Iconic Brands, Inc.
Form 10-K
March 26, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2011

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

For the transition period from ___________ to ___________

Commission File No. 333-147755

ICONIC BRANDS, INC.
(Name of small business issuer in its charter)

NEVADA (State or other jurisdiction of incorporation or organization)	13-4362274 (IRS Employer Identification No.)
c/o David Lubin & Associates, PLLC 10 Union Avenue Suite 5 Lynbrook, New York (Address of principal executive offices)	11563 (Zip Code)

(516) 887-8200
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class registered:	Name of each exchange on which registered:
None	None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value $0.00001
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

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 x No o

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference Part III of this Form 10-K or any amendment to this Form 10-K. x

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

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

As of June 29, 2012, the last business day of the registrant's most recently computed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, was $56,070.

On March 12, 2013, the Company has 49,555,062 shares of common stock issued and outstanding.

Documents Incorporated by Reference : None.

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

Iconic Brands, Inc., formerly Paw Spa, Inc. ("Iconic Brands"), was incorporated in the State of Nevada on October 21, 2005. Our plan was to provide mobile grooming and spa services for cats and dogs. Our services were going to include bathing, hair cutting and styling, brushing/combing, flea and tick treatments, nail maintenance and beautification, ear cleaning, teeth cleaning, hot oil treatments, and massage. We did not have any business operations and failed to generate any revenues. We abandoned this business, as we lacked sufficient capital resources. On June 10, 2009, the Company acquired Harbrew Imports, Ltd. ("Harbrew New York"), a New York corporation incorporated on September 8, 1999 which was a wholly owned subsidiary of Harbrew Imports, Ltd. Corp. ("Harbrew Florida"), a Florida corporation incorporated on January 4, 2007. On the Closing Date, pursuant to the terms of the Merger Agreement, the Company issued to the designees of Harbrew New York 27,352,301 shares of our Common Stock at the Closing, or approximately 64% of the 42,510,301 shares outstanding subsequent to the merger. After the merger, Harbrew New York continued as the surviving company under the laws of the state of New York and became the wholly owned subsidiary of the Company.

In anticipation of the merger between Iconic Brands, Inc. and Harbrew New York, on May 1, 2009 the Board of Directors and a majority of shareholders of Harbrew New York approved the amendment of its Articles of Incorporation changing its name to Iconic Imports, Inc. ("Iconic Imports"). On June 22, 2009, this action was filed with the New York State Department of State.

Prior to the merger on June 10, 2009, Iconic Brands had no assets, liabilities, or business operations. Accordingly, the merger has been treated for accounting purposes as a recapitalization by the accounting acquirer Harbrew New York/Iconic Imports and the financial statements reflect the assets, liabilities, and operations of Harbrew New York/Iconic Imports from its inception on September 8, 1999 to June 10, 2009 and are combined with Iconic Brands thereafter. Iconic Brands and its wholly-owned subsidiary Harbrew New York/Iconic Imports are hereafter referred to as the "Company".

The Company was a brand owner of self-developed alcoholic beverages. Furthermore, the Company imported, marketed and sold these beverages throughout the United States and globally.

Effective June 10, 2009, prior to the merger, Harbrew Florida affected a 1-for-1,000 reverse stock split of its common stock, reducing the issued and outstanding shares of common stock from 24,592,160 to 24,909, which includes a total of 317 shares resulting from the rounding of fractional shares.

On August 20, 2010, the Company and Seven Cellos LLC terminated the License Agreement relating to the distribution of an alcoholic beverage known as "Danny DeVito's Premium Limoncello". In the year ended December 31, 2010, this brand accounted for approximately 96% of total sales.

On August 20, 2010, Capstone Capital Group I, LLC, a holder of a Promissory Note with a then remaining balance of approximately $233,000, delivered a Formal Notice of Default to the Company demanding payment of the balance on or before September 1, 2010. On September 16, 2010, Capstone delivered a Notification of Disposition of Collateral to the Company notifying the Company of its attachment of the Collateral (including cash, accounts receivable, inventories, equipment, and contract rights) and its intent to sell the Collateral to the highest qualified bidder in a public sale on September 28, 2010. On September 28, 2010, Capstone acquired the Collateral in exchange for the Promissory Note at the public auction sale; there were no other bidders.

On September 14, 2010, the Second District Court of Suffolk County New York issued a Warrant of Eviction removing the Company from its Lindenhurst, New York office and the Company ceased its business operations.

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. The Bankruptcy case is being administered under case No. 8-11-76814. The petition indicated that Imports had no assets and had liabilities of approximately $3,354,000. The case is still pending before the court.

On September 12, 2012, the Company announced the signing of a non-binding letter of intent (the "LOI") to acquire 45% of the membership units of United Spirits, LLC ("Spirits") owned by the Company's Chief Executive Officer, Richard DeCicco. As material terms have yet to be negotiated or agreed to, there is no assurance that the acquisition of membership units will close and, if it closes, that the terms will be favorable to the Company.

Employees

As of December 31, 2011, the Company had no employees other than its sole officer.

ITEM 1A. RISK FACTORS

Smaller reporting companies are not required to provide the information required by this Item 1A.

ITEM 2. PROPERTIES

As noted above, on September 14, 2010, the Second District Court of Suffolk County New York issued a Warrant of Eviction removing the Company from its Lindenhurst, New York office and the Company ceased its business operations. Currently the Company has no office space or other facilities.

ITEM 3. LEGAL PROCEEDINGS

The Company is party to a variety of legal proceedings. We accrue for these items as losses become probable and can be reasonably estimated. While the results of these legal proceedings cannot be predicted with certainty, management believes that the final outcome of these proceedings will have, and have had a material adverse effect on the Company's consolidated results of operations and financial position.

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. The Bankruptcy case is being administered under case No. 8-11-76814. The petition indicated that Imports had no assets and had liabilities of approximately $3,354,000. The case is still pending before the court.

On August 20, 2010, Capstone Capital Group I, LLC, a holder of a Promissory Note with a then remaining balance of approximately $190,000, delivered a Formal Notice of Default to the Company demanding payment of the balance on or before September 1, 2010. On September 16, 2010, Capstone delivered a Notification of Disposition of Collateral to the Company notifying the Company of its attachment of the collateral (including accounts receivable, inventories, equipment, and contract rights) and its intent to sell the collateral to the highest qualified bidder in a public sale on September 28, 2010.On September 14, 2010 , the Second District Court of Suffolk County New York issued a Warrant of Eviction removing the Company from its Lindenhurst, New York office. On September 28, 2010, an auction was held at the Company's warehouse located at 1174 Route 109 Lindenhurst NY. A bid was made by Capstone Capital Group I, LLC and Capstone Business Credit, LLC in the amount of $233,075.35 representing the credit balance due on the Promissory Note by and among Harbrew Imports, Ltd (Iconic Imports, Inc.,) Capstone Capital Group I,LLC and Capstone Business Credit, LLC. There were no other bids and the Auction was closed at 10.03 AM. The Company does not have an ability to pay the following legal actions, nor the funds available to defend the actions and therefore all the following actions will move to default status.

On or about January 24, 2008, Connecticut Container Corp., a wholesale distributor of packaging materials, initiated litigation against us in the Supreme Court of the State of New York in Nassau County (Docket No. 1458/08). The plaintiff had demanded payment of an aggregate of $31,693 in connection with certain amounts allegedly owed by us. On August 7, 2008, we settled the litigation for the full amount. We agreed to pay one-half of such amount on each of August 20, 2008 and September 20, 2008. We paid $24,500 and due to non-payment of the remaining amount a judgment for $7,443 was issued against us by the court.

On February 14, 2008, Chester Stewart, an individual, initiated a lawsuit in the State of Connecticut Superior Court (Docket No. D.N. HHD CV08-5018180S) alleging breach of a promissory note in the amount of $100,000. A judgment was entered in Connecticut, and will be defended when the action is entered in New York.

On or about July 24, 2008, Elite Marketing Concepts, a wholesale distributor of wine, initiated litigation against us in the Supreme Court of New York in Nassau County (Docket No. 08-009338). The plaintiff has demanded payment in the amount of $32,270 for goods sold and delivered to us by the plaintiff. On August 15, 2008, we reached an agreement to pay Elite $29,000 in two equal payments. We paid the first $14,500 and due to non-payment a judgment was issued against us on June 5, 2009 in the amount of $9,679. On May 6, 2009 a payment of $4,129.12 was made bringing the balance to $2,549.88

On October 23, 2008, Thermo Plastic Tech, Inc., a manufacturer of thermo plastic material, initiated litigation against us in the Superior Court of New Jersey Law Division, Civil Part, Union County (Docket No. UNN-L-3062-08). The plaintiff has demanded payment in the amount of $30,292 for goods sold and delivered to us by the plaintiff. The court issued a judgment against us in the amount of $30,292. A settlement agreement was reached in the amount of $12,500; final releases will be given with the last payment of $2,500 on June 1, 2010.

On August 5, 2009, The Estate of Mercer K Ellington initiated litigation claiming the company used the name Duke Ellington without permission. The company has retained counsel, answered all the accusations, and has initiated a counter claim against the estate.

On August 12, 2009, Christina Hsu, a former employee, initiated an action claiming the company owed wages and consulting services in the amount of $20,000. The company has retained counsel and answered all the pleadings.

On October 28, 2009, Contri Spumanti S.P.A., a producer of wine, initiated litigation against us in the Supreme Court of the State of New York County of Suffolk (index # 09-43045). The plaintiff has demanded payment the amount of $37,516.14 for goods sold by the company. The Court issued a judgment in the amount of the claim. A settlement agreement was reached for the amount claimed for 8 payments of a similar amount commencing April 1, 2010.

On October 29, 2009, Fred and Joseph Scalamandre Real Estate initiated litigation claiming non-payment of rent in the amount of $238,000 plus interest and fees for a specific time period. The company has recognized the total obligation on its books as of September 30, 2009, and has retained counsel to file an answer.

On November 4, 2009, Toyota Motor Credit Corporation initiated litigation in the amount of $17,104.09 claiming a default on the lease of an automobile. The company has retained counsel, and has answered all the pleadings.

On August 5, 2010, Coachman Luxury Transport initiated an action against Iconic Brands, Inc in the amount of $5,000 claiming non payment of monies due for rental of a bus. The company is not contesting the amount due.

On July 19, 2010, Sherwood Suffolk Co initiated an action against Iconic Brands, Inc in the amount of $7,518.56 for non payment of rent for the month of July. As today, the company owes Sherwood Suffolk Co, additional rent for the month of August in the amount of $7,518.56.

5

On September 16, 2010, Capstone Capital Group LLC notified the Company that in accordance with the Formal Notice of Default dated August 20, 2010, Capstone is exercising its right to attach and sell all the collateral referred to in the promissory note between the parties. The collateral consists of: all inventory, all equipment, machinery, fixtures, vehicles, furnishings, general intangibles, including trademarks, trade names, and anything else owned by Harbrew Imports Ltd, the predecessor name of Iconic Imports, Inc.

On November 30, 2010, Abraham Ohanian initiated an action against Harbrew Imports Ltd. Corp for failure to pay a promissory note in the amount of one hundred thousand dollars ($100,000.00). The company did not appear and a default judgment was entered against Harbrew Imports Ltd. Corp in the amount of 115,254.00 plus costs and disbursements.

On December 16, 2010, Chester Stewart, an individual, initiated a lawsuit in the State of Connecticut Superior Court (Docket No. D.N. HHD CV08-5018180S) alleging breach of a promissory note in the amount of $100,000. A judgment was entered in Connecticut, on February 18, 2008, the action was re-filed in the Supreme Court of New York, docket # 652286/2010.

We believe that the ultimate resolution of these matters will have a material adverse effect on our financial condition or operations. Apart from the legal proceedings noted in the previous paragraphs, we are not party to any legal proceedings, nor are we aware of any contemplated or pending legal proceedings against us.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

We have three classes of equity securities: (i) common stock, par value $.00001 per share, 49,555,062 shares of which were outstanding as of December 31, 2011 (ii) Series A preferred stock, par value $.00001 per share of which 1 share was outstanding as of December 31, 2011, and (iii) Series B preferred stock, stated value $2.00 per share of which 916,603 shares were outstanding as of December 31, 2011.

Our common stock has been quoted on the OTC Bulletin Board under the symbol "ICNB.OB" since July 2009. There has been no active trading in the Company’s securities, and there has been no bid or ask prices quoted.

Holders

As of December 31, 2011, there were approximately 360 shareholders of record of our common stock. This does not reflect the number of persons or entities who held stock in nominee or "street" name through various brokerage firms.

Holders of common stock are entitled to share in all dividends that the board of directors, in its discretion, declares from legally available funds. In the event of liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the common stock. Holders of our common stock have no pre-emptive rights, no conversion rights and there are no redemption provisions applicable to our common stock.

Dividends

Our board of directors has not declared a dividend on our common stock during the last two fiscal years nor do we anticipate paying any in the foreseeable future. Furthermore, we expect to retain any future earnings to finance our operations and expansion. The payment of cash dividends in the future will be at the discretion of our Board of Directors and will depend upon our earnings levels, capital requirements, any restrictive loan covenants and other factors the Board considers relevant.

Equity Compensation Plans

We do not have any equity compensation plans.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

The following unregistered securities were issued by the Company during the past three years:

On January 15, 2008, the Company issued a total of 125 shares of common stock each to Michael H. Ferrence and Richard A. Freeman in consideration for legal services rendered, valued in the aggregate amount of $25,000. These securities were issued in reliance on the exemption under Section 4(2) of the Securities Act of 1933, as amended (the “Act”). Messrs. Ferrence and Freeman were the securities lawyers for the Company and therefore have knowledge of the Company and sophistication with respect to business matters and had access to all of the information which would be required to be included in a registration statement, and the transaction did not involve a public offering.

On July 14, 2008, the Company issued a total of 1,600 shares of the Company’s common stock to two accredited investors, Bentley Asset Investment Group, Inc, and New Century Capital Consultants, Inc. (the “Consultants”), pursuant to Consulting Agreements between the Company and the Consultants, valued in the amount of $160,000. Pursuant to the consulting agreements, the Consultant provided non-exclusive consulting services related to the further development of the Company’s business and other services described in Section 1 of the agreements. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On August 8, 2008, the Company issued 2,731 shares of common stock to Richard J. DeCicco, its Chief Executive Officer, in consideration of services rendered as the chief executive of the Company, valued in the amount of $273,096. These securities were issued in reliance on the exemption under Section 4(2) of the Act. Mr. Decicco is an officer and a director of the Company and had access to all of the information which would be required to be included in a registration statement and the transaction did not involve a public offering.

