

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended JUNE 30, 2019

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

Commission file number: 0-54892

STARCO BRANDS, INC

(Exact name of registrant as specified in its charter)

Nevada

(State or Other Jurisdiction of Incorporation or
Organization)

27-1781753

(I.R.S. Employer Identification No.)

250 26th Street, Suite 200, Santa Monica, CA

(Address of Principal Executive Offices)

90402

(Zip Code)

Registrant's telephone number, including area code: **(818) 260-9370**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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
Non-accelerated filer

Accelerated filer
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	STCB	OTC Markets Group OTCQB tier

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 12, 2019, the issuer had 159,090,914 shares of its common stock issued and outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**STARCO BRANDS, INC.
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STARCO BRANDS, INC.
CONDENSED BALANCE SHEETS
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash	\$ 9,549	\$ 721
Accounts receivable, related party	18,632	17,504
Prepaid and other assets	9,390	25,974
Total Current Assets	37,571	44,199
Right of use lease asset, operating, net	104,314	-
Deposit	3,500	3,500
Total Assets	\$ 145,385	\$ 47,699
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	\$ 175,736	\$ 171,954
Other payables and accruals	281,141	280,914
Accrued compensation	47,650	45,850
Lease obligation	38,553	-
Loans payable – related party	385,165	373,346
Notes payable	10,092	26,731
Total Current Liabilities	938,337	898,795
Lease obligation – noncurrent portion	66,442	-
Total Liabilities	1,004,779	898,795
Stockholders' Deficit:		
Common Stock, par value \$0.001 300,000,000 shares authorized, 159,090,914 and 159,090,914 shares issued and outstanding, respectively	159,091	159,091
Additional paid in capital	15,553,555	15,530,155
Accumulated deficit	(16,572,040)	(16,540,342)
Total Stockholders' Deficit	(859,394)	(851,096)
Total Liabilities and Stockholders' Deficit	\$ 145,385	\$ 47,699

The accompanying notes are an integral part of these unaudited condensed financial statements

STARCO BRANDS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues, net, related party	\$ 117,486	\$ 39,716	\$ 178,749	\$ 40,479
Operating Expenses:				
Compensation expense	46,230	61,698	92,950	148,164
Professional fees	8,686	13,239	30,443	89,129
General and administrative	65,858	66,489	101,154	147,973
Total operating expenses	<u>120,774</u>	<u>141,426</u>	<u>224,547</u>	<u>385,266</u>
Loss from operations	<u>(3,288)</u>	<u>(101,710)</u>	<u>(45,798)</u>	<u>(344,787)</u>
Other Income (Expense):				
Interest expense	(7,803)	(7,927)	(15,834)	(15,908)
Gain on forgiveness of debt	19,434	-	19,434	-
Interest income	-	13	-	43
Other income	5,250	3,000	10,500	6,000
Total other income (expense)	<u>16,881</u>	<u>(4,914)</u>	<u>14,100</u>	<u>(9,865)</u>
Income (loss) before provision for income taxes	13,593	(106,624)	(31,698)	(354,652)
Provision for income taxes	-	-	-	-
Net Income (Loss)	<u>\$ 13,593</u>	<u>\$ (106,624)</u>	<u>\$ (31,698)</u>	<u>\$ (354,652)</u>
Income (Loss) per share, basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding, basic and diluted	<u>159,090,914</u>	<u>157,925,413</u>	<u>159,090,914</u>	<u>107,508,363</u>

The accompanying notes are an integral part of these unaudited condensed financial statements

STARCO BRANDS, INC.
STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)
(Unaudited)

