ICONIX BRAND GROUP, INC.
Form 10-Q/A
June 21, 2016

United States

Securities and Exchange Commission

Washington, D.C. 20549

FORM 10-Q/A

Amendment No.3

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended June 30, 2015

OR

o 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 1-10593

ICONIX BRAND GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	11-2481903
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1450 Broadway, New York, NY	10018
(Address of principal executive offices)	(Zip Code)

(212) 730-0030

(Registrant’s telephone number, including area code)

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 x No o

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 x No o

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

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

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

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

As of June 17, 2016, 51,145,774 shares of the registrant's Common Stock, par value $.001 per share, were outstanding.

Unless the context requires otherwise, references in this Form 10-Q/A to the "Company," "Iconix," "we," "us," "our," or simila pronouns refer to Iconix Brand Group, Inc. and its consolidated subsidiaries.

EXPLANATORY NOTE – RESTATEMENT OF FINANCIAL INFORMATION

Iconix Brand Group, Inc. (the "Company") is filing this Amendment No. 3 to the Company's Quarterly Report on Form 10-Q/A (the "Amended Filing") to amend certain parts of its Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, originally filed with the U.S. Securities and Exchange Commission, ("SEC") on August 12, 2015 (the "Original Filing") which was amended on August 26, 2015 and further amended on November 27, 2015 (collectively, the "Prior Amendments"), to restate the Company's unaudited condensed consolidated financial statements and related footnote disclosures as of June 30, 2015 and for the three months and six months ended June 30, 2015 and 2014.

Background and Effects of the Restatement

SEC Comment Letter Process.

As previously disclosed, the Company has been engaged in a comment letter process with the Staff of the SEC relating to an ongoing review of the Company's Annual Report on Form 10-K for the year ended December 31, 2014. The Company has responded to the Staff with a Confirming Letter on all of the questions the Staff has raised, and remains in a dialogue with the SEC Staff relating to those and certain other comments related to the Company's future disclosures. As a result of the comment letter process, the Company's management team, Audit Committee (the "Audit Committee") and the Board of Directors (the "Board") have reviewed the Company's financial statements and assessed the accounting treatment applied by the Company to its joint ventures and other sales of intellectual property.

Based on this review and assessment, the Board, the Audit Committee and the Company's management team, on February 11, 2016, concluded that the Company would restate its historical financial statements (the "Restatement") to address the following accounting matters: (i) consolidate the financial statements of the Iconix Canada, Iconix Israel, Iconix Southeast Asia, Iconix MENA and LC Partners US joint ventures with the Company's financial statements, and eliminate the previously reported gains on sale which were recorded at the time these transactions were consummated (including subsequent June 2014 and September 2014 transactions with respect to Iconix Southeast Asia), (ii) record the recalculated cost basis of the trademarks contributed to certain joint ventures which are recorded under the equity method of accounting at the time of consummation of the transactions (which also affected years prior to FY 2013 and is effectuated in the consolidated balance sheets contained herein), (iii) record the recalculated cost basis of the Umbro brand in the territory of Korea (which closed in December 2013) and the e-commerce and U.S. catalog rights in respect of the Sharper Image brand (which closed in June 2014) to determine the amount of the gain that should have been recorded at the time of the sale, (iv) reclassify the presentation of its statement of operations to reflect gains on sales of trademarks (to joint ventures or third parties) as a separate line item above the Operating Income line, and not as revenue as historically reflected, and (v) reclassify the Equity Earnings on Joint Ventures line to above the Operating Income line, from its previous location within the Other Expenses section.

In conjunction with the Company's consolidation of the joint ventures noted above, the Company also adjusted its historical financial statements to properly reflect the consideration from joint venture partners ("the redemption value") as redeemable non-controlling interest for the Iconix Southeast Asia, Iconix MENA and LC Partners US joint ventures as of the date of the formation of the applicable joint venture. For each period subsequent to the formation of the applicable joint venture, the Company will accrete the change in redemption value up to the date that the Company's joint venture partner has the right to redeem its respective put option. Additionally, in accordance with the applicable accounting guidance, the notes receivable, net of discount, received from the Company's joint venture partners as part of the consideration related to the formation of consolidated joint ventures will be netted against non-controlling interest or redeemable non-controlling interest, as applicable.