On August 8, 2008, the Company issued a total of 1,050 shares of common stock to The DeVito Family Trust DTD and the DeVito Children’s Trust of 1988, accredited investors, valued in the amount of $105,000. The shares were issued pursuant to the License Agreement between the Company and Seven Cellos by which the Company obtained a limited license for the use of Danny Devito’s name and likeness and his endorsement in connection with the manufacture, distribution and promotion of the Danny Devito Premium Limoncello. These securities were issued in reliance on the exemption under Section 4(2) of the Act.

On August 11, 2008, the Company issued 2,000 shares of the its common stock to an accredited investor, MLF Group, LLC, a consulting firm pursuant the Financial Consulting Agreement dated July 31, 2008 between MLF Group LLC and the Company, valued in the amount of $200,000. Pursuant the agreement MLF performed services as a financial consultant and provided the Company with an analysis of its business and industry and other services as discussed in Section III of the agreement. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

Pursuant to the Merger Agreement, On June 10, 2009, the Company issued 27,352,301 shares of common stock to the designees of Harbrew New York. Of this amount:

1) 24,909 shares were issued to Harbrew Florida stockholders. These securities were issued in reliance on the exemption under Section 4(2) of the Act. The investors were stockholders of Harbrew Florida whose shares were exchanged for shares of the Company in the reverse merger. Such stockholders were employees of the broker dealer assisting with the merger and other professional advisors of the Company including legal and financial consultants and as such had access to all of the information which would be required to be included in a registration statement and the transaction did not involve a public offering.

2) 19,634,112 shares of common stock were issued to Company management and personnel for services rendered, including 15,972,359 shares to the Richard J. DeCicco, the Company's Chief Executive Officer, 100,000 shares to the William Blacker, the Company's Chief Financial Officer, and 2,586,753 shares to Donald Chadwell, the Company's director at the time. The estimated value of the services rendered is $1,963,411 and 850,000 shares to eight employees, and 125,000 shares to a law firm. These securities were issued in reliance on the exemption under Section 4(2) of the Act; the recipients are affiliates of the Company and had access to all of the information which would be required to be included in a registration statement and the transaction did not involve a public offering.

3) 2,086,973 shares of common stock valued at $208,697 were issued to Danny DeVito and affiliates, accredited investors, for consulting services performed in connection with the License Agreement between the Company and Seven Cellos by which the Company obtained a limited license for the use of Danny Devito's name and likeness and his endorsement in connection with the manufacture, distribution and promotion of the Danny Devito Premium Limoncello. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering;

4) 4,606,307 shares of common stock were issued to noteholders who are accredited investors in satisfaction of $2,125,625 of debt and $177,529 of accrued interest which was converted to shares of the Company in the merger. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering;

5) 1,000,000 shares of common stock were issued to Capstone, an accredited investor, as part of the Termination Agreement dated June 5, 2009, between the Harbrew Imports Ltd and Capstone Business Credit LLC and Capstone Capital Group, LLC. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

Pursuant to the terms of the Merger Agreement, the Company issued 1 share of Series A Preferred Stock valued at $100,000 to Richard J. DeCicco, the Company's Chief Executive Officer for services rendered, valued in the amount of $100,000. The 1 share of Series A Preferred Stock entitles the holder to two (2) votes for every share of Common Stock deemed outstanding and has no conversion or dividend rights. These securities were issued in reliance on the exemption under Section 4(2) of the Act. Mr. Decicco is an officer and a director of the Company and had access to all of the information which would be required to be included in a registration statement and the transaction did not involve a public offering

Pursuant to the terms of the Termination Agreement dated June 5, 2009, between the Harbrew Imports Ltd. and Capstone Business Credit LLC and Capstone Capital Group, LLC, the Company issued 916,603 shares of Series B Preferred Stock valued at $1,833,206 to Capstone Capital Group I, LLC, an accredited investor. Each share of the Series B Preferred Stock has a liquidation preference of $2.00 per share, has no voting rights, and is convertible into one share of Common Stock at the lower of (1) $2.00 per share or, (2) the volume weighted average price per share for the 20 trading days immediately prior to the conversion date. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

In the three months ended September 30, 2009, a total of (i) $122,500 of principal amount of 7% promissory notes issued to accredited investors in Harbrew Imports Ltd. and $28,147 of accrued interest thereon was converted into a total of 300,110 shares of Company common stock as a result of accredited investors in Harbrew Imports Ltd. converting outstanding convertible promissory notes held by them into shares of the public company in the reverse merger. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On August 19, 2009, the Company completed a private placement offering in the aggregate amount of $500,000 with an accredited investor through the sale of (a) 1,000,000 shares of its common stock, par value $0.0001, with a per share purchase price of $0.50 per share; (b) a Class I Common Stock Purchase Warrant to purchase an aggregate of 100% of the number of shares of our common stock at an exercise price of $1.00 per share, exercisable for a period of five years; and (c) a Class J Common Stock Purchase Warrant to purchase an aggregate of 100% of the number of shares of our common stock at an exercise price of $1.50 per share, exercisable for a period of five years. Proceed from the sale of the securities were used for working capital purposes. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On October 6, 2009, the Company issued 1,000,000 shares of its common stock to Brady Middleditch, an accredited investor, pursuant to a one month Consulting Agreement for general management and consulting services, including advising the Company on corporate structure, marketing and developing strategic alliances. Such services were valued in the amount of $200,000. These securities were issued in reliance on the exemption under Section 4(2) of the Act and were acquired for investment purposes and not with a view to distribution and did not involve a public offering.

Pursuant to the Exclusive License Agreement dated January 15, 2010, between the Company and Tony Siragusa, the Company was granted a limited license to certain rights in and to Tony Siragusa’s name, likeness and biography for use by the Company in connection with Tony Siragusa’s YO Vodka. In consideration for such uses, the Company issued 250,000 shares of its common stock, warrants to purchase 500,000 shares of its common stock at an exercise price of $1.00 per share, and warrants to purchase 500,000 shares of its common stock at an exercise price of $1.50 to Tony Siragusa, an accredited investor. We did not generate any proceeds from the issuance of the securities. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On February 24, 2010, the Company issued 300,000 shares of common stock to CorProminence LLC, an accredited investor, in consideration for management consulting, business advisory, shareholder information and public relation services rendered pursuant to the Consulting Agreement dated January 4, 2010. The $69,000 fair value of the common stock at date of issuance was expensed in full in the three months ended March 31, 2010 and included in professional fees. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On March 16, 2010, the Company issued 2,000,000 shares of common stock to Cresta Capital Strategies LLC, an accredited investor in consideration for consulting services involving investment banking services rendered to the Company pursuant to a one year extension of the Consulting Agreement dated March 16, 2010. The fair value of the common stock ($350,000) and warrants ($246,000) at date of issuance was capitalized as a prepaid expense (see note 4) and is being amortized over the one year term as professional fees. The warrants were valued using the Black-Scholes option pricing model and the following assumptions: risk free interest rate of 2.37%, volatility of 100%, and term of five years. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On April 19, 2010, the Company satisfied debt totaling $455,635 through its commitment to issue to the respective 5 creditors a total of 4,556,350 shares of its common stock and 4,556,350 three year warrants exercisable at $0.20 per share. The Company expects to issue these shares and warrants in the near future. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On April 19, 2010, the Company agreed to issue to a note holder 250,000 shares of its common stock in consideration of the note holder’s extension of the due date (from March 31, 2010 to May 31, 2010) of a $110,000 promissory note. The $21,400 fair value of the common stock at date of commitment was expensed in the three months ended June 30, 2010 and included in interest expense. The Company expects to issue these shares in the near future. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On January 18, 2011, the Company issued 1,842,105 shares of Iconic common stock to Asher Enterprises, Inc. (“Asher”) pursuant to Asher’s Notice of Conversion to convert $3,500 debt at a price of $0.0019 per share, resulting in the reduction of debt due to Asher from $60,000 to $56,500. These securities were issued in reliance on the exemption under Section 4(2) of the Act and did not involve a public offering.

On January 6 and 13, 2010, the Company issued a total of 200,000 shares of common stock, 100,000 five year warrants exercisable at $0.22 per share, and 100,000 five year warrants exercisable at $0.23 per share, along with two promissory notes in the amount of $110,000 each (one due March 31, 2010 and one due May 31, 2010), to an investor in exchange for a $200,000 loan. The fair value of the common stock ($45,000) and warrants ($33,930), along with the $20,000 discount, were recorded as debt discounts, which are being amortized over the terms of the notes as interest expense. The warrants were valued using the Black-Scholes option pricing model and the following assumptions: risk free interest rates of 2.6% and 2.55%, volatility of 100%, and terms of five years.

On January 15 and 25, 2010, the Company issued a total of 152,546 shares of common stock to three investors in satisfaction of a total of $62,500 of convertible debt and approximately $13,773 of accrued interest.

On February 8, 2010, the Company issued 250,000 shares of common stock and 1,000,000 warrants to Tony Siragusa pursuant to the License Agreement described in Note 7 above.

On February 24, 2010, the Company issued 300,000 shares of common stock to CorProminence pursuant to a 45 day consulting agreement dated January 4, 2010. The $69,000 fair value of the common stock at date of issuance was expensed in full in the three months ended March 31, 2010 and included in professional fees.

On March 16, 2010, the Company issued 2,000,000 shares of common stock and 2,000,000 five year warrants exercisable at $0.25 per share to Cresta Capital Strategies pursuant to a one year extension of a consulting agreement. The fair value of the common stock ($350,000) and warrants ($246,000) at date of issuance was capitalized as a prepaid expense and is being amortized over the one year term as professional fees. The warrants were valued using the Black-Scholes option pricing model and the following assumptions: risk free interest rate of 2.37%, volatility of 100%, and term of five years.

On April 19, 2010, the Company satisfied debt totaling $455,635 through its commitment to issue to the respective 5 creditors a total of 4,556,350 shares of its common stock and 4,556,350 three year warrants exercisable at $0.20 per share. The Company expects to issue these shares and warrants in the near future.

On April 19, 2010, the Company agreed to issue to a note holder 250,000 shares of its common stock in consideration of the note holder’s extension of the due date (from March 31, 2010 to May 31, 2010) of a $110,000 promissory note. The $21,400 fair value of the common stock at date of commitment was expensed in the three months ended June 30, 2010 and included in interest expense. The Company expects to issue these shares in the near future.

11

On January 18, 2011, the Company issued 1,842,105 shares of Iconic common stock to Asher Enterprises, Inc. ("Asher") pursuant to Asher's Notice of Conversion to convert $3,500 debt at a price of $0.0019 per share, resulting in the reduction of debt due to Asher from $60,000 to $56,500

Debt

On January 4 and 13, 2010, the company issued 2 promissory notes to an investor in the amount of $110,000 each. The notes bear interest of 13% per annum and were payable on March 31, 2010 and May 31, 2010 respectively.

ITEM 6. SELECTED FINANCIAL DATA

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS.

The following discussion is an overview of the important factors that management focuses on in evaluating our business, financial condition and operating performance and should be read in conjunction with the financial statements included in this Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward looking statements as a result of any number of factors.

Our Business

Prior to the consummation of the Merger Agreement, Harbrew New York was a wholly-owned subsidiary of Harbrew Florida. Harbrew Florida was incorporated in the state of Florida on January 4, 2007, under the former name Stassi Harbrew Imports Corp., pursuant to the Bankruptcy Court Approved Reorganization Plan for the Stassi Interaxx, Inc. ("Stassi") reorganization confirmed on December 20, 2006. On May 17, 2007, Harbrew Florida acquired Harbrew New York, a New York corporation incorporated on September 8, 1999 engaged in importing and wholesaling spirits, wine and beer. As a result, Harbrew New York became a wholly-owned subsidiary of Harbrew Florida.

On June 10, 2009, Merger Sub, Harbrew Florida, Harbrew New York and we entered into a Merger Agreement which resulted in Harbrew New York becoming our wholly owned subsidiary (the "Merger"). The Merger was accomplished by means of a Merger Agreement in which Harbrew New York merged with and into Merger Sub and each share of Harbrew's common stock issued and outstanding immediately prior to the closing of the Merger was converted into one share of Iconic Brands' common stock. Under the terms of the Merger Agreement and as a result of the Merger:

- Harbrew New York became our wholly owned subsidiary; and

- In exchange for all of the shares of Harbrew common stock, each share of Harbrew's common stock issued and outstanding immediately prior to the closing of the Merger was converted into one share of Iconic Brands' common stock.

This transaction closed on June 10, 2009.

Prior to the merger on June 10, 2009, we had no assets, liabilities, or business operations. Accordingly, the merger has been treated for accounting purposes as a recapitalization by the accounting acquirer, Harbrew New York, and the financial statements reflect the assets, liabilities, and operations of Harbrew New York from its inception on September 8, 1999 to June 10, 2009 and us thereafter. References to our company are with respect to Harbrew New York to June 10, 2009 and us thereafter.

On September 16, 2010, Capstone Capital Group LLC notified the Company that in accordance with the Formal Notice of Default dated August 20, 2010, Capstone is exercising its right to attach and sell all the collateral referred to in the promissory note between the parties. The collateral consists of: all inventory, all equipment, machinery, fixtures, vehicles, furnishings, general intangibles, including trademarks, trade names, and anything else owned by Harbrew Imports Ltd, the predecessor name of Iconic Imports, Inc.

On September 28, 2010, an auction was held at the company's warehouse located at 1174 Route 109 Lindenhurst NY. A bid was made by Capstone Capital Group I, LLC and Capstone Business Credit, LLC in the amount of $233,075.35 representing the credit balance due on the Promissory Note (as more fully described in that certain Termination Agreement, dated June 5, 2010) by and among Harbrew Imports, Ltd (Iconic Imports, Inc.,) Capstone Capital Group I,LLC and Capstone Business Credit, LLC). There were no other bids and the Auction was closed at 10.03 AM.

On September 14, 2010, the Second District Court of Suffolk County New York issued a Warrant of Eviction removing the Company from its Lindenhurst, New York office and the Company ceased its business operations.

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. The Bankruptcy case is being administered under case No. 8-11-76814. The petition indicated that Imports had no assets and had liabilities of approximately $3,354,000. The case is still pending before the court

The Company plans to improve its financial condition by reorganizing. However, there is no assurance that the Company will be successful in accomplishing these objectives.

We hope to be in the business of importing and wholesaling spirits, wine and beer to distributors in the United States on a national basis and to retail licensees both on and off premise in New York, through our wholesale license.