	Common Stock		Additional Paid in Capital	Common Stock to be Issued	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2017	2,417,569	\$ 2,418	\$ 14,965,081	\$ 600,000	\$ (16,098,391)	\$ (530,892)
Shares issued for service	30,300,000	30,300	(22,119)	-	-	8,181
Shares issued to officer and directors for services	117,282,442	117,282	(85,616)	-	-	31,666
Contributed services	-	-	23,400	-	-	23,400
Net Loss	-	-	-	-	(248,028)	(248,028)
Balance, March 31, 2018	150,000,011	150,000	14,880,746	600,000	(16,346,419)	(715,673)
Contributed services	-	-	23,400	-	-	23,400
Shares issued for stock payable	9,090,903	9,091	590,909	(600,000)	-	-
Net Loss	-	-	-	-	(106,624)	(106,624)
Balance, June 30, 2018	<u>159,090,914</u>	<u>\$ 159,091</u>	<u>\$ 15,495,055</u>	<u>\$ -</u>	<u>\$ (16,453,043)</u>	<u>\$ (798,897)</u>

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, December 31, 2018	159,090,914	\$ 159,091	\$ 15,530,155	\$ (16,540,342)	\$ (851,096)
Contributed services	-	-	11,700	-	11,700
Net loss	-	-	-	(45,291)	(45,291)
Balance, March 31, 2019	159,090,914	159,091	15,541,855	(16,585,633)	(884,687)
Contributed services	-	-	11,700	-	11,700
Net income	-	-	-	13,593	13,593
Balance, June 30, 2019	<u>159,090,914</u>	<u>\$ 159,091</u>	<u>\$ 15,553,555</u>	<u>\$ (16,572,040)</u>	<u>\$ (859,394)</u>

The accompanying notes are an integral part of these unaudited condensed financial statements

STARCO BRANDS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	June 30,	
	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	\$ (31,698)	\$ (354,652)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	-	8,181
Stock based compensation – related party	-	31,666
Gain on forgiveness of debt	19,434	-
Contributed services	23,400	46,800
Changes in Operating Assets and Liabilities:		
Accounts receivable, related party	(1,128)	(35,025)
Prepays & other assets	16,584	31,227
Accounts payable	(15,651)	32,535
Accrued expenses	2,708	4,545
Net Cash Provided by (Used in) Operating Activities	13,649	(234,723)
CASH FLOWS FROM INVESTING ACTIVITIES:		
	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from a related party	54,518	2,000
Repayment of advances from a related party	(42,700)	(2,000)
Payments on notes payable	(16,639)	(33,158)
Net Cash Used by Financing Activities	(4,821)	(33,158)
Net Increase (Decrease) in Cash	8,828	(267,881)
Cash at Beginning of Period	721	314,181
Cash at End of Period	<u>\$ 9,549</u>	<u>\$ 46,300</u>
Cash paid during the period for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of non-cash activities:		
Establish operating lease right of use asset and related liability	<u>\$ 122,825</u>	<u>\$ -</u>

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

STARCO BRANDS, INC.
NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Starco Brands, Inc. (the "Company") then operating under a different name, was incorporated in the State of Nevada on January 26, 2010, to engage in Direct Response marketing of consumer products with the goal of producing sales through television and/or retail. On September 7, 2017 the Company filed an Amendment to the Articles of Incorporation to change the corporate name to Starco Brands, Inc. The Board determined the change of the Company's name was in the best interests of the Company due to changes in our current and anticipated business operations. In July 2017 the Company entered into a licensing agreement with The Starco Group, located in Los Angeles, California. The Companies pivoted to commercializing novel consumer products manufactured by The Starco Group. The Starco Group is a private label and branded aerosol and liquid fill manufacturer which manufactures DIY/Hardware, paints, coatings and adhesives, household, hair care, disinfectants, automotive, motorcycle, arts & crafts, personal care cosmetics, personal care, FDA, sun care, food, cooking oils, beverage, spirits and wine.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying unaudited condensed financial statements reflect all adjustments, consisting of only normal recurring items, which, in the opinion of management, are necessary for a fair statement of the results of operations for the periods shown and are not necessarily indicative of the results to be expected for the full year ending December 31, 2019. These unaudited condensed financial statements should be read in conjunction with the financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior period financial information to conform to the presentation used in the financial statements for the six months ended June 30, 2019.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires that a lessee recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This new guidance will be effective for annual reporting periods beginning after December 15, 2018, including interim periods within those annual reporting periods, and early adoption is permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company adopted this standard in the current period. The adoption of this standard did not result in a material change to the earnings.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations. The Company is also evaluating the potential impact of new standards that have been issued but are not yet effective.