Other.

In addition, through the Company's review of various historical transactions, management determined that it would record adjustments to reflect the following: (i) the reduction of revenue and remeasurement gains associated with certain transactions whereby the Company was not able to establish the fair value of the purchase transaction and subsequent guaranteed minimum royalties, and (ii) record a liability for a royalty credit earned by a specific licensee in fiscal years 2006 through 2008 that will be utilized in fiscal years 2016 through 2020.

This Amended Filing includes the restated condensed consolidated financial statements, as described above. See Note 19 – Restatement to the accompanying condensed consolidated financial statements for additional information.

Disclosure Controls and Procedures

In connection with the Original Filing and Prior Amendments, the Company's then interim Principal Executive Officer and Principal Financial Officer determined that the Company's disclosure controls and procedures were not effective as of June 30, 2015 due to inadequate review controls related to the preparation of timely and accurate financial statements in its internal control over financial reporting. In connection with this Amended Filing, management reassessed its evaluation of the effectiveness of its Disclosure Controls and Procedures as of June 30, 2015 and identified additional material weaknesses in internal controls over financial reporting. Accordingly, the Company's Principal Executive Officer and Principal Financial Officer concluded that the Company did not maintain effective disclosure controls and procedures as of June 30, 2015. The material weaknesses relate to inadequate management review controls which caused the restatement adjustments noted above. For a description of the material weaknesses in internal control over financial reporting and actions taken, and to be taken, to remediate the material weaknesses, see the Company's most recently filed Form 10-K and Item 4. Controls and Procedures of this Amended Filing.

Items Amended in This Filing

This Amended Filing amends and restates the following items of the Company's Original Filing, as amended, as of, and for the period ended June 30, 2015.

Part I - Item 1. Financial Statements

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

Part I - Item 4. Controls and Procedures

Part II – Item 1A. Risk Factors

Part II - Item 6. Exhibits

In accordance with applicable SEC rules, this Amended Filing includes certifications as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") from the Company's Principal Executive Officer and Principal Financial Officer dated as of the date of this Amended Filing.

Except for the items noted above, no other information included in the Original Filing, as amended, is being further amended and restated by this Amended Filing. The Amended Filing speaks as of the date of the Original Filing and the Company has not updated the Original Filing to reflect events occurring subsequent to the date of the Original Filing. Accordingly, this Amended Filing should be read in conjunction with the Company's filings made with the SEC subsequent to the date of the Original Filing.

Part I. Financial Information

Item 1. Financial Statements

Iconix Brand Group, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except par value)

	June 30, 2015 (restated) (unaudited)	December 31, 2014
Assets		
Current Assets:		
Cash and cash equivalents	$117,943	$128,039
Restricted cash	64,923	59,560
Accounts receivable, net	121,491	112,347
Deferred income tax assets	21,436	10,328
Other assets – current	41,502	44,088
Total Current Assets	367,295	354,362
Property and equipment:		
Furniture, fixtures and equipment	23,435	22,704
Less: Accumulated depreciation	(15,839)	(14,946)
	7,596	7,758
Other Assets:		
Other assets	34,455	51,865
Trademarks and other intangibles, net	2,103,164	1,996,334
Deferred financing costs, net	17,383	19,842
Investments and joint ventures	148,453	110,105
Goodwill	291,713	232,776
	2,595,168	2,410,922
Total Assets	$2,970,059	$2,773,042
Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$44,785	$38,655
Deferred revenue	30,132	25,868
Current portion of long-term debt	347,918	61,123
Other liabilities – current	3,500	6,403
Total current liabilities	426,335	132,049
Deferred income tax liability	339,120	299,982
Long-term debt, less current maturities	1,130,667	1,332,954
Other liabilities	15,835	16,924
Total Liabilities	1,911,957	1,781,909
Redeemable Non-Controlling Interest	47,154	39,696
Commitments and contingencies		
Stockholders' Equity:		