Plan of Operations

Certain statements contained in this prospectus, including statements regarding the anticipated development and expansion of our business, our intent, belief or current expectations, primarily with respect to the future operating performance of Iconic Brands, Inc. All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made.

Plan of Operation - General

Although we intend to be in the spirits business, during the next 12 months, the Company intends to seek, investigate and, if such investigation warrants, acquire an interest in one or more business opportunities presented to it by persons or firms who or which desire to seek the perceived advantages of a publicly held corporation. At this time, the Company has no plan, proposal, agreement, understanding or arrangement to acquire or merge with any specific business or company, and the Company has not identified any specific business or company for investigation and evaluation. No member of Management or promoter of the Company has had any material discussions with any other company with respect to any acquisition of that company.

Although we hope to be in the spirits business, the Company will not restrict its search to any specific business, industry or geographical location, and the Company may participate in a business venture of virtually any kind or nature. The discussion of the proposed plan of operation under this caption and throughout this Annual Report is purposefully general and is not meant to be restrictive of the Company's virtually unlimited discretion to search for and enter into potential business opportunities.

The Company will have to obtain funds in one or more private placements to finance the operation of any acquired business. Persons purchasing securities in these placements and other shareholders will likely not have the opportunity to participate in the decision relating to any acquisition. The Company's proposed business is sometimes referred to as a "blind pool" because any investors will entrust their investment monies to the Company's management before they have a chance to analyze any ultimate use to which their money may be put. Consequently, the Company's potential success is heavily dependent on the Company's management, which will have virtually unlimited discretion in searching for and entering into a business opportunity. None of the officers and directors of the Company has had any experience in the proposed business of the Company. There can be no assurance that the Company will be able to raise any funds in private placements. In any private placement, management may purchase shares on the same terms as offered in the private placement.

Management anticipates that it will only participate in one potential business venture. This lack of diversification should be considered a substantial risk in investing in the Company because it will not permit the Company to offset potential losses from one venture against gains from another. The Company may seek a business opportunity with a firm which only recently commenced operations, or a developing company in need of additional funds for expansion into new products or markets, or seeking to develop a new product or service, or an established business which may be experiencing financial or operating difficulties and is in the need for additional capital which is perceived to be easier to raise by a public company. In some instances, a business opportunity may involve the acquisition or merger with a corporation which does not need substantial additional cash but which desires to establish a public trading market for its common stock. The Company may purchase assets and establish wholly owned subsidiaries in various business or purchase existing businesses as subsidiaries.

The Company anticipates that the selection of a business opportunity in which to participate will be complex and extremely risky. Because of general economic conditions, rapid technological advances being made in some industries, and shortages of available capital, management believes that there are numerous firms seeking the benefits of a publicly traded corporation. Such perceived benefits of a publicly traded corporation may include facilitating or improving the terms on which additional equity financing may be sought, providing liquidity for the principals of a business, creating a means for providing incentive stock options or similar benefits to key employees, providing liquidity (subject to restrictions of applicable statutes) for all shareholders, and other factors. Potentially available business opportunities may occur in many different industries and at various stages of development, all of which will make the task of comparative investigation and analysis of such business opportunities extremely difficult and complex.

As part of any transaction, the acquired company may require that management or other stockholders of the Company sell all or a portion of their shares to the acquired company, or to the principals of the acquired company. It is anticipated that the sales price of such shares will be lower than the current market price or anticipated market price of the Company's Common Stock. The Company's funds are not expected to be used for purposes of any stock purchase from insiders. The Company shareholders will not be provided the opportunity to approve or consent to such sale. The opportunity to sell all or a portion of their shares in connection with an acquisition may influence management's decision to enter into a specific transaction. However, management believes that since the anticipated sales price will be less than market value, that the potential of a stock sale by management will be a material factor on their decision to enter a specific transaction.

The above description of potential sales of management stock is not based upon any corporate bylaw, shareholder or board resolution, or contract or agreement. No other payments of cash or property are expected to be received by Management in connection with any acquisition.

The Company has not formulated any policy regarding the use of consultants or outside advisors, but does not anticipate that it will use the services of such persons.

The Company has, and will continue to have, insufficient capital with which to provide the owners of business opportunities with any significant cash or other assets. However, management believes the Company will offer owners of business opportunities the opportunity to acquire a controlling ownership interest in a public company at substantially less cost than is required to conduct an initial public offering. The owners of the business opportunities will, however, incur significant post-merger or acquisition registration costs in the event they wish to register a portion of their shares for subsequent sale. The Company will also incur significant legal and accounting costs in connection with the acquisition of a business opportunity including the costs of preparing post-effective amendments, Forms 8-K, agreements and related reports and documents nevertheless, the officers and directors of the Company have not conducted market research and are not aware of statistical data which would support the perceived benefits of a merger or acquisition transaction for the owners of a business opportunity.

The Company does not intend to make any loans to any prospective merger or acquisition candidates or to unaffiliated third parties.

Sources of Opportunities

The Company anticipates that business opportunities for possible acquisition will be referred by various sources, including its officers and directors, professional advisers, securities broker-dealers, venture capitalists, members of the financial community, and others who may present unsolicited proposals.

The Company will seek a potential business opportunity from all known sources, but will rely principally on personal contacts of its officers and directors as well as indirect associations between them and other business and professional people. It is not presently anticipated that the Company will engage professional firms specializing in business acquisitions or reorganizations.

The officers and directors of the Company are currently employed in other positions and will devote only a portion of their time (not more than three hour per week) to the business affairs of the Company, until such time as an acquisition has been determined to be highly favorable, at which time they expect to spend full time in investigating and closing any acquisition for a period of two weeks. In addition, in the face of competing demands for their time, the officers and directors may grant priority to their full-time positions rather than to the Company.

Evaluation of Opportunities

The analysis of new business opportunities will be undertaken by or under the supervision of the officers and directors of the Company. Management intends to concentrate on identifying prospective business opportunities which may be brought to its attention through present associations with management. In analyzing prospective business opportunities, management will consider such matters as the available technical, financial and managerial resources; working capital and other financial requirements; history of operation, if any; prospects for the future; present and expected competition; the quality and experience of management services which may be available and the depth of that management; the potential for further research, development or exploration; specific risk factors not now foreseeable but which then may be anticipated to impact the proposed activities of the Company; the potential for growth or expansion; the potential for profit; the perceived public recognition or acceptance of products, services or trades; name identification; and other relevant factors. Officers and directors of the Company will meet personally with management and key personnel of the firm sponsoring the business opportunity as part of their investigation. To the extent possible, the Company intends to utilize written reports and personal investigation to evaluate the above factors. The Company will not acquire or merge with any company for which audited financial statements cannot be obtained.

It may be anticipated that any opportunity in which the Company participates will present certain risks. Many of these risks cannot be adequately identified prior to selection of the specific opportunity, and the Company's shareholders must, therefore, depend on the ability of management to identify and evaluate such risk. In the case of some of the opportunities available to the Company, it may be anticipated that the promoters thereof have been unable to develop a going concern or that such business is in its development stage in that it has not generated significant revenues from its principal business activities prior to the Company's anticipation. There is a risk, even after the Company's participation in the activity and the related expenditure of the Company's funds, that the combined enterprises will still be unable to become a going concern or advance beyond the development stage. Many of the opportunities may involve new and untested products, processes, or market strategies which may not succeed. Such risks will be assumed by the Company and, therefore, its shareholders.

The Company will not restrict its search for any specific kind of business, but may acquire a venture which is in its preliminary or development stage, which is already in operation, or in essentially any stage of its corporate life. It is currently impossible to predict the status of any business in which the Company may become engaged, in that such business may need additional capital, may merely desire to have its shares publicly traded, or may seek other perceived advantages which the Company may offer.

Acquisition of Opportunities

In implementing a structure for a particular business acquisition, the Company may become a party to a merger, consolidation, reorganization, joint venture, franchise or licensing agreement with another corporation or entity. It may also purchase stock or assets of an existing business. On the consummation of a transaction, it is possible that the present management and shareholders of the Company will not be in control of the Company. In addition, a majority or all of the Company's officers and directors may, as part of the terms of the acquisition transaction, resign and be replaced by new officers and directors without a vote of the Company's shareholders.

It is anticipated that any securities issued in any such reorganization would be issued in reliance on exemptions from registration under applicable Federal and state securities laws. In some circumstances, however, as a negotiated element of this transaction, the Company may agree to register such securities either at the time the transaction is consummated, under certain conditions, or at specified time thereafter. The issuance of substantial additional securities and their potential sale into any trading market which may develop in the Company's Common Stock may have a depressive effect on such market. While the actual terms of a transaction to which the Company may be a party cannot be predicted, it may be expected that the parties to the business transaction will find it desirable to avoid the creation of a taxable event and thereby structure the acquisition in a so called "tax free" reorganization under Sections 368(a)(1) or 351 of the Internal Revenue Code of 1986, as amended (the "Code"). In order to obtain tax free treatment under the Code, it may be necessary for the owners of the acquired business to own 80% or more of the voting stock of the surviving entity. In such event, the shareholders of the Company, including investors in this offering, would retain less than 20% of the issued and outstanding shares of the surviving entity, which could result in significant dilution in the equity of such shareholders.

As part of the Company's investigation, officers and directors of the Company will meet personally with management and key personnel, may visit and inspect material facilities, obtain independent analysis or verification of certain information provided, check references of management and key personnel, and take other reasonable investigative measures, to the extent of the Company's limited financial resources and management expertise.

The manner in which each Company participates in an opportunity will depend on the nature of the opportunity, the respective needs and desires of the Company and other parties, the management of the opportunity, and the relative negotiating strength of the Company and such other management.

With respect to any mergers or acquisitions, negotiations with target company management will be expected to focus on the percentage of the Company which target company shareholders would acquire in exchange for their shareholdings in the target company. Depending upon, among other things, the target company's assets and liabilities, the Company's shareholders will in all likelihood hold a lesser percentage ownership interest in the Company following any merger or acquisition. The percentage ownership may be subject to significant reduction in the event the Company acquires a target company with substantial assets. Any merger or acquisition effected by the Company can be expected to have a significant dilutive effect on the percentage of shares held by the Company's then shareholders, including purchasers in this offering.

The Company will not have sufficient funds (unless it is able to raise funds in a private placement) to undertake any significant development, marketing and manufacturing of any products which may be acquired.

Accordingly, following the acquisition of any such product, the Company will, in all likelihood, be required to either seek debt or equity financing or obtain funding from third parties, in exchange for which the Company would probably be required to give up a substantial portion of its interest in any acquired product. There is no assurance that the Company will be able either to obtain additional financing or interest third parties in providing funding for the further development, marketing and manufacturing of any products acquired.

It is anticipated that the investigation of specific business opportunities and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and others. If a decision is made not to participate in a specific business opportunity the costs therefore incurred in the related investigation would not be recoverable.

Furthermore, even if an agreement is reached for the participation in a specific business opportunity, the failure to consummate that transaction may result in a loss to the Company of the related costs incurred.

Management believes that the Company may be able to benefit from the use of "leverage" in the acquisition of a business opportunity. Leveraging a transaction involves the acquisition of a business through incurring significant indebtedness for a large percentage of the purchase price for that business.

Through a leveraged transaction, the Company would be required to use less of its available funds for acquiring the business opportunity and, therefore, could commit those funds to the operations of the business opportunity, to acquisition of other business opportunities or to other activities. The borrowing involved in a leveraged transaction would ordinarily be secured by the assets of the business opportunity to be acquired. If the business opportunity acquired is not able to generate sufficient revenues to make payments on the debt incurred by the Company to acquire that business opportunity, the lender would be able to exercise the remedies provided by law or by contract. These leveraging techniques, while reducing the amount of funds that the Company must commit to acquiring a business opportunity, may correspondingly increase the risk of loss to the Company. No assurance can be given as to the terms or the availability of financing for any acquisition by the Company. During periods when interest rates are relatively high, the benefits of leveraging are not as great as during periods of lower interest rates because the investment in the business opportunity held on a leveraged basis will only be profitable if it generates sufficient revenues to cover the related debt and other costs of the financing. Lenders from which the Company may obtain funds for purposes of a leveraged buy-out may impose restrictions on the future borrowing, distribution, and operating policies of the Company. It is not possible at this time to predict the restrictions, if any, which lenders may impose or the impact thereof on the Company.

Going Concern Consideration

As of December 31, 2011, the Company had negative working capital of $3,865,207 and a stockholders' deficiency of $7,370,938. Further, from inception to December 31, 2011, the Company incurred losses of $16,309,007. These factors create substantial doubt as to the Company's ability to continue as a going concern. The Company plans to improve its financial condition by reorganizing and acquiring a new business. However, there is no assurance that the Company will be successful in accomplishing this objective. The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Letter of Intent

On September 12, 2012, the Company announced the signing of a non-binding letter of intent (the "LOI") to acquire 45% of the membership units of United Spirits, LLC ("Spirits") owned by the Company's Chief Executive Officer, Richard DeCicco. Spirits is a two member Florida limited liability company which was formed on December 16, 2011. Spirits is a startup company that has been financed by the other managing member who has contributed cash for his member's capital account, plus loans to the new entity, while Mr. DeCicco has contributed rights to certain brands and limited operating assets to Spirits, which commenced operations on January 20, 2012. The Operating Agreement of Spirits requires among other things that Spirits shall allocate losses pro rata to members accounts and thereafter with respect to the respective percentage interests; and then first allocate profits to members who have contributed capital contributions in cash, or made loans that are still outstanding to that member by Spirits, and thereafter in accordance with their percentage interests.

Spirits has had only nominal revenues and its only tangible asset consists of approximately $300,000 of branded inventory at cost. It has incurred substantive losses from operations during the startup period for incurring expenses such as payroll (including the managing members), promotion, travel and entertainment and rent.

The exact nature of the acquisition is still being negotiated and the purchase price to be paid by the Company, which was not specified in the LOI, to Mr. DeCicco has not been agreed upon. The Company intends for Spirits to assist the Company in sourcing new brands as they are acquired or developed internally.

As material terms have yet to be negotiated or agreed to, there is no assurance that the acquisition of membership units will close and, if it closes, that the terms will be favorable to the Company.

Results of Operations

Years ended December 31, 2011 and 2010

Sales:

Sales decreased by $371,113 or100% from $371,313 for the year ended December 31, 2010 to $0 for the year ended December 31, 2011. The decrease in sales for the twelve months reflects the company's inability to raise capital and to continue its business operations. As of September 28, 2010, the Company's assets were sold at auction and the Company ceased its business operations.