NOTE 3 – GOING CONCERN

The accompanying unaudited condensed financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has an accumulated deficit of \$16,572,040, due in part from the Company granting stock for services during its reorganization in 2017 and 2018, at June 30, 2019, had a net loss of \$31,698 and net cash provided by operating activities of \$13,649 for the six months ended June 30, 2019. The Company's ability to raise additional capital through the future issuances of common stock and/or debt financing is unknown. The obtainment of additional financing, the successful development of the Company's contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. These conditions and the ability to successfully resolve these factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

NOTE 4 – ACCOUNTS PAYABLE

A portion of the Company's accounts payable is the result of chargebacks for product that was not sold by a former customer. The Company also has other payables that are several years old for which management is in discussion with the vendors to settle those liabilities for a lesser amount.

	June 30, 2019	December 31, 2018
Chargeback	\$ 3,075	\$ 3,075
Aged payables	45,023	45,023
Other vendor payables	127,638	123,856
	<u>\$ 175,736</u>	<u>\$ 171,954</u>

NOTE 5 – NOTES PAYABLE

The Company had two financing loans for its Director and Officer Insurance, both of which expired in the third quarter of 2018 and were replaced with a new single loan. As of June 30, 2019, and December 31, 2018 the loan(s) had a balance of \$6,792 and \$26,731, respectively. The new loan bears interest at 6.97% and is due within one year.

During the fourth quarter of 2018 a third party loaned the Company \$3,300 to pay for general operating expenses. The loan is unsecured, non-interest bearing and due on demand.

NOTE 6 – COMMITMENTS & CONTINGENCIES

The Company currently occupies office space in Burbank, California. The Company signed a three-year lease starting January 1, 2016. The lease has been extended for an additional three-year term. Current monthly lease payments are \$3,742 with yearly increases. The lease required a deposit of \$3,500 which was paid on December 10, 2015. The lease is being accounted for under ASU 2016-02 Leases (Topic 842). The company recorded an initial Right of Use of Asset and Lease Obligation of \$122,825. As of June 30, 2019, the Company has accrued rent due of \$17,910 and a Lease Obligation of \$104,995.

Investment Agreement

On July 9, 2014, the Board of Directors approved an investment arrangement with an individual. Per the terms of the agreement, the investor transferred \$150,000 to the Company for which he was entitled to the following: \$1 per unit sold of a fitness product through all retail outlets including online and retail shopping shows until the investment was paid back in full. Once the original investment was recouped the investor shall then receive a 2% royalty in perpetuity on all future retail sales of the fitness product. The investment remains with the Company and is disclosed as an accrued liability on the balance sheet. Since the product for which the investment was intended was never produced this agreement is being renegotiated.

NOTE 7 – COMMON STOCK

On April 29, 2019, the Board, cancelled 312,500 shares of common stock previously issued for services. The shares were cancelled for non-performance as permitted per the terms of the original service agreement. As of June 30, 2019, the shares have not yet been cancelled by the transfer agent and remain outstanding.

NOTE 8 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, Sanford Lang, the Company's Chairman and former CEO, advanced the Company \$289,821 to pay for general operating expenses. The advances are uncollateralized, require a monthly interest payment of \$2,545 and due on demand.

On February 26, 2018, the Board approved the issuance of 117,282,442 shares of common stock to its officers and directors for services rendered at a price per share of \$0.00027 for total non-cash expense of \$31,666.

As of June 30, 2019, the Company owed The Starco Group, Inc, ("TSG") \$72,843 for expenses paid by The Starco Group on behalf of the Company for expenses to launch licensed brands. Once royalties exceed \$250,000 in the aggregate, TSG will deduct the incurred expenses from the subsequent royalty payments until TSG is paid in full. In addition, the Company owes TSG an additional \$22,500 for expenses paid on behalf of the Company or funds advanced to the Company to pay for other operating expenses.

During the three and six months ended June 30, 2019, the Company recognized royalty income of \$117,486 and \$178,749, respectively and had a \$18,632 receivable from The Starco Group.