Common stock, $.001 par value shares authorized 150,000; shares issued 80,339 and 79,263, respectively	80	79
Additional paid-in capital	962,812	940,922
Retained earnings	790,418	713,819
Accumulated other comprehensive loss	(54,497)	(24,186)
Less: Treasury stock – 31,997 and 31,310 shares at cost, respectively	(836,501)	(812,429)
Total Iconix Brand Group, Inc. Stockholders' Equity	862,312	818,205
Non-controlling interest	148,636	133,232
Total Stockholders' Equity	1,010,948	951,437
Total Liabilities, Redeemable Non-Controlling Interest and Stockholders' Equity	$2,970,059	$2,773,042

See Notes to Unaudited Condensed Consolidated Financial Statements.

Unaudited Condensed Consolidated Income Statements

(in thousands, except earnings per share data)

Iconix Brand Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Income

(in thousands, except earnings per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (restated)	2014 (restated)	2015 (restated)	2014 (restated)
Licensing revenue	$97,398	$ 95,116	$ 193,212	$ 205,516
Selling, general and administrative expenses	47,037	43,916	88,062	91,587
Gains on sale of trademarks	—	(6,399)	—	(6,399)
Equity earnings on joint ventures	(1,463)	(4,261)	(2,650)	(6,043)
Operating income	51,824	61,860	107,800	126,371
Other expenses (income):				
Interest expense	21,401	21,247	42,697	42,403
Interest income	(1,189)	(770)	(2,155)	(1,693)
Other income	(790)	—	(50,780)	(28,897)
Foreign currency translation loss (gain)	1,913	221	(8,769)	367
Other expenses (income) – net	21,335	20,698	(19,007)	12,180
Income before income taxes	30,489	41,162	126,807	114,191
Provision for income taxes	11,536	14,213	38,807	34,210
Net income	$18,953	$ 26,949	$88,000	$79,981
Less: Net income attributable to non-controlling interest	$5,215	$ 3,522	$8,902	$6,639
Net income attributable to Iconix Brand Group, Inc.	$13,738	$ 23,427	$79,098	$73,342
Earnings per share:				
Basic	$0.28	$ 0.48	$1.64	$1.50
Diluted	$0.28	$ 0.40	$1.56	$1.26
Weighted average number of common shares outstanding:				
Basic	48,243	48,551	48,201	49,034
Diluted	49,595	58,595	50,752	58,237

See Notes to Unaudited Condensed Consolidated Financial Statements.

Iconix Brand Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Income

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 (restated)	2014 (restated)	2015 (restated)	2014 (restated)
Net income	$18,953	$26,949	$88,000	$79,981
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	7,116	(2,045)	(30,610)	(3,443)
Change in fair value of available for sale securities	299	—	299	—
Total other comprehensive income (loss)	7,415	(2,045)	(30,311)	(3,443)
Comprehensive income	$26,368	$24,904	$57,689	$76,538
Less: comprehensive income attributable to non-controlling interest	5,215	3,522	8,902	6,639
Comprehensive income attributable to Iconix Brand Group, Inc.	$21,153	$21,382	$48,787	$69,899

See Notes to Unaudited Condensed Consolidated Financial Statements.

Iconix Brand Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statement of Stockholders' Equity

Six Months Ended June 30, 2015

(in thousands)

	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interest	Total
Balance at January 1, 2015 (restated)	79,263	$ 79	$ 940,922	$713,819	$ (24,186)	$(812,429)	$ 133,232	$951,437
Issuance of common stock related to acquisition of interest in joint venture	465	—	15,703	—	—	—	—	15,703
Shares issued on vesting of restricted stock	596	1	—	—	—	—	—	1
Shares issued on exercise of stock options and warrants	15	—	245	—	—	—	—	245
Tax benefit of stock option exercises	—	—	54	—	—	—	—	54
Compensation expense in connection with restricted stock	—	—	5,888	—	—	—	—	5,888
Shares repurchased on the open market	—	—	—	—	—	(12,391)	—	(12,391)
	—	—	—	—	—	(11,681)	—	(11,681)