Cost of goods sold:

Cost of goods sold decreased by $235,000 or 100%, from $235,744 for the year ended December 31, 2010 to $0 for the year ended December 31, 2011. This decrease in COGS is consistent with the cessation of the Company's operations as the Company could not raise sufficient funds to support its business.

18

Gross profit:

Gross profit was $135,569 for the year ended December 31, 2010 and $0 for the year ended December 31, 2011, mainly attributable to the fact that the Company ceased its business operations.

Selling, general and administrative expenses:

Selling general and administrative expenses for the year ended December 31, 2011 and 2010 were $0 and $1,751,982 respectively, a decrease of $1,751,000 or 100%, mainly attributable to the fact that the Company ceased its business operations.

Income (loss) from Operations:

Loss from operations was $105,506 for the year ended December 31, 2011 and $199,317 for the year ended December 31, 2010. The decrease in the loss from operations for the year results from the fact that the Company ceased its business operations.

Interest Expense:

Interest expense for the year ended December, 2011 and 2010 was $45,307 and $133,978, respectively, a decrease of $88,671 or 66%. The decrease in interest expense for the year was a result of a rate reset by our largest creditor, and the conversion of convertible debt, and notes to equity.

Net Income (loss):

Net loss was $184,677 for the year ended December 31, 2011, compared to $2,738,761 for the year ended December 31, 2010, a decrease of $2,554,084 or 93%. The decrease in the net loss for the year was a result of the culmination of all the reasons previously described

Liquidity And Capital Resources

For the period from January 1 2012 through February 21, 2013, two entity lenders (one holding $102,000 of the 0% loans payable aggregating $112,300 and one holding $10,000 of the 0% loans payable aggregating $112,300, the $30,000 6% convertible promissory note and the $70,000 12% convertible promissory notes at December 31, 2011) paid legal, audit and accounting, and consulting fees on behalf of the Company. The loans are due on demand and are not memorialized.

The focus of Iconic's efforts is to acquire or develop an operating business. Despite no active operations at this time, management intends to continue in business and has no intention to liquidate the Parent Company. Iconic has considered various business alternatives including the possible acquisition of an existing business, but to date has found possible opportunities unsuitable or excessively priced. Iconic does not contemplate limiting the scope of its search to any particular industry. Management has considered the risk of possible opportunities as well as their potential rewards. Management has invested time evaluating several proposals for possible acquisition or combination; however, none of these opportunities were pursued. Iconic presently owns no real property and at this time has no intention of acquiring any such property. Iconic's significant expected expenses are comprised primarily of professional fees incident to its reporting requirements.

The accompanying financial statements have been prepared assuming Iconic will continue as a going concern. Iconic's recurring losses from operations, stockholders' deficiency and working capital deficiency, and lack of revenue generating operations, raise substantial doubt about the Company's ability to continue as a going concern.

Management believes Iconic will continue to incur losses and negative cash flows from operating activities for the foreseeable future and will need additional equity or debt financing to sustain its operations until it can achieve profitability and positive cash flows, if ever. Management plans to seek additional debt and/or equity financing for Iconic, but cannot assure that such financing will be available on acceptable terms.

The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty. There can be no assurance that management will be successful in implementing its business plan or that the successful implementation of such business plan will actually improve the Company's operating results.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements between us and any other entity 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 that is material to stockholders.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A summary of significant accounting policies is included in Note 2 to the audited consolidated financial statements for the year ended December 31, 2011. Management believes that the application of these policies on a consistent basis enables us to provide useful and reliable financial information about our Company's operating results and financial condition.

Code of Ethics

We currently do not have a code of ethics that applies to our sole officer and director.

Conflicts of Interest

Certain potential conflicts of interest are inherent in the relationships between our officers and directors, and us.

From time to time, one or more of our affiliates may form or hold an ownership interest in and/or manage other businesses both related and unrelated to the type of business that we own and operate. These persons expect to continue to form, hold an ownership interest in and/or manage additional other businesses which may compete with ours with respect to operations, including financing and marketing, management time and services and potential customers. These activities may give rise to conflicts between or among the interests of us and other businesses with which our affiliates are associated. Our affiliates are in no way prohibited from undertaking such activities, and neither we nor our shareholders will have any right to require participation in such other activities.

Further, because we intend to transact business with some of our officers, directors and affiliates, as well as with firms in which some of our officers, directors or affiliates have a material interest, potential conflicts may arise between the respective interests of us and these related persons or entities. We believe that such transactions will be effected on terms at least as favorable to us as those available from unrelated third parties.

With respect to transactions involving real or apparent conflicts of interest, we have adopted policies and procedures which require that: (i) the fact of the relationship or interest giving rise to the potential conflict be disclosed or known to the directors who authorize or approve the transaction prior to such authorization or approval, (ii) the transaction be approved by a majority of our disinterested outside directors, and (iii) the transaction be fair and reasonable to us at the time it is authorized or approved by our directors.

ITEM 7A. QUANTITIATIVE AND QUALITATIVE DISCLOUSURES ABOUT MARKET RISK

Smaller reporting companies are not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

ICONIC BRANDS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Iconic Brands, Inc.

We have audited the accompanying consolidated balance sheets of Iconic Brands, Inc. as of December 31, 2011, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2011. Iconic Brands, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also
includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iconic Brands, Inc. as of December 31, 2011, and the results of its operations and its cash flows for the years ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 of the financial statements, the Company has limited operations and resources, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ ZBS Goup, LLP.
ZBS Group, LLP.
Melville, NY 11747

March 7, 2013

115 Broad Hollow Road, Suite 350Melville, New York 11747
Tel: (516) 394-3344Fax: (516) 908-7867
www.zbscpas.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Iconic Brands, Inc.

I have audited the accompanying consolidated balance sheet of Iconic Brands, Inc. and Subsidiary (the "Company") as of December 31, 2010, and the related consolidated statement of operations, changes in stockholders' deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Iconic Brands, Inc. and Subsidiary as of December 31, 2010 and the results of their operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company's present financial situation raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 8 to the consolidated financial statements for the years ended December 31, 2011 and 2010, the consolidated financial statements at December 31, 2010 and for the year then ended as previously reported have been revised to reflect separately the assets and liabilities and operations of the Company's wholly owned subsidiary Iconic Imports, Inc. as discontinued operations. The reclassification, which had no effect on previously reported consolidated total stockholders' deficiency at December 31, 2010 or consolidated net loss for the year ended December 31, 2010, was made to conform presentation to the financial statements at December 31, 2011 and for the year then ended.

/s/ Michael T. Studer CPA P.C.
Michael T. Studer CPA P.C.

Freeport, New York
October 26, 2012

Iconic Brands, Inc. and Subsidiary
Consolidated Balance Sheets

	December 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$-	$225
Current assets of discontinued operations (see Note 8)	-	784
Total current assets	-	1,009
Total assets	$-	$1,009
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Current portion of debt	$268,800	$223,250
Accounts payable	74,841	82,841
Accrued interest on Iconic Brands, Inc. debt	47,523	18,704
Current liabilities of discontinued operations (see Note 8)	3,474,043	3,407,444
Total current liabilities	3,865,207	3,732,239
Long term debt	55,381	38,893
Long term debt of discontinued operations (see Note 8)	1,617,144	1,604,572
Series B preferred stock, $2.00 per share stated value; designated 1,000,000 shares, issued and outstanding 916,603 and 916,603 shares, respectively	1,833,206	1,833,206
Total liabilities	7,370,938	7,208,910
Stockholders' deficiency:		
Preferred stock, $.00001 par value; authorized 100,000,000 shares, Series A, designated 1 share, issued and outstanding 1 and 1 shares, respectively	1	1
Common stock, $.00001 par value; authorized 100,000,000 shares, issued and committed to be issued and outstanding 54,361,412 and 52,519,307 shares, respectively	544	525
Additional paid-in capital	8,937,524	8,915,903
Accumulated deficit	(16,309,007)	(16,124,330)
Total stockholders' deficiency	(7,370,938)	(7,207,901)
Total liabilities and stockholders' deficiency	$-	$1,009

Iconic Brands, Inc. and Subsidiary
Consolidated Statements of Operations

	Year Ended December 31, 2011		Year Ended December 31, 2010	
Continuing operations:				
Sales	$	-	$	-
Expenses:				
Professional fees		37,750		44,598
Other general and administrative expenses (including stock-based compensation of $18,140 and $18,140, respectively)		22,449		20,741
Interest expense on Iconic Brands, Inc. debt (including amortization of debt discounts of $16,488 and $116,488, respectively)		45,307		133,978
Total expenses		105,506		199,317
Loss from continuing operations		(105,506)		(199,317)
Loss from discontinued operations (see Note 8)		(79,171)		(2,539,444)
Net loss	$	(184,677)	$	(2,738,761)
Net loss per common share - basic and diluted:				
Continuing operations	$	(0.00)	$	(0.00)
Discontinued operations		(0.00)		(0.05)
Total	$	(0.00)	$	(0.05)
Weighted average number of common shares outstanding - basic and diluted		54,275,615		50,601,821

Iconic Brands, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Deficiency
Years Ended December 31, 2011 and 2010

	Series A Preferred Stock, $.00001 par		Common Stock, $.00001 par		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance at December 31, 2009	1	$ 1	44,810,411	$ 448	$ 7,327,955	$ (13,385,569)	$ (6,057,165)
Issuance of common stock and warrants in connection with $220,000 promissory notes	-	-	200,000	2	78,928	-	78,930
Issuance of common stock in satisfaction of convertible notes and accrued interest	-	-	152,546	2	76,271	-	76,273
Issuance of common stock and warrants in connection with License Agreement with Tony Siragusa	-	-	250,000	2	144,798	-	144,800
Issuance of common stock to consulting firm in February 2010	-	-	300,000	3	68,997	-	69,000
Issuance of common stock and warrants to consulting firm in March 2010	-	-	2,000,000	20	595,980	-	596,000
Issuance of warrants and	-	-	-	-	97,000	-	97,000

beneficial conversion feature of debt default provisions in convertible promissory notes to lender on April 15, 2010							
Issuance of common stock in connection with extension of due date of $110,000 promissory note	-	-	250,000	2	21,398	-	21,400
Issuance of common stock and warrants in satisfaction of debt and accrued interest	-	-	4,556,350	46	455,589	-	455,635
Stock options and warrants compensation expense	-	-	-	-	48,987	-	48,987
Net loss	-	-	-	-	-	(2,738,761)	(2,738,761)
Balance at December 31, 2010	1	1	52,519,307	525	8,915,903	(16,124,330)	(7,207,901)
Partial conversion of 8% Promissory Note to common stock	-	-	1,842,105	19	3,481	-	3,500
Stock option expense	-	-	-	-	18,140	-	18,140
Net loss	-	-	-	-	-	(184,677)	(184,677)
Balance at December 31, 2011	1	$ 1	54,361,412	$ 544	$ 8,937,524	$ (16,309,007)	$ (7,370,938)

Iconic Brands, Inc. and Subsidiary
Consolidated Statements of Cash Flows

	Year Ended December 31, 2011	Year Ended December 31, 2010
Cash flows from operating activities		
Net loss	$(184,677)	$(2,738,761)
Loss from discontinued operations	79,171	2,539,444
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of debt discounts charged to interest expense	16,488	116,488
Stock -based compensation	18,140	18,140
Legal, audit and accounting, and consulting fees paid by two lenders on behalf of the Company	49,050	-
Changes in operating assets and liabilities:		
Accounts payable	(8,000)	(30,330)
Accrued expenses and other current liabilities	28,819	16,633
Net cash (used in) operating activities - continuing operations	(1,009)	(78,386)
Net cash provided by (used in) operating activities - discontinued operations	784	(284,322)
Net cash (used in) operating activities	(225)	(362,708)
Cash flows from investing activities		
Loans from continuing operations to discontinued operations	-	(231,299)
Net cash provided by (used in) investing activities - continuing operations	-	(231,299)
Net cash provided by (used in) investing activities - discontinued operations	-	231,299
Net cash provided by (used in) investing activities	-	-
Cash flows from financing activities:		
Increases in debt	-	288,250
Repayment of debt	-	-
Net cash provided by (used in) financing activities - continuing operations	-	288,250
Net cash provided by (used in) financing activities - discontinued operations	-	50,794
Net cash provided by (used in) financing activities	-	339,044
Decrease in cash and cash equivalents	(225)	(23,664)
Cash and cash equivalents, beginning of period	225	23,889
Cash and cash equivalents, end of period	-	225
Less cash and cash equivalents of discontinued operations at end of period	-	-
Cash and cash equivalents of continuing operations at end of period	$-	$225
Supplemental disclosures of cash flow information:		
Interest paid	$-	$23,190
Income taxes paid	$-	$-
Non-cash operating, investing and financing activities:		
	$49,050	$-

Legal, audit and accounting, and consulting fees paid by two lenders on behalf of the Company		
Issuance of common stock and warrants in connection with $220,000 13% promissory notes	$-	$100,330
Shares of common stock issued to noteholders in satisfaction of debt and accrued interest	$3,500	$531,908
Issuance of common stock and warrants in connection with License Agreement with Tony Siragusa	$-	$144,800
Seizure of assets by lender (see note 8):		
Assets attached by lender	$-	$866,996
Debt satisfied from disposition of assets attached by lender on defaulted promissory note	-	233,075
Loss on disposition of assets seized by lender on defaulted promissory note	$-	$633,921

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

1. ORGANIZATION AND NATURE OF BUSINESS

Iconic Brands, Inc., formerly Paw Spa, Inc. ("Iconic Brands"), was incorporated in the State of Nevada on October 21, 2005. Our plan was to provide mobile grooming and spa services for cats and dogs. Our services were going to include bathing, hair cutting and styling, brushing/combing, flea and tick treatments, nail maintenance and beautification, ear cleaning, teeth cleaning, hot oil treatments, and massage. We did not have any business operations and failed to generate any revenues. We abandoned this business, as we lacked sufficient capital resources. On June 10, 2009, the Company acquired Harbrew Imports, Ltd. ("Harbrew New York"), a New York corporation incorporated on September 8, 1999 which was a wholly owned subsidiary of Harbrew Imports, Ltd. Corp. ("Harbrew Florida"), a Florida corporation incorporated on January 4, 2007. On the Closing Date, pursuant to the terms of the Merger Agreement, the Company issued to the designees of Harbrew New York 27,352,301 shares of our Common Stock at the Closing, or approximately 64% of the 42,510,301 shares outstanding subsequent to the merger. After the merger, Harbrew New York continued as the surviving company under the laws of the state of New York and became the wholly owned subsidiary of the Company.

