion with a 50% discount.

In October 2015, the notes matured and became past due. As a result, the stated interest of 5% increased to 22% pursuant to the term of the notes. In July 2016, the Company and Mr. Bafer agreed to extend the maturity date of these notes to August 1, 2017 and cure the default. There were no other terms changed and no additional compensation paid. As of March 31, 2017 and December 31, 2016, the total outstanding note balance amounted to \$434,000 and \$434,000, and accrued interest of \$124,000 and \$118,000, respectively.

Shareholder

On December 28, 2016, the Company issued an unsecured convertible promissory note in the principal amount of \$50,000 to a shareholder. The note bears interest at 5% per annum, is due on March 24, 2017, and is convertible into shares of common stock at a conversion price of \$4,000 per share. The note is currently past due.

Note 5 - Derivative Liability

The FASB has issued authoritative guidance whereby instruments which do not have fixed settlement provisions are deemed to be derivative instruments. Certain warrants issued to investors and conversion features of notes payable did not have fixed settlement provisions because either their exercise prices will be lowered if the Company issues securities at lower prices in the future or the conversion price is variable. In addition, since the number of shares to be issued is not explicitly limited, the Company is unable to conclude that enough authorized and unissued shares are available to share settle the conversion option. In accordance with the FASB authoritative guidance, the conversion feature of the notes was separated from the host contract (i.e., the notes) and the fair value of the warrants have been recognized as a derivative and will be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

The derivative liabilities were valued at the following dates using a probability based weighted-average Black-Scholes-Merton model with the following average assumptions:

	March 31, 2017	December 31, 2016
Stock Price	\$ 0.83	\$ 4.0
Risk free interest rate	0.51% - 0.62%	0.51% - 0.62%
Expected Volatility	1004%	383%
Expected life in years	0.33	0.21-0.57
Expected dividend yield	0%	0%
Fair Value – Warrants	\$ 0	\$ 11,930,000
Fair Value – Note Conversion Feature	3,602,000	1,055,000
Total	\$ 3,602,000	\$ 12,985,000

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The Company uses the historical volatility of its common stock to estimate the future volatility for its common stock. The expected life of the derivative securities was determined by the remaining contractual life of the derivative instrument. For derivative instruments that already matured, the Company used the estimated life. The expected dividend yield was based on the fact that the Company has not paid dividends to its common stockholders in the past and does not expect to pay dividends to its common stockholders in the future.

During the period ended March 31, 2017, the Company recorded a gain of \$6,807,000 to account for the change in fair value of the derivative liabilities related to the conversion features and warrants from December 31, 2016 to March 31, 2017. During the three months ended March 31, 2017, the warrants accounted for as derivative liabilities expired and as such their corresponding fair value at the expiration date of \$2,575,000 was extinguished from the derivative liabilities balance. As of March 31, 2017, the derivative liability amounted to \$3,602,000.

Note 6 - Stockholders' Deficit

Summary of the Company's Stock Warrant Activities

The following table summarizes information concerning outstanding and exercisable warrants as of March 31, 2017 and December 31, 2016:

	Warrants	Weighted Average Price	Weighted Average Remaining Contractual Life
December 31, 2016	295	\$ 800	3.63
Granted	-	-	-
Exercised	-	-	-
Forfeited/expired	(56)	10	(0.54)
March 31, 2017	239	\$ 1,740	4.17

At March 31, 2017, the Company's outstanding and exercisable warrants had an intrinsic value of \$0.

Note 7- Related Party Transactions

Advances from Related Party

From time to time, the former CEO of the Company, a shareholder and a shareholder/employee advanced funds to the Company for working capital purposes. Those advances are unsecured, non-interest bearing and due on demand. As of March 31, 2017 and December 31, 2016 outstanding advances from related party aggregated to \$41,000.

Accrued Payroll

During the three months ended March 31, 2017, the Company accrued payroll in the aggregate of \$137,000 for officers and employees' salaries.

As of March 31, 2017, accrued payroll amounted to \$553,000, of which \$437,500 pertains to the accrued salary of two officers, Mr. Cohen, former CEO and Mr. Bafer, Chief Development Officer.