Cost of shares repurchased on vesting of restricted stock and exercise of stock options								
Change in non-controlling interest, net of imputed interest	—	—	—	—	—	—	3,185	3,185
Change in redemption value of redeemable non-controlling interest, net of imputed interest	—	—	—	(2,499)	—	—	—	(2,499)
Change in fair value of available for sale securities	—	—	—	—	299	—	—	299
Net income	—	—	—	79,098	—	—	8,902	88,000
Foreign currency translation	—	—	—	—	(30,610)	—	—	(30,610)
Distributions to joint ventures	—	—	—	—	—	—	(9,016)	(9,016)
Non-controlling interest of acquired companies	—	—	—	—	—	—	12,333	12,333
Balance at June 30, 2015 (restated)	80,339	$ 80	$ 962,812	$ 790,418	$ (54,497)	$ (836,501)	$ 148,636	$ 1,010,948

See Notes to Unaudited Condensed Consolidated Financial Statements.

Iconix Brand Group, Inc. and Subsidiaries

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

	Six Months Ended June 30, 2015 (restated)	2014 (restated)
Cash flows from operating activities:		
Net income	$88,000	$79,981
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	809	1,407
Amortization of trademarks and other intangibles	1,724	2,468
Amortization of deferred financing costs and debt discount	2,459	2,711
Amortization of convertible note discount	15,069	14,428
Stock-based compensation expense	5,888	8,247
Non-cash gain on re-measurement of equity investment	(49,990)	(28,897)
Provision for doubtful accounts	3,918	1,956
Earnings on equity investments in joint ventures	(2,650)	(6,043)
Distributions from equity investments	1,333	4,767
Gain on sale of trademarks	—	(6,399)
Deferred income tax provision	21,403	25,497
(Gain) loss on foreign currency translation	(8,769)	367
Changes in operating assets and liabilities, net of business acquisitions:		
Accounts receivable	(14,713)	(27,651)
Other assets – current	16,746	2,955
Other assets	1,569	(11,958)
Deferred revenue	4,741	3,087
Accounts payable and accrued expenses	7,727	13,198
Net cash provided by operating activities	95,264	80,121
Cash flows used in investing activities:		
Purchases of property and equipment	(802)	(778)
Acquisition of interest in iBrands	—	(2,500)
Acquisition of interest in Iconix China, net of cash acquired	(20,400)	—
Acquisition of interest in Pony	(37,000)	—
Acquisition of interest in Strawberry Shortcake	(95,000)	—
Acquisition of interest in Iconix Latin America	—	(42,000)
Issuance of note to American Greetings	(10,000)	—
Proceeds from note due from American Greetings	1,250	—
Proceeds received from note due from Buffalo International	4,986	5,613
Proceeds from sale of trademarks and related notes receivable	3,030	4,000
Proceeds from sale of fixed assets	225	—
Additions to trademarks	(108)	(273)
Net cash used in investing activities	(153,819)	(35,938)
Cash flows (used in) provided by financing activities:		
Shares repurchased on the open market	(12,391)	(144,312)
Proceeds from Variable Funding Notes	100,000	—

Payment of long-term debt	(30,562)	(30,624)
Proceeds from sale of trademarks and related notes receivable from consolidated JVs	10,317	5,170
Additional payment to Purim	(2,000)	—
Distributions to non-controlling interests	(9,016)	(10,046)
Excess tax benefit from share-based payment arrangements	54	1,172
Cost of shares repurchased on vesting of restricted stock and exercise of stock options	(3,156)	(13,971)
Proceeds from exercise of stock options and warrants	—	3,440
Restricted cash	(5,363)	(1,696)
Net cash provided by (used in) financing activities	47,883	(190,867)
Effect of exchange rate changes on cash	576	(242)
Net decrease in cash and cash equivalents	(10,096)	(146,926)
Cash and cash equivalents, beginning of period	128,039	278,789
Cash and cash equivalents, end of period	$117,943	$131,863