In anticipation of the merger between Iconic Brands, Inc. and Harbrew New York, on May 1, 2009 the Board of Directors and a majority of shareholders of Harbrew New York approved the amendment of its Articles of Incorporation changing its name to Iconic Imports, Inc. ("Iconic Imports"). On June 22, 2009, this action was filed with the New York State Department of State.

Prior to the merger on June 10, 2009, Iconic Brands had no assets, liabilities, or business operations. Accordingly, the merger has been treated for accounting purposes as a recapitalization by the accounting acquirer Harbrew New York/Iconic Imports and the financial statements reflect the assets, liabilities, and operations of Harbrew New York/Iconic Imports from its inception on September 8, 1999 to June 10, 2009 and are combined with Iconic Brands thereafter. Iconic Brands and its wholly-owned subsidiary Harbrew New York/Iconic Imports are hereafter referred to as the "Company".

The Company was a brand owner of self-developed alcoholic beverages. Furthermore, the Company imported, marketed and sold these beverages throughout the United States and globally.

Effective June 10, 2009, prior to the merger, Harbrew Florida affected a 1-for-1,000 reverse stock split of its common stock, reducing the issued and outstanding shares of common stock from 24,592,160 to 24,909, which includes a total of 317 shares resulting from the rounding of fractional shares. All share information has been retroactively adjusted to reflect this reverse stock split.

On August 20, 2010 (see Note 6), the Company and Seven Cellos LLC terminated the License Agreement relating to the distribution of an alcoholic beverage known as "Danny DeVito's Premium Limoncello". In the year ended December 31, 2010, this brand accounted for approximately 96% of total sales.

On August 20, 2010, Capstone Capital Group I, LLC, a holder of a Promissory Note with a then remaining balance of approximately $233,000, delivered a Formal Notice of Default to the Company demanding payment of the balance on or before September 1, 2010. On September 16, 2010, Capstone delivered a Notification of Disposition of Collateral to the Company notifying the Company of its attachment of the Collateral (including cash, accounts receivable, inventories, equipment, and contract rights) and its intent to sell the Collateral to the highest qualified bidder in a public sale on September 28, 2010. On September 28, 2010, Capstone acquired the Collateral in exchange for the

Promissory Note at the public auction sale; there were no other bidders.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

On September 14, 2010 (see Note 6), the Second District Court of Suffolk County New York issued a Warrant of Eviction removing the Company from its Lindenhurst, New York office and the Company ceased its business operations.

On September 23, 2011, Iconic Imports, Inc. (“Imports”), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. The Bankruptcy case is being administered under case No. 8-11-76814. The petition indicated that Imports had no assets and had liabilities of approximately $3,354,000. The case is still pending before the court.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements have been prepared on a “going concern” basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as of December 31, 2011, the Company had negative working capital of $3,865,207 and a stockholders’ deficiency of $7,370,938. Further, from inception to December 31, 2011, the Company incurred losses of $16,309,007. These factors create substantial doubt as to the Company’s ability to continue as a going concern. The Company plans to improve its financial condition by reorganizing and acquiring a new business. However, there is no assurance that the Company will be successful in accomplishing this objective. The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(c) Principles of Consolidation

The Financial Statements include the accounts of Iconic Brands, Inc. and its wholly-owned subsidiary Iconic Imports, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

(d) Fair Value of Financial Instruments

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, net of allowance for doubtful accounts, current portion of debt, accounts payable, accrued expenses and other current liabilities, and long term debt. Except for long term debt, the fair value of these financial instruments approximate their carrying amounts reported in the balance sheets due to their short term maturity.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

(e) Cash and Cash Equivalents

The Company considers all liquid investments purchased with original maturities of three months or less to be cash equivalents.

(f) Accounts Receivable, Net of Allowance for Doubtful Accounts

The Company extended unsecured credit to its customers in the ordinary course of business but mitigated the associated risks by performing credit checks and actively pursuing past due accounts. An allowance for doubtful accounts was established and recorded based on historical experience and the aging of the related accounts receivable.

(g) Inventories

Inventories were stated at the lower of cost (first-in, first-out method) or market, with due consideration given to obsolescence and to slow moving items.

(h) Property, Plant, and Equipment, Net

Property, plant, and equipment, net, were stated at cost less accumulated depreciation. Depreciation was calculated using the straight-line method over the estimated useful lives of the respective assets.

(i) Revenue Recognition

Revenue from product sales was recognized when all of the following criteria were met: (1) persuasive evidence of an arrangement existed, (2) the price was fixed or determinable, (3) collectability was reasonably assured, and (4) delivery had occurred. Persuasive evidence of an arrangement and fixed price criteria were satisfied through purchase orders. Collectability criteria were satisfied through credit approvals. Delivery criteria were satisfied when the products were shipped to a customer and title and risk of loss passed to the customer in accordance with the terms of sale. The Company has no obligation to accept the return of products sold other than for replacement of damaged products. Other than quantity price discounts negotiated with customers prior to billing and delivery (which are reflected as a reduction in sales), the Company did not offer any sales incentives or other rebate arrangements to customers.

(j) Shipping and Handling Costs

Shipping and handling costs were reported as selling, general and administrative expenses in the accompanying statements of operations. For the years ended December 31, 2011 and 2010, shipping and handling costs were not material.

(k) Advertising

Advertising costs were expensed as incurred and are included in selling, marketing, and promotion expense. For the years ended December 31, 2011 and 2010, advertising expenses were $0 and $0, respectively.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

(l) Stock-Based Compensation

Stock-based compensation is accounted for at fair value in accordance with Accounting Standards Codification ("ASC") Topic 718, "Compensation- Stock Compensation". For the years ended December 31, 2011 and 2010, stock-based compensation totaled $18,140 and $713,987, respectively. These amounts consist of stock-based compensation given to Company officers and employees and consulting firms.

(m) Income Taxes

Income taxes are accounted for under the assets and liability method. Current income taxes are provided in accordance with the laws of the respective taxing authorities. Deferred income taxes are provided for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is not more likely than not that some portion or all of the deferred tax assets will be realized.

(n) Net Income (Loss) per Share

Basic net income (loss) per common share is computed on the basis of the weighted average number of common shares outstanding during the period.

Diluted net income (loss) per common share is computed on the basis of the weighted average number of common shares and dilutive securities (such as stock options, warrants, and convertible securities) outstanding. Dilutive securities having an anti-dilutive effect on diluted net income (loss) per share are excluded from the calculation.

For the years ended December 31, 2011 and 2010, diluted common shares outstanding excluded the following dilutive securities as the effect of their inclusion was anti-dilutive:

	Years Ended December 31,	
	2011	2010
7% convertible notes and accrued interest	650,842	615,845
6% convertible notes and accrued interest	3,308,300,000	3,128,200,000
12% convertible notes and accrued interest	8,438,300,000	7,598,400,000
10% convertible notes and accrued interest	229,496	214,494
8% convertible note and accrued interest	269,383,333	29,698,571
Series B preferred stock owned by Capstone Capital Group I, LLC	1,163,940,317	537,912,559
Stock Options	-	300,000
Warrants	19,522,184	18,122,184
Total equivalent shares of common stock	13,200,326,172	11,313,463,653

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

(o) Recently Issued Accounting Pronouncements

Certain accounting pronouncements have been issued by the FASB and other standard setting organizations which are not yet effective and have not yet been adopted by the Company. The impact on the Company's financial position and results of operations from adoption of these standards is not expected to be material.

(p) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. DEBT

Debt relating to continuing operations:

Debt relating to Iconic Brands, Inc. consisted of the following at December 31, 2011 and December 31, 2010:

		2011	2010
Convertible promissory note, interest at 7%, due September 13, 2014, net of unamortized discount of $44,619 and $61,107, respectively	(A)	$ 55,381	$ 38,893
Loans payable, interest at 0%, due on demand (see Note 9)	(C)	112,300	63,250
Convertible promissory note, interest at 6%, due June 30, 2010 (see Note 9)	(B)	30,000	30,000
Convertible promissory notes, interest at 12%, due June 30, 2010 (see Note 9)	(B)	70,000	70,000
Convertible promissory note, interest at 8% (default rate of 22%), due February 7, 2011 (in default)	(A)	56,500	60,000
Total		324,181	262,143
Less current portion of debt		(268,800)	(223,250)
Long term debt		$ 55,381	$ 38,893

F-11

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

(A) The $100,000 face value of the 7% convertible note outstanding at December 31, 2011 is convertible into shares of the Company's common stock at a price of $0.50 per share. The $56,500 face value of the 8%convertible note outstanding at December 31, 2011 is convertible into shares of the Company's common stock at a variable conversion price equal to 60% of the Market Price, as defined.

(B) These promissory notes were issued to the same entity lender on April 15, 2010. The notes provide that upon an event of default that is not cured within the allotted time, the holder shall have the option to convert the outstanding principal and interest into shares of common stock at a conversion price of $0.00001 per share. The Company has defaulted on all three notes and has failed to cure the defaults within the time allotted specified in the note default provisions.

While the Company has not received any notice or indication from the lender of its intention to convert the $100,000 debt (or a portion thereof), if the lender does elect to convert the $100,000 of debt and related accrued interest at December 31, 2011 at the $0.00001 per share conversion rate it would require the Company to issue 11,746,600,000 common shares to this lender (or over 99% of the 11,800,961,412 shares of Company Common Stock outstanding after this lender's conversion. However, by virtue of his ownership of the 1 share of Series A Preferred Stock, Mr. DeCicco would retain voting control of the Company.

Also, the notes provided for the grant of a total of 1,200,000 warrants exercisable at an exercise price of $0.20 per share for 3 years. The $51,600 fair value of the warrants (valued using the Black-Scholes option pricing model and the following assumptions: stock price of $0.092 per share, exercise price of $0.20 per share, term of 3 years, risk-free interest rate of 1.62%, and expected volatility of 100%) and the remaining $45,400 intrinsic value of the beneficial conversion feature arising from the default provisions in the three promissory notes due to this lender described in the two preceding paragraphs (the total debt discounts are limited to the amount of proceeds allocated to the convertible instrument) were recorded initially as a debt discount and amortized as interest expense over the term of the notes ended June 30, 2010.

(C) In 2011, the two entity lenders described in Note 9 paid legal, audit and accounting, and consulting fees totaling $49,050 on behalf of the Company, as follows:

Legal fees	$27,500
Audit and accounting fees	17,500
Consulting fees	4,050
Total	$49,050

At December 31, 2011, the debt relating to Iconic Brands, Inc. is due as follows:

Past due	$156,500
Year ending December 31, 2012	112,300
Year ending December 31, 2013	-
Year Ending December 31, 2014	100,000
Total	368,800
Less debt discounts	(44,619)

Net	$324,181

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Accrued interest payable on debt relating to Iconic Brands, Inc. consisted of:

	December 31, 2011	December 31, 2010
Convertible note, interest at 7%	$16,070	$9,071
Convertible note, interest at 6%	3,083	1,282
Convertible notes, interest at 12%	14,383	5,984
Convertible note, interest at 8% (default rate of 22%)	13,987	2,367
Total	$47,523	$18,704

Debt relating to discontinued operations:

Debt relating to the Company's wholly-owned subsidiary Iconic Imports consisted of the following at December 31, 2011 and December 31, 2010:

		2011	2010
Promissory note, interest at 20%, due January 29, 2009 (in default)		$ 100,000	$ 100,000
Convertible promissory notes, interest at 10%, due October 25, 2007 to November 27, 2007 (in default)	(A)	75,000	75,000
Promissory notes, interest at 13%, due May 31, 2010 (in default)	(B)	220,000	220,000
Due Donald Chadwell (5% stockholder at December 31, 2011), interest at 0%, no repayment terms		763,000	763,000
Due Richard DeCicco (officer, director and 30% stockholder at December 31, 2011) and affiliates, interest at 0%, no repayment terms		714,338	714,338
Convertible notes, interest at 7% (default rate of 14%), due August 27, 2012 to November 27, 2012, net of unamortized discounts of $10,194 and $22,766, respectively	(A)	139,806	127,234
Total		2,012,144	1,999,572
Less current portion of debt		(395,000)	(395,000)
Long term debt		$ 1,617,144	$ 1,604,572

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

(A) $225,000 total face value of convertible notes outstanding at December 31, 2011 is convertible into shares of the Company's common stock at a price of $0.50 per share.

(B) The 13% promissory notes specify that the loan proceeds were for the purpose of purchasing containers of Danny DeVito's Premium Limoncello and that the holder will be repaid the principal from the receivables of the sales of the Danny DeVito Premium Limoncello product as they are collected by the Company.

At December 31, 2011 the debt relating to Iconic Imports, Inc. is due as follows:

Past due	$395,000
Year ending December 31, 2012	150,000
No repayment terms (due two significant stockholders)	1,477,338
Total	2,022,338
Less debt discounts	(10,194)
Net	$2,012,144

Accrued interest payable on debt relating to Iconic Imports, Inc (included in current liabilities of discontinued operations in the accompanying consolidated balance sheets) consisted of:

	December 31, 2011	December 31, 2010
Convertible note, interest at 7%	$59,351	$48,852
Promissory note, interest at 20%	50,026	30,027
Promissory notes, interest at 13%	59,058	30,458
Convertible promissory notes, interest at 10%	39,748	32,247
Total	$208,183	$141,584

4. STOCKHOLDERS' EQUITY

On June 10, 2009, pursuant to the terms of the Merger Agreement, the Company issued to the designees of Harbrew New York 27,352,301 shares of Common Stock at the Closing. Of this amount:

1) 24,909 shares were issued to Harbrew Florida stockholders,
2) 19,634,112 shares valued at $1,963,411 were issued to Company management and employees for services, including 15,972,359 shares to the Company's Chief Executive Officer, 100,000 shares to the Company's Chief Financial Officer, and 2,586,753 shares to Donald Chadwell,
3) 2,086,973 shares valued at $208,697 were issued to Danny DeVito and affiliates for services,
4) 4,606,307 shares were issued to noteholders in satisfaction of $2,125,625 of debt and $177,529 of accrued interest, and
5) 1,000,000 shares were issued to Capstone as part of the Termination Agreement.

F-14

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Also, pursuant to the terms of the Merger Agreement, the Company issued 1 share of Series A Preferred Stock valued at $100,000 to the Company's Chief Executive Officer for services and 916,603 shares of Series B Preferred Stock valued at $1,833,206 to Capstone as part of the Termination Agreement.