Note 8 - Contingencies and Litigation

The Company may be involved in certain legal proceedings that arise from time to time in the ordinary course of its business. Except for income tax contingencies (commencing April 1, 2009), the Company records accruals for contingencies to the extent that management concludes that the occurrence is probable and that the related amounts of loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred.

The Company is not currently engaged in any legal proceedings, however, the Company received a letter dated April 26, 2016 from Studiocanal S.A. ("Studiocanal") and another letter dated December 1, 2016 from counsel representing Studiocanal claiming that Studiocanal owns common law rights to certain marks currently being used by the Company. Such marks were previously registered by a company that has been defunct since 1996. In addition, Studiocanal and its counsel claim that Studiocanal owns all right, title and interest in and to the catalogue of television programs and films that were produced and distributed by that defunct company, including the Rambo franchise, Terminator 2: Judgment Day, Basic Instinct and Total Recall. The December 2016 letter states that the use of trademarks and copyrighted images by the Company constitutes infringement of intellectual property rights, a violation of the Digital Millennium Copyright Act, false advertising, unfair competition, misappropriation of trademarks and trademark dilution.

Studiocanal's counsel requested that the Company cease and desist from use of such marks and material and relinquish trademark registrations legally obtained by the Company. Following receipt of the April 2016 letter, the Company responded and discussions were held between representatives of the Company and Studiocanal. The Company has not yet responded to the December 2016 letter. As of the date hereof, the Company is not aware of any legal proceeding having been brought by Studiocanal.

Note 9 – Segment Reporting

We operate under two business segments: television production and virtual reality and application production services. Through our subsidiary that we acquired in December 2013, High Five Entertainment, we specialize in the development and presentation of quality television programming including live events and award shows. Through our subsidiary that we acquired in July 2016, Recall Studios, we focus on Virtual Reality content, filling the demand attendant to the increased production of virtual reality viewing devices absent a corresponding increase in content production.

We analyze the results of our business for these two segments through the following three companies: Recall Studios, High Five Entertainment, and Carolco Pictures. The chief development decision maker evaluates the operating results and performance of our virtual reality production segment through earnings before interest and income taxes-adjusted, which is presented net of noncontrolling interests. The chief executive decision maker evaluates our corporate and television production services segment through earnings before income taxes-adjusted because interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. Each segment has a manager responsible for executing our strategies. As a result of these and other factors, we do not manage our business on an individual basis.

Operating segment revenues and profitability for the three months ended March 31, 2017 were as follows:

	<u>Corporate</u>	<u>Film Production</u>	<u>Virtual Reality App Production</u>	<u>Total Consolidated</u>
Revenue	\$ -	\$ 48,000	\$ 5,000	\$ 53,000
Cost of goods sold	<u>-</u>	<u>31,000</u>	<u>-</u>	<u>31,000</u>
Gross Profit	-	17,000	5,000	22,000
Operating Expenses	<u>101,000</u>	<u>50,000</u>	<u>41,000</u>	<u>192,000</u>
(Loss) from operations	(101,000)	(33,000)	(36,000)	(170,000)
Interest Expense	6,000	1,000	-	7,000
Change in fair value of derivative liability	<u>(6,807,000)</u>	<u>-</u>	<u>-</u>	<u>(6,807,000)</u>
Net income (loss) before non-controlling interest	<u>\$ 6,700,000</u>	<u>\$ (34,000)</u>	<u>\$ (36,000)</u>	<u>\$ 6,630,000</u>
Total Assets	\$ 13,000	\$ 4,000	\$ 17,000	\$ 34,000

Note 9 - Subsequent Events

On April 3, 2017 Birchwood Capital, LLC (“Birchwood”) entered into a securities purchase agreement by and between Birchwood, Brick Top Holdings, Inc. (“Brick Top”) and David Cohen pursuant to which Birchwood transferred to Brick Top 1,250,000 shares of the Company’s Series A preferred stock and 5,125,000 shares of the Company’s Series C preferred stock in exchange for \$37,500. Alexander Bafer, the Company’s Chairman of the Board and Chief Development Officers, owns and controls Brick Top. Also on April 3, 2017, the Company entered into a separation agreement and general release by and between the Company and David Cohen pursuant to which Mr. Cohen agreed to resign from his officer and director positions with the Company no later than April 15, 2017. In consideration thereof, Mr. Cohen will receive 1,000 shares of Company common stock valued at \$840.