NOTE 9 – STOCK WARRANTS

A summary of the status of the Company's outstanding stock warrants and changes during the periods is presented below:

	Shares available to purchase with warrants	Weighted Average Price	Weighted Average Fair Value
Outstanding, December 31, 2017	2,000,000	\$ 1.05	\$ 0.003
Issued	-	\$ -	\$ -
Exercised	-	\$ -	\$ -
Cancelled	-	\$ -	\$ -
Expired	-	\$ -	\$ -
Outstanding, December 31, 2018	2,000,000	\$ 1.05	\$ 0.003
Issued	-	\$ -	\$ -
Exercised	-	\$ -	\$ -
Cancelled	-	\$ -	\$ -
Expired	-	\$ -	\$ -
Outstanding, June 30, 2019	<u>2,000,000</u>	<u>\$ 1.05</u>	<u>\$ 0.003</u>
Exercisable, June 30, 2019	<u>2,000,000</u>	<u>\$ 1.05</u>	<u>\$ 0.003</u>

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, from the balance sheet date through the date the financial statements were issued and has determined that no material subsequent events exist.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with our financial statements and related notes thereto included in Part I, Item 1, above. We also urge you to review and consider our disclosures describing various risks that may affect our business, which are set forth under the heading "Risk Factors," below.

Forward Looking Statements

Certain matters discussed herein are forward-looking statements. Such forward-looking statements contained in this Form 10-Q involve risks and uncertainties, including statements as to:

- our future strategic plans
- our future operating results;
- our business prospects;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy;
- our possible future financings; and
- the adequacy of our cash resources and working capital.

These forward-looking statements can generally be identified as such because the context of the statement will include words such as we "believe," "anticipate," "expect," "estimate" or words of similar meaning. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and which could cause actual results to differ materially from those anticipated. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this Form 10-Q, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Executive Overview

In July 2017, our Board of Directors entered into a licensing agreement with The Starco Group, located in Los Angeles, California, to pursue a new strategic marketing plan involving commercializing leading edge products with the intent to sell them through brick and mortar retailers as well as through online retailers. Management believes the Company will realize modest earnings from royalties in the short term with a stronger positive outlook over the next 24 months as the Company begins to implement stronger pull through marketing efforts.

Starco Brands, Inc. is a company whose mission is to create behavior-changing products and brands. Our core competency is inventing brands, marketing, building trends, pushing awareness and social marketing. The licensing agreement with The Starco Group provided Starco Brands with exclusive royalty-free rights to a body of products in the following categories: food, household cleaning, air care, spirits and personal care. The Starco Group is predominantly an aerosol and liquid fill private label manufacturer with manufacturing assets in the following verticals: DIY/Hardware, paints, coatings and adhesives, household, air care, disinfectants, automotive, motorcycle, arts & crafts, personal care cosmetics, personal care FDA, sun care, food, cooking oils, beverage, spirits and wine.

The current CEO of The Starco Group, Ross Sklar, was named the CEO of Starco Brands in August of 2017. Mr. Sklar has a long track record of commercializing technology in industrial and consumer markets. Mr. Sklar has built teams of manufacturing personnel, R&D and sales and marketing professionals over the last 20 years and has grown The Starco Group into a successful and diversified manufacturer supplying a wide range of products to some of the largest retailers in the United States.

The Company has conducted extensive research and has identified specific channels to penetrate with its new portfolio of novel technologies. The Company has begun to execute this vision and has launched the first product line called 'Breathe™', through our manufacturing partner, The Starco Group. The Company has applied for a registered trademark for Breathe with the United States Patent and Trade Office. Breathe is an environmentally-friendly line of household cleaning aerosol products. It is the world's first aerosol household cleaning line to be approved by the EPA's Safer Choice program. This product line is biodegradable and is propelled by nitrogen, which makes up approximately 80% of the earth's breathable air. Breathe was named Partner of the Year by the EPA's Safer Choice Program for 2018, a tremendous honor.