The one share of Series A Preferred Stock entitles the holder to two votes for every share of Common Stock Deemed Outstanding and has no conversion or dividend rights. Each share of the Series B Preferred Stock has a liquidation preference of $2.00 per share, has no voting rights, and is convertible into Common Stock at the lower of (1) $2.00 per share or, (2) the volume weighted average price per share ("VWAP") for the 20 trading days immediately prior to the Conversion Date. The Series B Preferred Stock has been classified as a liability (pursuant to ASC 480-10-25-14(a)) since it embodies a conditional obligation that the Company may settle by issuing a variable number of equity shares and the monetary value of the obligation is based on a fixed monetary amount known at inception.

On January 6 and 13, 2010, the Company issued a total of 200,000 shares of common stock, 100,000 five year warrants exercisable at $0.22 per share, and 100,000 five year warrants exercisable at $0.23 per share, along with two promissory notes in the amount of $110,000 each (one due March 31, 2010 and one due May 31, 2010), to an investor in exchange for a $200,000 loan. The fair value of the common stock ($45,000) and warrants ($33,930), along with the $20,000 discount, were recorded as debt discounts, which are being amortized over the terms of the notes as interest expense. The warrants were valued using the Black-Scholes option pricing model and the following assumptions: risk free interest rates of 2.6% and 2.55%, volatility of 100%, and terms of five years.

On January 15 and 25, 2010, the Company issued a total of 152,546 shares of common stock to three investors in satisfaction of a total of $62,500 of convertible debt and approximately $13,773 of accrued interest.

On February 8, 2010, the Company issued 250,000 shares of common stock and 1,000,000 warrants to Tony Siragusa pursuant to the License Agreement described in Note 6.

On February 24, 2010, the Company issued 300,000 shares of common stock to CorProminence pursuant to a 45 day consulting agreement dated January 4, 2010. The $69,000 fair value of the common stock at date of issuance was expensed in full in the three months ended March 31, 2010 and included in professional fees.

On March 16, 2010, the Company issued 2,000,000 shares of common stock and 2,000,000 five year warrants exercisable at $0.25 per share to Cresta Capital Strategies pursuant to a one year extension of a consulting agreement. The fair value of the common stock ($350,000) and warrants ($246,000) at date of issuance was capitalized as a prepaid expense (see note 5) and is being amortized over the one year term as professional fees. The warrants were valued using the Black-Scholes option pricing model and the following assumptions: risk free interest rate of 2.37%, volatility of 100%, and term of five years.

On April 19, 2010, the Company satisfied debt totaling $455,635 through its commitment to issue to the respective 5 creditors a total of 4,556,350 shares of its common stock and 4,556,350 three year warrants exercisable at $0.20 per share. The Company expects to issue these shares and warrants in the near future.

On April 19, 2010, the Company agreed to issue to a note holder 250,000 shares of its common stock in consideration of the note holder's extension of the due date (from March 31, 2010 to May 31, 2010) of a $110,000 promissory note. The $21,400 fair value of the common stock at date of commitment was expensed in the three months ended June 30, 2010 and included in interest expense. The Company expects to issue these shares in the near future.

On January 18, 2011, the Company issued 1,842,105 shares of Iconic common stock to Asher Enterprises, Inc. (“Asher”) pursuant to Asher’s Notice of Conversion to convert $3,500 debt at a price of $0.0019 per share, resulting in the reduction of debt due to Asher from $60,000 to $56,500.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

5. INCOME TAXES

No provision for income taxes was recorded in the years ended December 31, 2011 and 2010 since the Company incurred net losses in these periods.

Based on management's present assessment, the Company has not yet determined it to be more likely than not that a deferred tax asset attributable to the future utilization of the net operating loss carryforward as of December 31, 2011 will be realized. Accordingly, the Company has maintained a 100% valuation allowance against the deferred tax asset in the consolidated financial statements at December 31, 2011. The Company will continue to review this valuation allowance and make adjustments as appropriate.

Current United States income tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited.

6. COMMITMENTS AND CONTINGENCIES

Lease – Company Evicted from Facility

The Company occupied its facilities in Freeport, New York up until March 2009 under a month to month agreement at a monthly rent of $14,350. In March 2009, the Company moved its facilities to Lindenhurst, New York pursuant to a three year lease agreement providing for annual rentals ranging from $85,100 to $90,283. Provided certain conditions were met, the Company had an option to renew the lease for an additional two years at annual rentals ranging from $92,991 to $95,781. On September 14, 2010, the Second District Court of Suffolk County issued a Warrant of Eviction removing the Company from its facilities. At December 31, 2011 and December 31, 2010, accounts payable of Iconic Imports, Inc. (discontinued operations) includes $22,913 of unpaid rent due to the former Lindenhurst landlord and $450,021 of unpaid rent and penalties due the Freeport landlord.

For the years ended December 31, 2011 and 2010, rent expense was $0 and $69,639, respectively.

Licensing Agreements

Danny DeVito Brand

On April 26, 2007 and as amended November 1, 2007, the Company entered into an exclusive License Agreement with Seven Cellos, LLC ("DDV"), pursuant to which the Company was granted a limited license of certain rights in and to Danny DeVito's name, likeness and biography for use by the Company in connection with the Danny DeVito Premium Limoncello brand. The term of the Agreement was to continue through perpetuity unless otherwise terminated. In consideration for the license, the Company agreed to pay royalties as follows: a) 5% of Net Profits (as defined) to Behr Abrahamson & Kaller, LLP ("BAK"), (b) a payment of 50% of the remaining Net Profits to DDV after the payment described above; and (c) a payment of 2% of Net Profits to Sichenzia Ross Friedman Ference LLP after payment of 50% of Net Profits to DDV.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

On August 20, 2010, the Company and DDV terminated the License Agreement.

For the periods presented, the Company calculated agreement defined cumulative "Net Profits" from the brand to be negative and thus did not pay or accrue any royalty expense under the License Agreement. The Termination Agreement provides that DDV has not waived or otherwise prejudiced any of its rights with respect to the Company's past conduct with respect to the brand, including DDV's right to accrued and unpaid royalties based upon its right to inspect Company records and conduct an audit of the Company reported agreement defined net profit.

Godfather Brand

On June 12, 2009, Iconic Imports, Inc., the wholly-owned subsidiary of the Company, entered into a merchandising license agreement (the "License Agreement") with Paramount Licensing Inc. ("PLI") granting Iconic Imports the non-exclusive right to use the title of the theatrical motion picture "The Godfather" in connection with the development, importation, marketing, and distribution of an Italian organic vodka and Scotch whiskey throughout the United States. Under the terms of the License Agreement, which had a term of 5 years ending on June 30, 2014 and could have been extended to June 30, 2019 upon certain conditions unless it was sooner terminated, the Company agreed to pay PLI a royalty fee of five percent (5%) and guaranteed a total of $400,000 in royalties due as follows; (1) $60,000 as an advance payment due upon signing of the License Agreement, (2) $100,000 due on or before November 1, 2010, (3) $100,000 due on or before November 1, 2011, and (4) $140,000 due on or before November 1, 2012. In addition, PLI was granted warrants to purchase shares of the Company's common stock in substantially the same form as other warrants previously issued, which is (a) a five-year warrant to purchase 1,000,000 shares of our common stock at an exercise price of $1.00 per share; and (b) a five-year warrant to purchase 1,333,334 shares of our common stock at an exercise price of $1.50 per share. On August 12, 2009, the Company paid $60,000 to PLI as the advance royalty due under the License Agreement. The License Agreement became effective on this date as the advance payment was a condition precedent to the effectiveness of the License Agreement.

The Company never commenced sales of the product named "The Godfather". The second royalty payment of $100,000 due on November 1, 2010 was not paid. On February 23, 2011, PLI terminated the License Agreement due to nonpayment.

Tony Siragusa Brand

On January 15, 2010, we entered into an exclusive License Agreement with Tony Siragusa, pursuant to which we were granted a limited license to certain rights in and to Tony Siragusa's name, likeness and biography for use by us in connection with Tony Siragusa's YO Vodka. The term of the agreement was four (4) years. In consideration for the license, we agreed to distribute net profits of the venture as follows: 42.5% to the Company, 42.5% to the licensor, 10% to William Morris Endeavor Entertainment, LLC and 5% to Brian Hughes. In addition, we issued 250,000 shares of the Company's common stock, 5 year warrants to purchase 500,000 shares of our Common Stock at a price of $1.00 per share, and 5 year warrants to purchase 500,000 shares of our Common Stock at a price of $1.50 per share. Tony Siragusa agreed to use reasonable efforts to be available for a reasonable number of promotional appearances during each consecutive 12 months period, the duration of each will not exceed six days. On September 28, 2010 (see Note 1), Capstone acquired the License Agreement rights.

For the periods presented, the Company calculated agreement defined net profits from the brand to be negative and thus did not pay or accrue any royalty expense under the License Agreement. The product was never introduced to the market.

Under the License Agreement, Tony Siragusa had the right to terminate the agreement, upon 10 days written notice to the Company, if the Company fails to launch the distribution of and secure availability to the general public of the beverage throughout the United States prior to June 1, 2010. The License Agreement did not provide for financial penalties that would be accruable by the Company in the event of a default.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Chief Executive Officer Employment Agreement

On January 23, 2008, the Company entered into an employment agreement with its chief executive officer Richard DeCicco. The agreement provided for a term of 5 years, commencing on January 1, 2008. The term could be extended by a written agreement of the parties. The agreement provided for annual compensation ranging from $265,000 to $350,000. In addition, if the Company entered into an agreement and further sold any brand in the Company's portfolio, Mr. DeCicco would receive 5% of such sale. Mr. DeCicco was also entitled to incentive bonus compensation, stock and/or options in accordance with Company policies established by the Board of Directors. The agreement provided for the grant of a non-qualified ten year option to purchase up to 1,000,000 shares of common stock of the Company at an exercise price which shall represent a discount to the market price. Mr. DeCicco had the right to terminate the agreement upon 60 days notice to the Company for any reason. Pursuant to the terms of the agreement, if Mr. DeCicco was absent from work because of illness or incapacity cumulatively for more than 2 months in addition to vacation time in any calendar year, the Company could terminate the agreement upon 30 days written notice. The agreement also provided that the agreement could be terminated upon 90 days notice to Mr. DeCicco if: (A) there was a sale of substantially all of the Company's assets to a single purchaser or group of associated purchasers; (B) there was a sale, exchange or disposition of 50% of the outstanding shares of the Company's outstanding stock; (C) the Company terminated its business or liquidated its assets; or (D) there was a merger or consolidation of the Company in which the Company's shareholders received less than 50% of the outstanding voting shares of the new or continuing corporation. Mr. DeCicco was entitled to severance pay in the amount of 2 years compensation and medical and other benefits in the event of a termination of the agreement under certain circumstances.

At December 31, 2011 and December 31, 2010, accrued expenses and other current liabilities of Iconic Imports, Inc. (discontinued operations) includes approximately $528,000 in unpaid compensation due the Chief Executive Officer. For the years ended December 31, 2011 and 2010, selling, general and administrative expenses of Iconic Imports, Inc. (discontinued operations) includes approximately $0 and $132,500 in compensation for the Chief Executive Officer.

Former Chief Financial Officer Employment Agreement

On October 1, 2007, the Company entered into an employment agreement with its then chief financial officer William Blacker. The agreement provided for a term of 3 years, commencing on October 1, 2007. The term could be extended by a written agreement of the parties. The Company agreed to issue options to purchase shares of its common stock to Mr. Blacker if and when the common stock becomes publicly traded, as follows: (A) upon execution of the agreement, 100,000 options at an exercise price of $0.05 per share; (B) on October 1, 2008, 100,000 options at an exercise price of $0.15 per share; and (C) on October 1, 2009, 100,000 options at an exercise price of $0.75 per share. Pursuant to the terms of the agreement, Mr. Blacker was to receive an annual salary of $150,000. Mr. Blacker had the right to terminate the agreement upon 60 days notice to the Company for any reason. The agreement further provided that if the agreement was terminated for any reason other than willful malfeasance by Mr. Blacker, Mr. Blacker was entitled to receive severance pay in the amount of 6 months or the balance of the agreement's term of existence, whichever was greater, and was to receive all benefits under the agreement. Mr. Blacker resigned September 15, 2010.

The $16,850 estimated fair value of the 300,000 options (using the Black-Scholes option pricing model and the following assumptions: $0.10 stock price, 4% risk free interest rate, 100% volatility, and term of 3.5 years) was amortized over the 3 year term of the employment agreement.

At December 31, 2011 and December 31, 2010, accrued expenses and other current liabilities of Iconic Imports, Inc. (discontinued operations) includes approximately $233,000 in unpaid compensation due the Chief Financial Officer. For the years ended December 31, 2011 and 2010, selling, general and administrative expenses of Iconic Imports, Inc. (discontinued operations) includes approximately $0 and $75,000 in compensation for the former Chief Financial Officer.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Litigation

The Company is party to a variety of legal proceedings brought by suppliers and creditors. We accrue for these items as losses become probable and can be reasonably estimated. Most of the amounts sought have already been provided for through previous charges to operations and are included in Company liabilities at December 31, 2011 and December 31, 2010. While the results of these legal proceedings, which principally involve debt and lease default obligations and vendor disputes, cannot be predicted with certainty, management believes that the final outcome of these proceedings will have a material adverse effect on the Company's future consolidated results of operations and financial position.

Chapter 7 Bankruptcy Filing of Wholly – Owned Subsidiary

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. The Bankruptcy case is being administered under case No. 8-11-76814. The case is still pending before the court.

7. STOCK OPTIONS AND WARRANTS

A summary of stock option and warrant activity for the years ended December 31, 2011 and 2010 follows:

	Stock Options	Warrants
Outstanding at December 31, 2009	1,300,000	11,765,834
Granted and issued	-	8,956,350
Exercised	-	-
Forfeited/expired/cancelled	-	-
Outstanding at December 31, 2010	1,300,000	20,722,184
Granted and issued	-	-
Exercised	-	-
Forfeited/expired/cancelled	(300,000)	(1,400,000)
Outstanding at December 31, 2011	1,000,000	19,322,184

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

Stock options outstanding at December 31, 2011 consist of:

Date Granted	Number Outstanding	Number Exercisable	Exercise Price		Expiration Date
January 1, 2008	1,000,000	-	$ 0.10	(a)	June 30, 2013
Total	1,000,000	-			

(a) Estimated since exercise price is to be determined based on future stock price

As of December 31, 2011, there was $18,142 of total unrecognized compensation cost relating to the 1,000,000 unexpired stock options granted to the Company's Chief Executive Officer Richard DeCicco pursuant to the employment agreement described in Note 6. That cost is expected to be recognized in 2012.