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

Unless otherwise indicated, references in this Quarterly Report on Form 10-Q to “we,” “us,” and “our” are to the Company, unless the context requires otherwise. The following discussion and analysis by our management of our financial condition and results of operations should be read in conjunction with our unaudited condensed interim financial statements and the accompanying related notes included in this quarterly report and our audited financial statements and related notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2015 filed with the Securities and Exchange Commission.

Overview

We were incorporated on February 20, 2009, in the State of Florida, under the name York Entertainment, Inc. On October 5, 2010, we amended our articles of incorporation to change our name to Brick Top Productions, Inc. Effective December 31, 2014, we amended our articles of incorporation to change our name to Carolco Pictures, Inc.

We are an award-winning feature film and television specials production company. We seek to finance, produce and distribute one or more television series and feature films to be licensed for exploitation in domestic and international theatrical, television, cable, home video and pay per view markets.

Through our subsidiary, High Five Entertainment, we specialize in the development and presentation of quality television programming including live events and award shows.

Through our subsidiary, Recall Studios that we acquired in July 2016, we focus on Virtual Reality content, filling the demand attendant to the increased production of virtual reality viewing devices absent a corresponding increase in content production. Founded by business, media and entertainment industry leaders to meet growing demand for virtual reality and augmented reality content, Recall Studios operates within the convergence of immersive content and software. Recall Studios will allow consumers to create and share interactive experiences across all platforms. Combining modern business strategy with industry experience by bringing together highly trained relative newcomers and entertainment industry stalwarts to create low risk, high profit and artistically acclaimed feature film virtual reality and television projects, the Company and its subsidiaries are analyzing profitability across myriad entertainment sectors.

Management’s Plan

The business side of our management team is disciplined in financial risk mitigation techniques. Aside from the commercialization of our management team’s past successes, which cannot in themselves necessarily predict future success, we are experienced at balancing projects, budgets and growth to effectively manage risk in light of our business objectives.

We believe that we have unique access to Hollywood talent, scripts and third parties ripe for acquisition. We believe that the reputation of our management team in producing some of the most-well known, talked about and socially ingrained entertainment opens doors for us that are closed to others.

We believe we represent a new model in entertainment industry profitability. We intend to focus on growth and efficiency. Our development plan combines modern business strategy with old-fashioned industry experience. Our early acquisition, High Five Entertainment, has given us highly regarded, industry leading talent. We have matched that talent with new and existing property development. By targeting additional revenue positive entertainment projects and companies, we expect to achieve increased profitability and efficiency through scale.

We believe that our management team’s reputation, contacts and experience give us a competitive edge. However, the market for productions currently is, and is expected to continue to be, extremely competitive. Our competitors include many companies that have substantially greater financial, management, marketing resources and experience than us. There can be no assurance that our productions will be competitive with other motion pictures or television shows, or that we will be able to achieve or maintain profitability.

Recent Developments

On April 3, 2017 Birchwood Capital, LLC (“Birchwood”) entered into a securities purchase agreement by and between Birchwood, Brick Top Holdings, Inc. (“Brick Top”) and David Cohen pursuant to which Birchwood transferred to Brick Top 1,250,000 shares of the Company’s Series A preferred stock and 5,125,000 shares of the Company’s Series C preferred stock in exchange for \$37,500. Alexander Bafer, the Company’s Chairman of the Board and Chief Development Officers, owns and controls Brick Top.

Also on April 3, 2017, the Company entered into a separation agreement and general release by and between the Company and David Cohen pursuant to which Mr. Cohen agreed to resign from his officer and director positions with the Company no later than April 15, 2017. In consideration thereof, Mr. Cohen will receive 1,000 shares of Company common stock.

Results of Operations for the Three Months Ended March 31, 2017 and 2016

	Three Months Ended March 31,	
	2017	2016
Revenue	\$ 53,000	\$ 22,000
Cost of goods sold	\$ 31,000	\$ 2,000
Operating expenses	\$ 192,000	\$ 142,000
Income (loss) before non-controlling interest	\$ 6,630,000	\$ (2,499,000)
Net loss attributable to non-controlling interest	\$ (8,000)	\$ (32,000)
Net income (loss) attributable to Carolco Pictures' stockholders	\$ 6,638,000	\$ (2,467,000)

Revenues for the three months ended March 31, 2017 and 2016 were \$53,000 and \$22,000, respectively. The increase of \$34,000 is derived from production services, including award programming, much of which is seasonal.