The Breathe line is currently on shelves in all Wegmans stores, almost 1,000 Walmart stores, almost 300 stores serviced through UNFI and in all Menards and all Home Depots through the major distributor Central Garden Excel ("Central"), one of the largest distributors to the DIY/Hardware retail channel. Central will be handling all of the Company's distribution to Home Depot and are currently presenting to others that are considered to be competitive players to Home Depot. The Company has also begun to implement its online sales strategy and Breathe is now available on Amazon. Breathe is currently being presented to a few other national retailers in the United States and the prospects of landing more is strong.

The Company also launched their first product in personal care, Honu Sunscreen was launched in 1,700 Walmart stores in 2018 with increased sales expected in 2020. Honu is a reef friendly and family safe SPF 50 with 80 minutes of water resistance that comes with a patented spray wand to spray all your hard to reach spots. The Spray Wand is patented and owned by a third party. Honu is a sun screen spray that management anticipates will lead the Company to offering other personal care items under this brand. Honu won Product of Year for skin care, which is the largest consumer voted award for product innovation. Product of the Year is voted on by 40,000 consumers. www.productoftheyearusa.com. The Company is expecting to extend the Honu line by 2020.

The Company also became the marketer of record for Betterbilt's Kleen Out branded drain opener and for the Winona Popcorn Spray. Both products are available in all Walmart stores. The Company is being paid a royalty for its role. Through the Company's relationship with its marketing partner Deutsch Marketing, the Company launched a new label in June 2019 for Winona Popcorn Spray throughout all Walmart stores. The Company also launched the Winona Popcorn Spray on Amazon through our strategic partner Patter (formally iServe), who is a shareholder in Starco brands, Inc. The Company expects sales to continuously grow in this space.

In addition, the Company plans to launch other products in air care, food, personal care, spirits and beverages over the next 60 months. Although the initial market reception to our new lines has been encouraging, the Company may encounter a number of hurdles that could prevent this and future product launches from achieving sustained commercial success.

The Company has a positive outlook on receiving royalty revenues that have progressively grown since the commercialization of our first product. We may need to rely on sales of our common stock in order to raise additional capital. The purchasers and manner of issuance will be determined according to our financial needs and the available exemptions to the registration requirements of the Securities Act of 1933. The Company is planning to further exploit its partnership with Deutsch Marketing, owned by the 8 billion dollar IPG in order to support the Company's plan to partner with a global media Company to assist with marketing products on a larger level across a variety of media platforms in order to support its current retail and online distribution. The Company sees this partnership as solidifying before the end of 2019. The Company is also planning on launching new products over the next year that are viewed as disruptive in their market and leading edge. The Company has now engaged with but has not contracted with, a top investment bank due to the Company's future partnerships and outlook.

The Company's ultimate goal is to become a leading brand owner and third-party marketer of cutting edge technologies in the consumer marketplace whose success is expected to increase shareholder value. The Company will continue to evaluate this and other opportunities to further set its strategy for 2019 and beyond.

Results of Operation for the Three Months Ended June 30, 2019 and 2018

Revenues

For the three months ended June 30, 2019 the Company recorded royalty revenues of \$117,486 compared to \$39,716 for the three months ended June 30, 2018. The royalty rate that Starco Brands is paid varies on a per product basis and reflects approximately \$762,000 of gross wholesale sales of Starco Brands, Inc. owned products, which are sold by our manufacturing partner, The Starco Group. The royalty income derived by Starco Brands is from wholesale sales of Starco Brands owned products by our manufacturing partner The Starco Group. Royalties are derived from sales of Breathe cleaning products, Walmart's Parents Choice cleaning aerosol (a Breathe private label co-brand) Winona Popcorn Spray, Kleen Out drain opener and from Honu sunscreen. The increase in the current year's revenue (royalty income) is due to an increase in overall distribution of Starco Brands products, an increase in sales turnover on shelf and an increase on online sales.

Operating Expenses

For the three months ended June 30, 2019, compensation expense decreased \$15,468, or 25% to \$46,230 compared to \$61,698 for the three months ended June 30, 2018. In the current year we had a decrease of contributed time for compensation expense for our CEO.