The aggregate intrinsic value of the 1,000,000 fully vested stock options at December 31, 2011 is $0.

Warrants outstanding at December 31, 2011 consist of:

Date Issued	Number Outstanding	Number Exercisable	Exercise Price	Expiration Date
July 2, 2007	500,000	500,000	$1.00	July 2, 2012
July 2, 2007	500,000	500,000	$1.50	July 2, 2012
August 27, 2007	550,000	550,000	$1.00	August 27,2012
August 27, 2007	550,000	550,000	$1.50	August 27, 2012
November 8, 2007	811,250	811,250	$1.00	November 8, 2012
November 8, 2007	811,250	811,250	$1.50	November 8, 2012
March 5, 2008	192,500	192,500	$1.00	March 5, 2013
March 5, 2008	192,500	192,500	$1.50	March 5, 2013
June 10, 2008	27,500	27,500	$1.00	June 10, 2013
June 10, 2008	27,500	27,500	$1.50	June 10, 2013
June 10, 2008	25,000	25,000	$1.00	December 10, 2013
June 10, 2008	25,000	25,000	$1.50	December 10, 2013
June 11, 2008	30,000	30,000	$1.00	December 10, 2013
June 11, 2008	30,000	30,000	$1.50	December 10, 2013
July 2, 2008	110,000	110,000	$1.00	January 2, 2014
July 2, 2008	110,000	110,000	$1.50	January 2, 2014
July 23, 2008	50,000	50,000	$1.00	January 23, 2014
July 23, 2008	50,000	50,000	$1.50	January 23, 2014
August 11, 2008	1,000,000	1,000,000	$1.00	August 11, 2013
June 10, 2009	1,000,000	1,000,000	$0.50	June 10, 2012
July 23, 2009	20,000	20,000	$1.00	July 23, 2012
July 23, 2009	20,000	20,000	$1.50	July 23, 2012

August 12, 2009(A)	400,000	400,000	$1.00	August 12, 2014
August 12, 2009(A)	533,334	533,334	$1.50	August 12, 2014
August 19, 2009	1,000,000	1,000,000	$0.01	August 19, 2014
August 19, 2009	1,000,000	1,000,000	$1.00	August 19, 2014
September 14, 2009	200,000	200,000	$1.00	September 14, 2014
September 14, 2009	200,000	200,000	$1.50	September 14, 2014
September 16, 2009	200,000	200,000	$1.00	July 2, 2012
September 16, 2009	200,000	200,000	$1.50	July 2, 2012
January 6, 2010	100,000	100,000	$0.22	January 4, 2015
January 13, 2009	100,000	100,000	$0.23	January 13, 2015
February 8, 2010	500,000	500,000	$1.00	February 8, 2015
February 8, 2010	500,000	500,000	$1.50	February 8, 2015
March 16, 2010	2,000,000	2,000,000	$0.25	March 16, 2015
April 15, 2010	1,200,000	1,200,000	$0.20	April 15, 2013
April 19, 2010	4,556,350	4,556,350	$0.20	April 14, 2013
Total	19,322,184	19,322,184		

(A) These warrants were granted to Paramount Licensing Inc. in connection with a license agreement which was terminated on February 23, 2011 (see Note 6). 933,334 (40%) of the 2,333,334 warrants vested on August 12, 2009 and August 12, 2010. The remaining 1,400,000 (60%) of the 2,333,334 warrants will now never vest and were forfeited on February 23, 2011.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

8. DISCONTINUED OPERATIONS

On September 14, 2010 (see Note 1), the Company ceased operations of the Company's wholly owned subsidiary Iconic Imports. Accordingly, the assets and liabilities and operations of Iconic Imports, Inc. have been presented as discontinued operations in the accompanying consolidated financial statements for the periods presented.

For the years ended December 31, 2011 and 2010, loss from discontinued operations consisted of:

	2011	2010
Revenues	$-	$371,313
Cost of goods sold	-	235,744
Gross profit	-	135,569
Selling, general and administrative expenses (including stock-based compensation of $0 and $695,847, respectively)	-	1,733,842
Operating income	-	(1,598,273)
Interest expense (including amortization of debt discounts of $12,572 and $176,715, respectively)	(79,171)	(307,250)
Loss on disposition of assets seized by lender on defaulted promissory note, including writeoff of unamortized stock-based compensation of $119,262 on Siragusa license in 2010	-	(633,921)
Loss before income tax provision	(79,171)	(2,539,444)
Income tax provision	-	-
Loss from discontinued operations	$(79,171)	$(2,539,444)

On September 16, 2010, Capstone Capital Group I, LLC ("Capstone") delivered a Notification of Disposition of Collateral to the Company notifying the Company of its attachment of the Collateral securing tthe defaulted Promissory Note and its intent to sell the Collateral to the highest qualified bidder in a public sale on September 28, 2010. On September 28, 2010, Capstone acquired the Collateral in exchange for the Promissory Note at the public auction sale; there were no other bidders. Accordingly, the Company recognized a default loss of $633,921, equal to the excess of the carrying value of the respective Collateral assets over the amount of debt retired, as follows:

Amount of debt retired from disposition of Collateral assets		$233,075
Carrying value of Collateral assets:		
Cash	1,552	
Accounts receivable, net	27,694	

Inventories	456,569
Advances to overseas vendor toward purchase of inventories	207,476
Property, plant and equipment, net	4,240
License agreement costs, net - Tony Siragusa (see Note 6)	119,262
Restricted cash	50,203
Total	866,996
Loss on disposition of assets attached by lender on defaulted promissory note	$(633,921)

As more fully described in Note 6, the Company entered into a four year License Agreement with Tony Siragusa on January 15, 2010 in connection with the use of Tony Siragusa's name relating to the sale of YO Vodka. The fair value of the common stock ($50,000) and warrants ($94,800) on January 15, 2010 was capitalized and was being amortized over the four year term of the License Agreement as selling, marketing and promotion expenses. The warrants were valued using the Black-Scholes option pricing model and the following assumptions: risk free interest rate of 2.44%, volatility of 100%, and term of five years.

Iconic Brands, Inc and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2011 and 2010

The assets and liabilities of Iconic Imports at December 31, 2011 and December 31, 2010 consisted of:

	2011	2010
Assets		
Current assets	$-	$784
Total assets	$-	$784
Liabilities		
Current portion of debt	$395,000	$395,000
Accounts payable	1,219,768	1,219,768
Accrued interest payable	208,183	141,584
Other accrued expenses and other current liabilities	1,651,092	1,651,092
Current liabilities	3,474,043	3,407,444
Long – term debt	1,617,144	1,604,572
Total liabilities	5,091,187	5,012,016
Net liabilities	$(5,091,187)	$(5,011,232)

9. SUBSEQUENT EVENTS

Legal, Audit and Accounting, and Consulting Fees Paid on Behalf of the Company

For the period from January 1 2012 through March 20, 2013, two entity lenders (one holding $102,000 of the 0% loans payable aggregating $112,300 and one holding $10,000 of the 0% loans payable aggregating $112,300, the $30,000 6% convertible promissory note and the $70,000 12% convertible promissory notes at December 31, 2011 described in Note 3) paid legal, audit and accounting, and consulting fees on behalf of the Company as follows:

	For the Period from January 1, 2012 through March 20, 2013
Legal fees	$ 7,770
Audit and accounting fees	7,500
Consulting fees	2,038
Company’s stock transfer agent	11,766
Total	$ 29,074

The amounts advanced bear no interest and are due on demand, but are not evidenced by a promissory note.

On February 14, 2013, the Company issued a Convertible Promissory Note in the amount of $15,000 in exchange for the lender's payment of legal and audit and accounting fees totaling $15,000 on behalf of the Company. The Note bears interest at 9%, is due January 31, 2014, and is convertible at holder's option into Company common stock at a conversion price of $.02 per share (or a total of 750,000 shares of common stock). Additionally, in consideration for making this loan, the Company shall pay to the holder a Lender Fee equal to 10% of the original principal amount ($1,500) of this Note on the Maturity Date, which is also convertible at a conversion price of $.02 per share (or a total of 75,000 shares of common stock).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A(T). CONTROLS AND PROCEDURES

Evaluations of Disclosure Controls

Our Chief Executive Officer and Principal Financial Officer, after evaluating the effectiveness of the Company's "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 (Exchange Act) Rules 13a-15(e) or 15d-15(e)) as of the end of the period covered by this annual report, has concluded that our disclosure controls and procedures are effective such that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. We believe our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective.

Management's Report on Internal Controls over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Rules 13a-15(f) under the Securities Exchange Act of 1934, internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive, principal operating and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and Principal Financial Officer assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. In making this assessment, management used the framework in "Internal Control - Integrated Framework" promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria. Based on the assessment performed, management believes that as of December 31, 2011, the Company's internal control over financial reporting was effective based upon the COSO criteria. Additionally, based on management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as of December 31, 2011.

24

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

Changes in Internal Controls

During the year ended December 31, 2011, there was no change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

The Company's management, including the chief executive officer and principal financial officer, do not expect that its disclosure controls or internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, 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. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake.

Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management's override of the control. The design of any systems of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Individual persons perform multiple tasks which normally would be allocated to separate persons and therefore extra diligence must be exercised during the period these tasks are combined. Management is aware of the risks associated with the lack of segregation of duties at the Company due to the small number of employees currently dealing with general administrative and financial matters. Although management will periodically reevaluate this situation, at this point it considers the risks associated with such lack of segregation of duties and that the potential benefits of adding employees to segregate such duties do not justify the substantial expense associated with such increases. It is also recognized the Company has not designated an audit committee and no member of the board of directors has been designated or qualifies as a financial expert. The Company will address these concerns at the earliest possible opportunity.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following table sets forth the names, ages, and positions of our executive officers and directors. Executive officers are elected annually by our Board of Directors. Each executive officer holds his office until he resigns, is removed by the Board, or his successor is elected and qualified. Directors are elected annually by our stockholders at the annual meeting. Each director holds his office until his successor is elected and qualified or his earlier resignation or removal.

NAME	AGE	POSITION
Richard J. DeCicco	52	Chairman, President and Chief Executive Officer

Richard J. DeCicco, Mr. DeCicco has served as president, secretary and a director of Iconic Brands, Inc. since 2007. Mr. DeCicco also served as president of Harbrew Imports Ltd. since its inception in 1999. With over 34 years experience in the global liquor industry, Mr. DeCicco has been a senior executive and a leader in the wine and spirits industry. Prior to his appointment at Harbrew Imports Ltd, Mr. DeCicco was the CEO and President of Harbor Industries from 1990 to 1997. Harbor Industries is a production facility, which handles over 2 million cases of products per year and with over 600 employees. In addition to having been the national provider for The Paddington Corporation brands from 1990 to 1997, Mr. DeCicco pioneered what is now known within the field as Value Added Packaging (VAP). Mr. DeCicco brings a great deal of creativity, market savvy, and brand development knowledge to our company.

Auditors; Code of Ethics; Financial Expert

We do not have an audit committee financial expert. We do not have an audit committee financial expert because we believe the cost related to retaining a financial expert at this time is prohibitive. Furthermore, because we are only beginning our commercial operations, at the present time, we believe the services of a financial expert are not warranted.

Potential Conflicts of Interest

We are not aware of any current or potential conflicts of interest with any of our executives or directors.

Stock Option Plan

We do not maintain any equity incentive or stock option plan. Accordingly, we did not grant options to purchase any equity interests to any employees or officers, and no stock options are issued or outstanding to any officers. We do, however, anticipate adopting a non-qualified stock option plan where we will be granting our officers options to purchase shares of common stock pursuant to the terms of their employment agreements. But, no such plan has been finalized or adopted.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

Richard J. DeCicco

Richard DeCicco has been serving as our President, Chief Executive Officer and a director since January 1, 2008. The terms of his compensation are set forth in his Employment agreement, dated January 23, 2008 (“DeCicco Employment Agreement”). DeCicco Employment Agreement, provides for a term of 5 years, commencing on January 1, 2008, which can be extended by a written agreement of the parties. The agreement provides for annual compensation ranging from $265,000 to $350,000. In addition, if the Company enters into an agreement and further sells any brand in the Company’s portfolio, Mr. DeCicco will receive 5% of such sale. Mr. DeCicco is also entitled to incentive bonus compensation, stock and/or options in accordance with Company policies established by the Board of Directors. The agreement provides for the grant of a non-qualified ten year option to purchase up to 1,000,000 shares of common stock of the Company at an exercise price which shall represent a discount to the market price. Mr. DeCicco has the right to terminate the agreement upon 60 days notice to the Company for any reason. Pursuant to the terms of the agreement, if Mr. DeCicco is absent from work because of illness or incapacity cumulatively for more than 2 months in addition to vacation time in any calendar year, the Company may terminate the agreement upon 30 days written notice. The agreement also provides that the agreement may be terminated upon 90 days notice to Mr. DeCicco if: (A) there is a sale of substantially all of the Company’s assets to a single purchaser or group of associated purchasers; (B) there is a sale, exchange or disposition of 50% of the outstanding shares of the Company’s outstanding stock; (C) the Company terminates its business or liquidates its assets; or (D) there is a merger or consolidation of the Company in which the Company’s shareholders receive less than 50% of the outstanding voting shares of the new or continuing corporation. Mr. DeCicco shall be entitled to severance pay in the amount of 2 years compensation and medical and other benefits in the event of a termination of the agreement under certain circumstances

As of fiscal years ended December 31, 2011 and 2010, no payments were made to Mr. DeCicco on his 2011 and 2010 salary. However 400,000 stock options vested in his favor as of December 2010 (200,000 stock options which were scheduled to be vested on December 31, 2010 were not vested due to the Company's current financial position). The vested stock options shall be exercisable until June 30, 2018 at the exercise price of $.10 per share.

As of the fiscal year ended December 31, 2008, the Company paid Mr. DeCicco $24,300 of his annual salary of $265,000. The remaining balance is still outstanding. As of December 31, 2008, 200,000 stock options vested in Mr. DeCicco’s favor. The vested stock options shall be exercisable until June 30, 2018 at the exercise price of $.10 per share.

On August 8, 2008, the Company issued 2,731 shares of common stock to Mr. DeCicco in consideration for services rendered valued in the amount of $273,096, the estimated fair market value of the shares.