8

Supplemental disclosure of cash flow information:

(in thousands)	Six Months Ended June 30, 2015	2014
Cash paid during the period:		
Income taxes (net of refunds received)	$(6,284)	$10,623
Interest	$23,736	$24,756
Non-cash investing and financing activities:		
Sale of trademarks for note receivable	$—	$22,138
Issuance of shares in connection with purchase of Iconix China	$15,703	$—
Note receivable in connection with Strawberry Shortcake acquisition	$8,370	$—
Shares repurchased on vesting of restricted stock included in accrued expenses	$11,436	$—

See Notes to Unaudited Condensed Consolidated Financial Statements.

Iconix Brand Group, Inc. and Subsidiaries

Notes to Unaudited Condensed Consolidated Financial Statements

June 30, 2015

(dollars in thousands (unless otherwise noted) except per share data)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management of Iconix Brand Group, Inc. (the "Company," "we," "us," or "our"), all adjustments (consisting primarily of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ("Current Quarter") and the six months ("Current Six Months") ended June 30, 2015 are not necessarily indicative of the results that may be expected for a full fiscal year. The interim condensed consolidated financial statements should be read in conjunction with the most recently filed Form 10-K.

Certain prior period amounts have been reclassified to conform to the current period's presentation and, restated amounts are provided for prior periods – see Note 19 for further information.

Summary of Significant Accounting Policies

Non-controlling Interests / Redeemable Non-controlling Interests

Certain of the Company's consolidated joint ventures have put options which, if exercised by the Company's joint venture partner, would require the Company to purchase all or a portion of the joint venture partner's equity interest in the joint venture. The Company has determined that these put options are not derivatives under the guidelines prescribed in Accounting Standards Codification ("ASC") 815. As such, and in accordance with ASC 480-10-S99, as the potential exercise of the put options is outside the control of the Company, the Company has recorded the portion of the non-controlling interest's equity that may be put to the Company in mezzanine equity in the Company's consolidated balance sheets as "redeemable non-controlling interest". The initial value of the redeemable non-controlling interest represents the fair value of the put option at inception. This amount recorded at inception is accreted, over a period determined by when the put option becomes exercisable, to what the Company would be obligated to pay to the non-controlling interest holder if the put option was exercised. This accretion is recorded as a credit to redeemable non-controlling interest and a debit to retained earnings resulting in an impact to the consolidated balance sheet only. For each reporting period, the Company revisits the estimates used to determine the redemption value of the put option when it becomes exercisable and may adjust the remaining put option value and associated accretion accordingly through redeemable non-controlling interest and retained earnings, as necessary. The terms of each of the outstanding put options are included in the individual discussions of each joint venture, as applicable. For the Company's consolidated joint ventures that do not have put options, the non-controlling interest is recorded within equity on the Company's consolidated balance sheet.

The Company may enter in to joint venture agreements with joint venture partners in which the Company allows the joint venture partner to pay a portion of the purchase price in cash at the time of the formation of the joint venture with the remaining cash consideration paid over a specified period of time following the closing of such transaction. The Company records the amounts due from such joint venture partners as (a) a reduction of non-controlling interests, net of installment payments, or (b) if installment payments result from the issuance of shares classified as mezzanine equity, as a reduction in Redeemable Non-controlling Interests, net of installment payments (i.e. mezzanine equity), as applicable, in the Company's consolidated balance sheet in accordance with ASC 505-10-45, "Classification of a Receivable from a Shareholder." The Company accretes the present value discount on these installment payments through interest income on its consolidated statement of operations.

SEC Comment Letter Process.

As previously disclosed, the Company has been engaged in a comment letter process with the Staff of the U.S. Securities and Exchange Commission ("SEC") relating to an ongoing review of the Company's Form 10-K for the year ended December 31, 2014. The Company has responded to the Staff with a Confirming Letter on the questions the Staff raised and remains in a dialogue with the SEC Staff relating to those and certain other comments related to the Company's future disclosures. As a result of the comment letter process, the Company's management team, Audit Committee and the Board have reviewed the Company's financial statements and assessed the accounting treatment applied by the Company to its joint ventures and other sales of intellectual property. See Note 19 for further information related to resolution of these matters.