For the three months ended June 30, 2019, the Company incurred \$8,686 in professional fees compared to \$13,239 in the prior year, a decrease of \$4,553, or 34%. Professional fees are mainly for accounting, auditing and legal services associated with our quarterly filings as a public company and advisory and valuation services. The decrease is primarily due to a decrease in legal fees.

For the three months ended June 30, 2019, the Company incurred \$65,858 in general and administrative expense as compared to \$66,489 for the three months ended June 30, 2018, a decrease of \$631, or 1%. The decrease can be attributed to decreased spending on public and investor relations as well as a decrease in administrative expenses.

Other income and expense

For the three months ended June 30, 2019 we had total other income of \$16,881 compared to a loss of \$4,914 for the three months ended June 30, 2018. For the three months ended June 30, 2019, we recorded a gain on the extinguishment of debt for \$19,434 for a credit memo received from a vendor, other income of \$5,250 and interest expense of \$7,803. For the three months ended June 30, 2018, the Company recorded interest income of \$13 and other income from sub leasing its office space of \$3,000. This was offset by interest expense of \$7,927.

Net loss

For the three months ended June 30, 2019, the Company recorded net income of \$13,593 as compared to a net loss of \$106,624 in the prior year. The increase from a net loss to net income is the result of the combination of increased revenue and decreased operating expenses.

Results of Operation for the Six Months Ended June 30, 2019 and 2018

Revenues

For the six months ended June 30, 2019 the Company recorded royalty revenue of \$178,749 compared to \$40,479 for the six months ended June 30, 2018. The royalty rate that Starco Brands is paid varies on a per product basis and reflects approximately \$371,000 of wholesale sales of our products, which are sold by our manufacturing partner, The Starco Group, Inc. Revenues are from our licensing agreements with The Starco Group, Inc, for various products mentioned above. The increase in the current year is due to an increase of our existing product lines, in the number of distribution points, as well as an increase in sales turnover on shelves and online sales.

Operating Expenses

For the six months ended June 30, 2019, compensation expense decreased \$55,214, or 37.2% to \$92,950 compared to \$148,164 for the six months ended June 30, 2018. In the current year we had a decrease of contributed time for compensation expense for our CEO. In addition, there was \$31,666 of non-cash stock compensation expense in the prior year for shares issued for services.

For the six months ended June 30, 2019, the Company incurred \$30,443 in professional fees compared to \$89,129 in the prior year, a decrease of \$58,686, or 65.8%. Professional fees are mainly for accounting, auditing and legal services associated with our quarterly filings as a public company and advisory and valuation services. The decrease is primarily due to a decrease in legal fees.

For the six months ended June 30, 2019, the Company incurred \$101,154 in general and administrative expense as compared to \$147,973 for the six months ended June 30, 2018, a decrease of \$46,819, or 31.6%. The decrease can be attributed to decreased spending on marketing and public relations as well as an attempt to decrease other smaller administrative expenses to conserve available cash.

Other income and expense

For the six months ended June 30, 2019 we had total other income of \$14,100 compared to other loss of \$9,865 for the six months ended June 30, 2018. For the six months ended June 30, 2019 we recorded a gain on the extinguishment of debt for \$19,434 for a credit memo received from a vendor, other income of \$10,500 and interest expense of \$15,834. For the six months ended June 30, 2018, the Company recorded interest income of \$43 and other income from sub leasing its office space of \$6,000. This was offset by interest expense of \$15,908.

Net loss

For the six months ended June 30, 2019, the Company recorded a net loss of \$31,698 as compared to a net loss of \$354,652 in the prior year, a decrease of \$322,954.

Liquidity and Capital Resources

As reflected in the accompanying financial statements, the Company has an accumulated deficit of \$16,572,040 at June 30, 2019, mostly due to the issuance of stock for services to strategic service providers to the Company, and had a net loss of \$31,698 and net cash provided by operating activities of \$13,649 for six months ended June 30, 2019.

We currently require cash of about \$30,000 a month for operating expenses. The Company is now very close to break even. Operating expenses include items such as administrative costs, insurance, legal and other professional fees, compliance and website maintenance,

We have an outstanding loan of approximately \$300,000 from initial invested capital that requires monthly interest payments of \$2,545.

