

(Address of principal executive offices)

(818) 956-4847

(Registrant's telephone number, including area code)

Indicate by check mark whether the issuer (1) 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 (§232.405 of this chapter) 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, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer (do not check if Smaller Reporting Company)

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

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The number of shares of Common Stock, \$0.001 par value, outstanding on August 21, 2017 was 135,667,251 shares.

GIGGLES N' HUGS, INC.

TWENTY-SIX WEEKS ENDED JULY 2, 2017

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PART I – FINANCIAL INFORMATION**Item 1. Financial Statements.****GIGGLES N' HUGS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	July 2, 2017 (Unaudited)	January 1, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 154,288	\$ 144,520
Inventory	25,617	20,331
Prepaid expenses, other	16,517	13,806
Total current assets	196,422	178,657
Fixed assets:		
Total fixed assets, net	865,991	994,128
Other assets	2,620	2,620
Total assets	\$ 1,065,033	\$ 1,175,405
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 543,610	\$ 610,925
Incentive from lessor – current portion	94,756	87,420
Note payable from lessor, current portion net of discount of \$283,377 and \$35,094, respectively	21,734	21,544
Accrued expenses	501,836	328,952
Deferred revenue	11,630	24,159
Promissory note payable and accrued interest	-	193,340
Convertible note payable and accrued interest,	50,000	151,383
Derivative liability	-	357,411
Total current liabilities	1,223,566	1,775,134
Long-term liabilities:		
Incentive from lessor – long-term	603,129	653,008

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Note payable - lessor	406,758	411,173
Deferred gain	435,654	429,115
Total long-term liabilities	1,445,541	1,493,296
Total liabilities	2,669,107	3,268,430
Stockholders' deficit:		
Common stock, \$0.001 par value, 1,125,000,000 shares authorized, 134,922,251 and 67,934,205 shares issued and outstanding as of July 2, 2017 and January 1, 2017, respectively	134,922	67,933
Common stock issuable (9,297,619 and 405,556 shares as of July 2, 2017 and January 1, 2017, respectively)	846,535	218,535
Additional paid-in capital	9,151,365	8,229,747
Accumulated deficit	(11,736,896)	(10,609,240)
Total stockholders' deficit	(1,604,074)	(2,093,025)
Total liabilities and stockholders' deficit	\$1,065,033	\$1,175,405

See Accompanying Notes to Condensed Consolidated Financial Statements.

GIGGLES N' HUGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Thirteen Weeks Ended July 2, 2017	Thirteen Weeks Ended June 26, 2016	Twenty -Six Weeks Ended July 2, 2017	Twenty -Six Weeks Ended June 26, 2016
Revenue				
Net sales	\$575,824	\$831,464	\$1,237,527	\$1,710,398
Costs and operating expenses				
Cost of operations	429,164	734,151	932,955	1,504,669
General and administrative expenses	249,822	319,926	1,185,556	644,118
Depreciation and amortization	64,068	88,741	128,137	177,882
Total operating expenses	743,054	1,142,818	2,246,648	2,326,669
Loss from Operations	(167,230)	(311,354)	(1,009,121)	(616,271)
Other income (expenses):				
Finance and interest expense	(14,772)	(84,378)	(64,042)	(173,331)
Change in fair value of derivatives liability	-	-	(50,629)	-
Gain on extinguishment of derivative liability	-	-	185,604	-
Loss on extinguishment of debt	(186,818)	-	(186,818)	-
Gain on sale of asset	-	5,971	-	5,971
Gain on lease termination	-	214,111	-	214,111
Loss before provision for income taxes	(368,820)	(175,650)	(1,125,006)	(569,520)
Provision for/benefit from income taxes	(2,650)	616	(2,650)	(184)
Net loss	\$(371,470)	\$(175,034)	\$(1,127,656)	\$(569,704)
Net loss per share – basic and diluted	\$-	\$-	\$(0.01)	\$(0.01)
Weighted average number of common shares outstanding – basic and diluted	134,355,584	42,806,033	120,473,746	42,367,492

See Accompanying Notes to Condensed Consolidated Financial Statements.

GIGGLES N' HUGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT****(Unaudited)**

	Common Stock		Additional	Common	Accumulated	Total
	Shares	Amount	Paid in	Stock	Deficit	Stockholders'
			Capital	Issuable		Deficit
Balance January 1, 2017	67,934,205	\$67,933	\$8,229,747	\$218,535	\$(10,609,240)	\$(2,093,025)
Shares issued for employees compensation	10,170,000	10,170	18,300			28,470
Shares issued to settle accounts payable	2,100,000	2,100	243,900			246,000
Shares issued for convertible notes	54,118,046	54,119	218,728			272,847
Cash received for stock issuable				75,000		75,000
Shares issued for professional services	600,000	600	9,690			10,290
Fair value of warrants granted for services			531,000			531,000
Stock issuable to settle the convertible notes			(100,000)	553,000		453,000
Net loss					(1,127,656)	(1,127,656)
Balance July 2, 2017	134,922,251	\$134,922	\$9,151,365	\$846,535	\$(11,736,896)	\$(1,604,074)

See Accompanying Notes to Condensed Consolidated Financial Statements.

GIGGLES N' HUGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Twenty-Six Weeks ended July 2, 2017	Twenty-Six Weeks ended June 26, 2016
Cash flows from operating activities		
Net loss	\$(1,127,656)	\$(569,704)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	128,137	177,882
Amortization of debt discount	-	154,658
Gain on sales of fixed assets	-	(5,971)
Gain on lease termination	-	(214,111)
Stock-based compensation	28,470	-
Loss on stock issuance for payable settlement	109,096	-
Warrants vested for services	531,000	31,000
Interest and fees included in note payable	21,449	-
Shares issued for services	10,290	30,170
Gain on extinguishment of derivative liability	(185,604)	-
Change in fair value of derivative liability	50,629	-
Promissory note settlement	186,818	-
Changes in operating assets and liabilities:		
Increase in prepaid expenses and deposits	(2,711)	(3,890)
(Increase) decrease in inventory	(5,286)	10,553
Increase in accounts payable	69,589	179,976
Decrease in lease incentive liability	(42,543)	(61,653)
Increase (decrease) increase in accrued expenses	180,623	(320,676)
(Decrease) increase in deferred revenue	(12,529)	10,380
Amortization of deferred gain	6,539	-
Net cash used in operating activities	(53,689)	(581,386)
Cash flows from investing activities		
Provided from lease termination	-	350,000
Provided from sales or purchase of fixed assets	-	10,500
Net cash provided by investing activities	-	360,500
Cash flows from financing activities		
Payments on promissory note payable	(11,543)	-
Proceeds from common stock issuable	75,000	-
Net cash provided by financing activities	63,457	-

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NET INCREASE (DECREASE) IN CASH	9,768	(220,886)
CASH AT BEGINNING OF PERIOD	144,520	334,191
CASH AT END OF PERIOD	\$ 154,288	\$ 113,305
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$-	\$ 26,834