Cost of goods sold for the three months ended March 31, 2017 compared to the same period in 2016 increased by \$29,000. The increase was attributable primarily due to higher production labor as the Company was not heavily involved in production projects during the three months ended March 31, 2016.

Operating expenses for the three months ended March 31, 2017 totaled \$192,000, compared to \$142,000 for the three months ended March 31, 2016. The increase of \$50,000 was primarily attributable to an increase in compensation expense, and professional fees.

The Company realized income before non-controlling interest of \$9,205,000 for the three months ended March 31, 2017, compared to a loss before non-controlling interest of \$2,499,000 for the three months ended March 31, 2016. The increase is primarily due to the change in fair value of derivatives associated with warrants and convertible notes outstanding, which amounted to a gain of \$6,807,000 for the three months ended March 31, 2017 as compared to a loss of \$2,380,000 for the three months ended March 31, 2016. In addition, the gain on extinguishment of derivative liability was \$0 during the three months ended March 31, 2017 as compared to a gain of \$174,000 for the three months ended March 31, 2016.

Liquidity and Capital Resources

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net Cash Used in Operating Activities	\$ (83,000)	\$ (144,000)
Net Cash Provided by Financing Activities	\$ 0	\$ 103,000
Net Change in Cash	\$ (83,000)	\$ (41,000)

As of March 31, 2017, our total assets were \$34,000 and our total liabilities were \$5,084,000 and we had negative working capital of (\$5,050,000). Our financial statements report net income of \$6,630,000 including non-cash revenue of \$6,807,000 for the change in fair value of derivative liability for the three months ended March 31, 2017 and a net loss of \$2,499,000 for the three months ended March 31, 2016.

We have suffered recurring losses from operations. The continuation of our company is dependent upon our company attaining and maintaining profitable operations and raising additional capital as needed. In this regard, we have raised additional capital through equity offerings and loan transactions, and, in the short term, will seek to raise additional capital in such manners to fund our operations. We do not currently have any third-party financing available in the form of loans, advances, or commitments. Our officers and shareholders have not made any written or oral agreement to provide us additional financing. There can be no assurance that we will be able to continue to raise capital on terms and conditions that are deemed acceptable to us.

Off-Balance Sheet Arrangements

As of March 31, 2017, we did not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations liquidity, capital expenditures or capital resources.

Going Concern

The Company's condensed consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business. As reflected in the condensed consolidated financial statements, the Company had a stockholders' deficit of \$5,050,000 at March 31, 2017, and utilized net cash used in operating activities \$83,000 for the three months then ended. These factors raise substantial doubt about the Company's ability to continue as a going concern within one year from the date that the financial statements are issued. In addition, the Company's independent public accounting firm in its audit report to the financial statements included in the 2016 Annual Report expressed substantial doubt about the Company's ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management estimates that the current funds on hand and raising capital through proceeds from the sale of common stock subscriptions will be sufficient to continue operations through 2017. The ability of the Company to continue as a going concern is dependent on the Company's ability to execute its strategy and in its ability to raise additional funds. Management is currently seeking additional funds, primarily through the issuance of equity securities for cash to operate its business. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing or cause substantial dilution for our stock holders, in case of equity financing.

Critical Accounting Policies

We have identified the following policies below as critical to our business and results of operations. Our reported results are impacted by the application of the following accounting policies, certain of which require management to make subjective or complex judgments. These judgments involve making estimates about the effect of matters that are inherently uncertain and may significantly impact quarterly or annual results of operations. For all of these policies, management cautions that future events rarely develop exactly as expected, and the best estimates routinely require adjustment. Specific risks associated with these critical accounting policies are described in the following paragraphs.

Non-Controlling Interest. The Company reports the non-controlling interest in its majority owned subsidiaries in the consolidated balance sheets within the equity section, separately from the Company's stockholders' equity. Non-controlling interest represents the non-controlling interest holders' proportionate share of the equity of the Company's majority-owned subsidiaries. Non-controlling interest is adjusted for the non-controlling interest holders' proportionate share of the earnings or losses and other comprehensive income (loss) and the non-controlling interest continues to be attributed its share of losses even if that attribution results in a deficit non-controlling interest balance.