As of the fiscal year ended December 31, 2007, The Company paid Mr. DeCicco $88,600 of his annual salary of $265,000. The remaining balance of is still outstanding. He received no other compensation during such fiscal year.

Pursuant to the Merger Agreement, the Company issued 15,972,356 shares of common stock to Mr. DeCicco valued at $.10 per share. The shares had an estimated fair value of $1,597,236 on the date of the grant.

William D. Blacker

William D. Blacker served as our Chief Financial Officer and a director since October 1, 2007. The terms of his compensation are set forth in his Employment agreement, dated On October 1, 2007 (“Blacker Agreement”), The Blacker Agreement provided for a term of 3 years, commencing on October 1, 2007, which could have been extended by a written agreement of the parties. The Company agreed to issue options to purchase shares of its common stock to Mr. Blacker if and when the common stock becomes publicly traded, as follows: (A) upon execution of the agreement, 100,000 options at an exercise price of $0.05 per share; (B) on October 1, 2008, 100,000 options at an exercise price of $0.15 per share; and (C) on October 1, 2009, 100,000 options at an exercise price of $.75 per share. Pursuant to the terms of the agreement, Mr. Blacker is to receive an annual salary of $150,000. Mr. Blacker has the right to terminate the agreement upon 60 days notice to the Company for any reason. The agreement further provides that if the agreement is terminated for any reason other than willful malfeasance by Mr. Blacker, Mr. Blacker shall be entitled to receive severance pay in the amount of 6 months or the balance of the agreement’s term of existence, whichever is greater, and shall receive all benefits under the agreement. Mr. Blacker resigned September 15, 2010.

Pursuant to Blacker Employment Agreement, Mr. Blacker was entitled to a salary $173,643 in 2010 but no payments was made to Mr. Blacker as of the end of the fiscal year ended December 31, 2010. During the fiscal year ended December 31, 2009, Mr. Blacker was entitled to an annual salary of $173, 643 but no payments were made as of the end of said fiscal year. As of said period 100,000 stock options were vested in his favor. The exercise price of the stock options at December 31, 2009 was $0.15 per share and the stock. The vested stock options shall be exercisable until April 1, 2011.

As of the fiscal year ended December 31, 2008, Mr. Blacker’s salary was $165,375 of which he was paid a total $25,962. As of the date hereof, the remaining balance is owed by the Company to Mr. Blacker. As of said period 100,000 stock options were vested in his favor. The exercise price of the stock options at December 31, 2008 was $0.05 per share and the vested stock options are exercisable until April 1, 2011.

As of the fiscal year ended December 31, 2007, Mr. Blacker’s salary was $150,000 of which he was paid a pro-rated amount of $25,962. He received no other compensation during such fiscal year.

Pursuant to the Merger Agreement, the Company issued 100,000 shares of common stock to Mr. Blacker valued at $.10 per share. The shares have an estimated fair value of $10,000 on the date of the grant.

SUMMARY COMPENSATION TABLE

The following table sets forth information with respect to compensation paid by us to our officers and directors during the three most recent fiscal years. This information includes the dollar value of base salaries, bonus awards and number of stock options granted, and certain other compensation, if any.

Name and Principal Position (a)	Year (b)	Salary (US$) (c)		Bonus (US$) (d)	Stock Awards (US$) (e)	Option Awards (US$) (f)	Non-Equity Incentive Plan (US$) (g)	Nonqualified Deferred Compensation Earnings (US$) (h)	All Other Compensation (US$) (i)	Total (US$) (j)
Richard DeCicco	2011		(1)(2)							
President, CEO	2010	132,500	(1)(2)	0	0	0	0	0	0	150,000
William Blacker Former CFO, SVP of Finance	2010	75,000	(3)	0	0	0	0	0	0	75,000

1. Pursuant to terms of the Employment Agreement dated January 23, 2007 between Richard DeCicco and the Company ("DeCicco Employment Agreement"), Mr. DeCicco was entitled to an annual salary of $265,000 for a period of five years commencing on January 1, 2008. However, the Company ceased operations in September 2010.

2. As of December 31, 2011, Mr. DeCicco did not receive any payments from the Company for such salary.

3. Pursuant to the terms of the Employment Agreement dated October 1, 2007, between William Blacker and the Company ("Blacker Employment Agreement"), Mr. Blacker was entitled to a salary of $150,000 for the first year and a raise of 5% per annum. Mr. Blacker resigned from the Company on September 15, 2010.

Outstanding Equity Awards

The table set forth below presents certain information concerning unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer above outstanding as of December 31, 2011.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	OPTION AWARDS					STOCK AWARDS			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#) (j)
Richard DeCicco President, CEO	1,000,000(1)	0	0	$ 0.10	06/1/2018	600,000	0	0	0
William Blacker Former CFO, SVP of Finance	300,000(2)	0	0	(2)	04/1/11	0	0	0	0

(1) Pursuant to an Employment Agreement, dated January 23, 2008, between our Company and Richard DeCicco, our Chief Executive Officer and Director, we granted to Mr. DeCicco 1,000,000 stock options, vesting at the rate of 200,000 stock options per year over the five years period commencing December 31, 2008 and are exercisable until June 1, 2011. As of December 31, 2009, 400,000 of such stock options had vested. The options have an estimated fair value of $90,700 as of the date of the grant.

(2) Pursuant to an Employment Agreement, dated October 1, 2007, between our Company and William Blacker, our Chief Financial Officer, we granted to Mr. Blacker stock options vested (i) upon execution of the agreement, 100,000

options at an exercise price of $0.05 per share; (ii) on October 1, 2008, 100,000 options at an exercise price of $0.15 per share; and (iii) on October 1, 2009, 100,000 options at an exercise price of $0.75 per share. The vested stock options are exercisable until April 1, 2011. As of December 31, 2010, 300,000 of such stock options had vested. The options have an estimated fair value of $16,850 as of the date of the grant.

Compensation of Directors

During the fiscal year ended December 31, 2011, no director received any type of compensation from the Company in exchange for their services as directors. No arrangements are presently in place regarding compensation to directors for their services as directors or for committee participation or special assignments.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists, as of March 12, 2013, the number of shares of common stock of our Company that are beneficially owned by (i) each person or entity known to our Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and director of our Company; and (iii) all officers and directors as a group. Information relating to beneficial ownership of common stock by our principal shareholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 49,555,062 shares of our common stock issued and outstanding as of March 12, 2013. We do not have any outstanding options, warrants or other securities exercisable for or convertible into shares of our common stock. Unless otherwise indicated, the address of each person listed is c/o David Lubin & Associates, PLLC 10 Union Avenue Suite 5 Lynbrook, New York 11563.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Richard DeCicco	16,375,090(1)	33.04 %
Donald Chadwell	2,592,982	5.23 %
Directors and Officers as a group (1 person)	16,375,090	33.04 %

(1) The number of shares owned by Mr. DeCicco includes, 15,972,359 shares of common stock issued pursuant to the Agreement and Plan of Merger dated June 10, 2009; 2,731 shares of common stock issued on August 8, 2008 in consideration for services rendered; and 400,000 shares of common stock to be issued upon the exercise of options vested as of December 31, 2010, in accordance with the terms of the Employment Agreement between the Company and Mr. DeCicco. 200,000 additional shares were scheduled to be vested to Mr. DeCicco on December 31, 2010 were not vested due to the foreclosure and the current financial position of the Company. Mr. DeCicco is also the legal and beneficial owner of one (1) share of Series A Preferred Stock, which votes together as a single class with the Common Stock on all matters subject to stockholder approval and has voting power equal to two (2) votes for every share of Common Stock outstanding.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Family Relationships

There are no family relationships between any of our directors or executive officers and any other directors or executive officers.

Code of Ethics

We currently do not have a code of ethics that applies to our officers, employees and directors, including our Chief Executive Officer and senior executives, however, we intend to adopt one in the near future.

Conflicts of Interest

Certain potential conflicts of interest are inherent in the relationships between our officers and directors, and us.

From time to time, one or more of our affiliates may form or hold an ownership interest in and/or manage other businesses both related and unrelated to the type of business that we own and operate. These persons expect to continue to form, hold an ownership interest in and/or manage additional other businesses which may compete with ours with respect to operations, including financing and marketing, management time and services and potential customers. These activities may give rise to conflicts between or among the interests of us and other businesses with which our affiliates are associated. Our affiliates are in no way prohibited from undertaking such activities, and neither we nor our shareholders will have any right to require participation in such other activities.

Further, because we intend to transact business with some of our officers, directors and affiliates, as well as with firms in which some of our officers, directors or affiliates have a material interest, potential conflicts may arise between the respective interests of us and these related persons or entities. We believe that such transactions will be effected on terms at least as favorable to us as those available from unrelated third parties.

With respect to transactions involving real or apparent conflicts of interest, we have adopted policies and procedures which require that: (i) the fact of the relationship or interest giving rise to the potential conflict be disclosed or known to the directors who authorize or approve the transaction prior to such authorization or approval, (ii) the transaction be approved by a majority of our disinterested outside directors, and (iii) the transaction be fair and reasonable to us at the time it is authorized or approved by our directors.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

(1) Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for our audit of annual financial statements and review of financial statements included in our Form 10-K or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years was:

2011	$12,500	ZBS Group LLP
2010	$27,500	Michael T. Studer CPA P.C.

Audit Related Fees

There were no fees for audit related services for the years ended December 31, 2011 and 2010.

Tax Fees

For the Company's fiscal years ended December 31, 2011 and 2010, we were not billed for professional services rendered for tax compliance, tax advice, and tax planning.

All Other Fees

The Company did not incur any other fees related to services rendered by our principal accountant for the fiscal years ended December 31, 2011 and 2010.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before our auditor is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee; or

- entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

We do not have an audit committee. Our entire board of directors pre-approves all services provided by our independent auditors. The pre-approval process has just been implemented in response to the new rules. Therefore, our board of directors does not have records of what percentage of the above fees was pre-approved. However, all of the above services and fees were reviewed and approved by the entire board of directors either before or after the respective services were rendered.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

a) Documents filed as part of this Annual Report

1. Financial Statements

2. Financial Statement Schedules

3. Exhibits

Exhibit No.	Documents
2.1	Agreement and Plan of Merger (filed as Exhibit 2.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
3.1	Articles of Incorporation (filed as Exhibit 3.1 to Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on November 30, 2007)
3.1.1	Certificate of Amendment to Articles of Incorporation (filed as Exhibit 3.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
3.1.2	Nevada Articles of Merger (filed as Exhibit 3.5 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
3.1.2	New York Certificate of Merger (filed as Exhibit 3.6 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
3.2	Bylaws (filed as Exhibit 3.2 to Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on November 30, 2007)
4.1	Specimen Stock Certificate (filed as Exhibit 3.3 to Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on November 30, 2007)
4.2	Certificate of Designations For The Series A (filed as Exhibit 3.3 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
4.3	Certificate Of Designations For The Series B (filed as Exhibit 3.4 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)

4.4	Promissory Note made by the Company in favor of Capstone Capital Group I, LLC (filed as Exhibit 10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
4.5	Promissory Note dated December 2009 made by the Company in favor of Double U Master Fund, L.P., in the principal sum of One Hundred Thousand Dollars ((filed as Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 18, 2009)
4.6	Form of Warrant (filed as Exhibit10.2 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on August 25, 2009)
4.7	Promissory Note dated January 4, 2010 made by the Company in favor of Marvin Mermelstein in the principal sum of One Hundred Ten Thousand Dollars (filed as Exhibit4.7 to the Amended Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on January 19, 2011)
4.8	Promissory Note dated January 13, 2010 made by the Company in favor of Marvin Mermelstein in the principal sum of One Hundred Ten Thousand Dollars (filed as Exhibit4.8 to the Amended Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on January 19, 2011)
4.9	Certification of Designation of the series A convertible preferred stock
4.10	Certification of Designation of the series B convertible preferred stock
10.1	Purchase Order Agreement dated January 22, 2007 between the Company and Capstone Capital Group I, LLC (filed as Exhibit 10.1 to the Annual Report on Form 10-K, filed with the Securities and Exchange Commission on January 18, 2011)
10.2	Discount Factoring Agreement dated January 22, 2007 between the Company and Capstone Business, LLC (filed as Exhibit 10.2 to the Annual Report on Form 10-K, filed with the Securities and Exchange Commission on January 18, 2011)

10.3	Termination Agreement (filed as Exhibit 10.1 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
10.4	Form of Conversion Agreement (filed as Exhibit10.3 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
10.5	License Agreement dated April 26, 2007 between the Company and Seven Cellos LLC(filed as Exhibit 10.5 to the Annual Report on Form 10-K, filed with the Securities and Exchange Commission on January 18, 2011)
10.6	Addendum To License Agreement dated June 2009 by and between Seven Cellos LLC and Harbrew Imports, Ltd. (filed as Exhibit 10.4 to the Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 16, 2009)
10.7	Reserved
10.8	Employment Agreement dated October 1, 2007 between the Company and DeCicco. (filed with Amended Quarterly Report for June 30, 2010)
10.9	Employment Agreement dated October 1, 2007 between the Company and William Blacker. (filed with Amended Quarterly Report for June 30, 2010)
10.10	Merchandising License Agreement dated June 12, 2009 between the Harbrew Imports Ltd. and Paramount Licensing Inc. (filed as Exhibit 10.10 to the Annual Report on Form 10-K, filed with the Securities and Exchange Commission on January 18, 2011)
10.11	Lease Agreement dated July 12, 2002 between Fred and Joseph Scalamandre, as landlords and Islander Imports and Packaging, Inc., as Tenants (filed as Exhibit 10.11 to the Amended Annual Report on Form 10-Q, filed with the Securities and Exchange Commission on January 19, 2011).
10.12	Exclusive Manufacturing Agreement, dated August 2007, with Fagema Sorrento Delizie Di De Luca Antonino and Scala Antonino (filed as Exhibit 10.12 to the Annual Report on Form 10-K, filed with the Securities and Exchange Commission on January 18, 2011)
10.13	Form of Subscription Agreement (filed as Exhibit 10.13 to the Amended Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on January 19, 2011).
14.1	Code of Ethics (filed as Exhibit 14.1 to the Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 27, 2009)
23.1	Consent of Independent Registered Public Accounting Firm
31	Certification of Chief Executive Officer and Chief Financial and Accounting Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32	Certification of Chief Executive Officer and Chief Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

35

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the Registrant and in the capacities on 12 day of March 2013.

Iconic Brands, Inc.

By:	/s/ Richard DeCicco Richard DeCicco President, Principal Executive, Financial and Accounting Officer