2. Goodwill and Trademarks and Other Intangibles, net

Goodwill

Goodwill by segment and in total, and changes in the carrying amounts, as of the dates indicated are as follows:

	Women's	Men's	Home	Entertainment	Corporate	Consolidated
Net goodwill at December 31, 2014	$115,462	$53,326	$46,334	$ 17,654	$ —	$ 232,776
Acquisitions[1]	6,086	17,324	931	35,375	—	59,716
Foreign currency adjustment	—	(779)	—	—	—	(779)
Net goodwill at June 30, 2015 (restated)	$121,548	$69,871	$47,265	$ 53,029	$ —	$ 291,713

[1] Amounts of goodwill generated from acquisitions have been updated from the previously-issued financial statements for the six months ended June 30, 2015 to reflect the fair values of the assets acquired and liabilities assumed within the final purchase price allocation which was completed in the fourth quarter of FY 2015.

Trademarks and Other Intangibles, net

Trademarks and other intangibles, net, consist of the following:

		June 30, 2015 (restated)		December 31, 2014	
	Estimated Lives in Years	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Indefinite-lived trademarks and copyrights	Indefinite	$2,092,230	$ —	$1,986,350	$ —
Definite-lived trademarks	10-15	19,404	11,537	17,404	10,985
Non-compete agreements	2-15	940	568	940	450
Licensing contracts	1-9	12,453	9,758	11,803	8,728
		$2,125,027	$ 21,863	$2,016,497	$ 20,163
Trademarks and other intangibles, net			$ 2,103,164		$ 1,996,334

In March 2015, the Company acquired the 50% interest in Iconix China held by its joint venture partner, thereby increasing its ownership in Iconix China to 100%. As a result of this transaction, Iconix China is now consolidated with the Company, which increased the Company’s indefinite-lived trademarks by $40.5 million. See Note 3 for further details on this transaction.

In March 2015, the Company acquired the Strawberry Shortcake brand. As a result of this transaction the Company’s indefinite-lived trademarks increased by $55.8 million and licensing contracts increased by $0.5 million. See Note 3 for further details on this transaction.

In February 2015, the Company acquired through its wholly-owned subsidiary, US Pony Holdings, LLC, the rights to the Pony brand in respect of the United States, Canada and Mexico. Immediately following such acquisition, a third party contributed specified assets to US Pony Holdings, LLC in exchange for a 25% non-controlling interest in the entity. As a result of these transactions, US Pony Holdings, LLC is consolidated with the Company, which increased the Company's indefinite-lived trademarks and licensing contracts by $32.4 million and $0.3 million, respectively. See Note 3 for further details on this transaction.

In December 2014, the Company acquired a 51% controlling interest in Hydraulic IP Holdings, LLC. As a result of this transaction, Hydraulic IP Holdings, LLC is consolidated with the Company, which increased the Company's indefinite-lived trademarks by $11.8 million. See Note 3 for further details on this transaction.

In December 2014, the Company acquired a 51% controlling interest in NGX, LLC. As a result of this transaction, NGX, LLC is consolidated with the Company, which increased the Company's indefinite-lived trademarks by $11.8 million. See Note 3 for further details on this transaction.

In June 2014, the Company sold the exclusive right to use the "sharperimage.com" domain name and Sharper Image trademark in connection with the operation of a branded website and catalog distribution in specified jurisdictions, thereby decreasing indefinite-lived trademarks by approximately $3.6 million. See Note 3 for further details on this transaction.

In February 2014, the Company acquired the 50% interest in Iconix Latin America held by its joint venture partner, thereby increasing its ownership in Iconix Latin America to 100%. As a result of this transaction, Iconix Latin America is now consolidated with the Company, which increased the Company's indefinite life trademarks by $82.4 million and licensing contracts increased by $0.7 million. See Note 3 for further details on this transaction.