Critical Accounting Estimates and Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Note 2 to the Financial Statements describes the significant accounting policies and methods used in the preparation of the Financial Statements. Estimates are used for, but not limited to, contingencies and taxes. Actual results could differ materially from those estimates. The following critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the Financial Statements.

We are subject to various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies. An estimated loss contingency is accrued when management concludes that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. We regularly evaluate current information available to us to determine whether such accruals should be adjusted.

We recognize deferred tax assets (future tax benefits) and liabilities for the expected future tax consequences of temporary differences between the book carrying amounts and the tax basis of assets and liabilities. The deferred tax assets and liabilities represent the expected future tax return consequences of those differences, which are expected to be either deductible or taxable when the assets and liabilities are recovered or settled. Future tax benefits have been fully offset by a 100% valuation allowance as management is unable to determine that it is more likely than not that this deferred tax asset will be realized.

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company recognizes as revenues the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied. Generally, the Company's performance obligations are transferred to customers at a point in time, typically upon delivery.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

Recent Accounting Pronouncements

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC"), and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, they concluded that our disclosure controls and procedures were not effective for the quarterly period ended June 30, 2019.

The following aspects of the Company were noted as potential material weaknesses:

- lack of an audit committee
- lack of corporate documentation

In designing and evaluating disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute assurance of achieving the desired objectives. Also, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs.

Changes in Internal Controls

Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that no change occurred in the Company's internal controls over financial reporting during the quarter ended June 30, 2019, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are not presently any material pending legal proceedings to which the Company is a party or as to which any of our property is subject, and no such proceedings are known to the Company to be threatened or contemplated against it.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINING SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION.

None

ITEM 6. EXHIBITS

Part I Exhibits

<u>No.</u>	<u>Description</u>
31.1	Chief Executive Officer Section 302 Certification
31.2	Chief Financial Officer Section 302 Certification
32.1	Section 1350 Certification

Part II Exhibits

<u>No.</u>	<u>Description</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

SIGNATURES

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

STARCO BRANDS, INC.

Dated: August 13, 2019

By: /s/ Ross Sklar
Ross Sklar
Chief Executive Officer

By: /s/Rachel Boulds
Rachel Boulds
Chief Financial Officer

Exhibit 31.1

CHIEF EXECUTIVE OFFICER

I, Ross Sklar, hereby certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Starco Brands, 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 officers 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies 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.

Dated: August 13, 2019

/s/Ross Sklar
Ross Sklar
Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER

I, Rachel Boulds, hereby certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Starco Brands, 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 officers 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies 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.

Dated: August 13, 2019

/s/Rachel Boulds
Rachel Boulds
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officers of Starco Brands, Inc., a Nevada corporation (the "Company"), do hereby certify, to the best of their knowledge, that:

1. The Quarterly Report on Form 10-Q for the period ending June 30, 2109 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 13, 2019

/s/Ross Sklar
Ross Sklar
Chief Executive Officer

Dated: August 13, 2019

/s/Rachel Boulds
Rachel Boulds
Chief Financial Officer

CHIEF EXECUTIVE OFFICER

I, Ross Sklar, hereby certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Starco Brands, 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 officers 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies 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.

Dated: August 13, 2019

/s/Ross Sklar
Ross Sklar
Chief Executive Officer

CHIEF FINANCIAL OFFICER

I, Rachel Boulds, hereby certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Starco Brands, 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 officers 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 officers 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 registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies 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.

Dated: August 13, 2019

/s/Rachel Boulds
Rachel Boulds
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officers of Starco Brands, Inc., a Nevada corporation (the "Company"), do hereby certify, to the best of their knowledge, that:

1. The Quarterly Report on Form 10-Q for the period ending June 30, 2109 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 13, 2019

/s/Ross Sklar
Ross Sklar
Chief Executive Officer

Dated: August 13, 2019

/s/Rachel Boulds
Rachel Boulds
Chief Financial Officer