Derivative Financial Instruments The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the statements of operations. For stock-based derivative financial instruments, the Company uses a probability weighted average Black-Scholes-Merton models to value the derivative instruments at inception and on subsequent valuation dates through the March 31, 2017, reporting date. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period.

Recently Issued Accounting Pronouncements

See Note 2 in the accompanying condensed consolidated financial statements for a discussion of recent accounting policies.

Jumpstart Our Business Startups Act of 2012

The JOBS Act permits an “emerging growth company” such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. Pursuant to Section 107(b) of the JOBS Act, we have elected to use the extended transition period for complying with new or revised accounting standards for an “emerging growth company.” This election will permit us to delay the adoption of new or revised accounting standards that will have different effective dates for public and private companies until such time as those standards apply to private companies. Consequently, our financial statements may not be comparable to companies that comply with public company effective dates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, which are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our CEO and Chief Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of our management, including our CEO and Principal Financial and Accounting Officer, an evaluation was performed on the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this quarterly report. Based on that evaluation, our management, including our CEO and Principal Financial and Accounting Officer, concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this report due to the Company’s limited resources and limited number of employees. To mitigate the current limited resources and limited employees, we rely heavily on direct management oversight of transactions, along with the use of legal and outsourced accounting professionals. As we grow, we expect to increase our number of employees, which, we believe, will enable us to implement adequate segregation of duties within the internal control framework.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 of the Exchange Act that occurred during the fiscal quarter ended March 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company may be involved in certain legal proceedings that arise from time to time in the ordinary course of its business. Except for income tax contingencies (commencing April 1, 2009), the Company records accruals for contingencies to the extent that management concludes that the occurrence is probable and that the related amounts of loss can be reasonably estimated. Legal expenses associated with the contingency are expensed as incurred.

Studiocanal S.A.

The Company is not currently engaged in any legal proceedings, however, the Company received a letter dated April 26, 2016 from Studiocanal S.A., which claims to be the assignee of trademark rights in certain marks previously registered by a company that has been defunct since 1996. The letter stated that use of the marks by the Company is likely to cause confusion, to cause mistake, or to deceive as to whether there is an affiliation or association between the Company and the defunct entity and/or Studiocanal, and requested that the Company cease and desist from use of such marks and relinquish trademark registrations legally obtained by the Company and after judicial decision. The Company responded and discussions were held between representatives of the Company and Studiocanal. At this time, Company is not aware of any legal claim having been brought by Studiocanal.

Item 1A. Risk Factors

Not applicable for smaller reporting companies.

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

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors since the filing of our annual report on Form 10-K for the fiscal year ended December 31, 2016.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Second Amended Certificate of Designation of Series C Preferred Stock of the Company, effective as of March 3, 2017 (incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the Commission on March 6, 2017).
31.1*	Section 302 Certificate of Chief Executive Officer and Principal Financial Officer
32.1*	Section 1350 Certification of Chief Executive Officer and Principal Financial Officer
101.INS*	XBRL INSTANCE DOCUMENT
101.SCH*	XBRL TAXONOMY EXTENSION SCHEMA
101.CAL*	XBRL TAXONOMY EXTENSION CALCULATION LINKBASE
101.DEF*	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE

101.LAB* XBRL TAXONOMY EXTENSION LABEL LINKBASE

101.PRE* XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE

* Filed herewith.

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.

CAROLCO PICTURES, INC.

Date: May 22, 2017

By: */s/ Alex Bafer*

Alex Bafer
Chief Executive Officer (Principal Executive
Officer, Principal Financial Officer and Principal
Accounting Officer)

Certifications

I, Alex Bafer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Carolco Pictures, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 22, 2017

By: /s/ Alex Bafer

Alex Bafer
Chief Executive Officer (Principal Executive
Officer and Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alex Bafer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Carolco Pictures, Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 22, 2017

By: */s/ Alex Bafer*

Alex Bafer
Chief Executive Officer (Principal Executive
Officer and Principal Financial Officer)