In January 2014, the Company acquired a 1% interest in Iconix Europe, thereby increasing its ownership in Iconix Europe to 51%, in addition, the Iconix Europe agreement was amended to provide for additional rights to the Company. As a result of this transaction, Iconix Europe is now consolidated with the Company, which increased the Company's indefinite life trademarks by $27.0 million. See Note 3 for further details on this transaction.

Amortization expense for intangible assets for the Current Quarter and for the three months ended June 30, 2014 (the "Prior Year Quarter") was $0.8 million and $1.0 million, respectively. Amortization expense for intangible assets for the Current Six Months and for the six months ended June 30, 2014 (the "Prior Year Six Months") was $1.7 million and $2.5 million, respectively.

The trademarks of Candie's, Bongo, Joe Boxer, Rampage, Mudd, London Fog, Mossimo, Ocean Pacific, Danskin, Rocawear, Cannon, Royal Velvet, Fieldcrest, Charisma, Starter, Waverly, Ecko, Zoo York, Peanuts, Ed Hardy, Sharper Image, Umbro, Modern Amusement, Buffalo, Lee Cooper, Hydraulic, Nicholas Graham, Strawberry Shortcake and Pony have been determined to have an indefinite useful life and accordingly no amortization has been recorded in the Company's unaudited condensed consolidated income statements. Instead, each of these intangible assets are tested for impairment annually and, as needed, on an individual basis as separate single units of accounting, with any related impairment charge recorded to the statement of income at the time of determining such impairment. The annual evaluation of the Company's indefinite-lived trademarks is performed as of October 1, the beginning of the Company's fourth fiscal quarter. There was no impairment of the indefinite-lived trademarks during the Current Six Months or Prior Year Six Months. Further, as it relates to the Company's definite-lived trademarks, there was no impairment of the definite-lived trademarks during the Current Six Months or Prior Year Six Months.

3. Acquisitions, Joint Ventures and Investments

Consolidated Entities

The following entities and joint ventures are consolidated with the Company:

Iconix China

In September 2008, the Company and Novel Fashions Brands Limited ("Novel") formed a joint venture ("Iconix China") to develop and market the Company's brands in the People's Republic of China, Hong Kong, Macau and Taiwan (the "China Territory"). Pursuant to the terms of this transaction, the Company contributed to Iconix China substantially all rights to its brands in the China Territory and committed to contribute $5.0 million, and Novel committed to contribute $20 million to Iconix China. Upon closing of the transaction, the Company contributed $2.0 million and Novel contributed $8.0 million. In September 2009, the parties amended the terms of the transaction to eliminate the obligation of the Company to make any additional contributions and to reduce Novel's remaining contribution commitment to $9.0 million, $4.0 million of which was contributed in July 2010, $3.0 million of which was contributed in May 2011, and $2.0 million of which was contributed in June 2012.

In March 2015, the Company purchased from Novel its 50% interest in Iconix China for $57.4 million, of which $40.4 million was paid in cash, $15.7 million was paid in the Company's common stock, and $1.3 million was an amount due the Company from Iconix China that was offset against the Company's accounts receivable (the "2015 Buy-out"), thereby taking 100% of the equity interest in Iconix China. The following is a reconciliation of consideration paid to Novel Fashion Brands Limited:

Cash paid to Novel Fashion Brands Limited	$40,400
Shares issued to the seller	15,703
Offset of accounts receivable	1,269
Fair value of 50% interest in Iconix China	$57,372

As a result of the 2015 Buy-out, Iconix China is subject to consolidation and is included in the Company's unaudited condensed consolidated financial statements at June 30, 2015.

The estimated fair value of the assets acquired, less liabilities assumed, is allocated as follows:

Fair value of 50% interest in Iconix China	$57,372
Book value of Company equity investment prior to 2015	
Buy-out	7,382
Gain on re-measurement of initial equity investment	49,990
	$114,744
Trademarks	40,501
Investments in private companies	38,870
Cash	20,184
Other assets	5,997
Accrued expenses	(447)
Goodwill	