Iconic Brands, Inc.
Form 10-K/A
January 18, 2011

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

FORM 10-K/A

(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, 2009

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.)
10 Union Avenue, Suite 5 Lynbrook, New York 11563 (Address of principal executive offices)	11757 (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 o 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 o No o

There is no established public trading market for our common stock.

On January 13, 2011, the Company has 52,519,307 shares of common stock issued and outstanding.

Documents Incorporated by Reference: None.

EXPLANATORY NOTE

The purpose of this Amended Annual Report on Form 10-K/A is to amend Part I Items 1 and 4, Part II Items 5 and 7, Part III Items 10, 11 and 13, Part IV Item 15, Signatures, and Exhibits 31 and 32 (together, the “Amended Items”) of our Annual Report on Form 10-K for the period ended December 31, 2009, which was filed with the Securities and Exchange Commission (the “SEC”) on April 16, 2010 (the “Original 10-K”)

The Amended Items have been amended and restated in their entirety to respond to comments issued by the Securities and Exchange Commission and to supplement and clarify previous disclosures. Except as stated herein, this Form 10-K/A does not reflect events occurring after the filing of the Original 10-K on April 16, 2010 and no attempt has been made in this Annual Report on Form 10-K/A to modify or update other disclosures as presented in the Original 10-K. Accordingly, this Form 10-K/A should be read in conjunction with the Original 10-K and our filings with the SEC subsequent to the filing of the Original 10-K.

No other changes have been made to the Original 10-K.

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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 45,510,301 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 is a brand owner of self-developed alcoholic beverages. Furthermore, the Company imports, markets and sells these beverages throughout the United States and globally.

Effective June 10, 2009, prior to the merger, Harbrew Florida effected 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.

OUR BRANDS

Iconic markets specific beverage brands nationally and internationally. Some of the major brands marketed by us include:

Danny DeVito’s Premium Limoncello

Limoncello is a popular Italian after-dinner drink, traditionally served ice-cold. Danny DeVito’s Premium Limoncello is a lemon liqueur produced in Southern Italy, mainly in the region around the Gulf of Naples, the Amalfi coast and the Islands of Ischia and Capri, but also in Sicily, Sardinia and the Maltese island of Gozo. Danny DeVito’s Premium Limoncello is produced exclusively using lemons from Sorrento, Italy, which are harvested and immediately processed in a distillery situated on the Sorrento peninsula. At the October 2007 International Review of Spirits competition, this product was awarded a “Gold Medal” with 90 points and earned a rating of “Exceptional.” This international competition is run by the Beverage Tasting Institute of Chicago, an independent corporation. Harbrew believes that, in the U.S. market, the potential of our Limoncello drink has been virtually untapped. It also believes that Danny DeVito’s Premium Limoncello is the first “branded” product in an “unbranded” category. Harbrew has an exclusive perpetual license agreement with Seven Cellos, LLC, Danny DeVito’s company, and, in accordance with that agreement, net profits are shared between us and Seven Cellos, LLC. For the terms of that agreement, see “License Agreements” below.

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Glen Master Single Malt Scotch Whisky

Glen Master Single Malt Scotch Whisky is a collection of single malt Scotch whiskies. Hand-picked, rather than randomly chosen, the Glen Master range of whiskies is the result of hours of expert nosing. The character of Scotch whisky is influenced by many factors, but prime among these is the quality of the cask and the storage conditions in which the whisky has been matured. Bottled at ambient temperature, the original style is enhanced with all the color coming naturally from the wood, as the whisky matures over the years. Judging when the whisky has reached its peak of perfection is a rare expertise that we believe the makers of Glen Master Single Malt Scotch Whisky possess.

St. Andrews “The Champion” Whisky

St. Andrews “The Champion” Whisky is a 21-year old blended Scotch whisky that comes in a limited number decanter with each box individually numbered. St. Andrews Beverages Limited, considered a master blender in the industry, has selected high quality malts and grain whiskies to create a marriage between these ingredients. The Champion received 86 points and was awarded a “Silver Medal” at the January 2005 International Review of Spirits competition, run by the Beverage Tasting Institute of Chicago. St Andrews whiskies, both single malt and blended, fit into our family of brands.

Bench 5 and Bench 15 Premium Scotch Whisky

Bench 5 Premium Scotch whisky is marketed as a well-matured and rounded five-year old Scotch whisky with a smooth mellow flavor. Our “celebrity brand partner” for this Scotch is Johnny Bench, the hall of fame catcher. Following in the footsteps of Bench 5, we also introduced Bench 15 Premium Scotch whisky, a 15-year old Scotch whisky.

The territory and years remaining on the term of each of our brand’s exclusivity are as follows:

Brand	Territory	Remaining Term
Danny DeVito’s Premium Limoncello	Worldwide	unlimited
St. Andrews “The Champion” Scotch Whisky	North America	5 years
Bench 5 and 15 Scotch Whisky	Worldwide	unlimited
Glen Master Single Malt Scotch	Worldwide	unlimited

Each of the above licenses is renewable by its terms.

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GROWTH STRATEGY

Our objective is to continue to build a unique portfolio of global brands aimed at the premium market, with a primary focus on increasing both total and individual brand case sales. To achieve this, we intend to focus on the following:

Increase market penetration of existing brands. The utilization of the existing distribution relationships, sales expertise and targeted marketing activities to achieve growth and gain additional market share for the brands with retail stores, bars, restaurants and, ultimately, with the end consumers in the United States; adding experienced salespeople in selected markets; increase sales to national chain accounts and begin to penetrate international markets.

Build brand awareness through marketing, advertising and promotional activities. Building brand campaigns that emphasize the “Gold Medal” awards from the Beverage Tasting Institute of Chicago using advertising firms, billboards, print advertisements and in-store promotional materials, to increase consumer brand awareness.

Selectively add new brands to the portfolio. We intend to continue developing new brands and pursuing strategic relationships, joint ventures and, to a lesser extent, acquisitions, to selectively expand the portfolio of brands. In particular, we will focus on our demonstrated ability to partner with celebrities to create unique brands that reflect each celebrity’s image within their marketplace.

MARKETING STRATEGY

We are in the process of building our brands into the United States market. To achieve this end, we are focusing on penetrating select markets with the intention of influencing the remainder of the country as a result. We believe that the key national markets in the United States for our products are New York, Florida, Texas, California, Illinois and Massachusetts. We believe that creating brand awareness — both awareness of the brands, as well as the appropriate impression associated with them — in these select markets is of the utmost importance, as these markets tend to be the opinion leaders for the country.

We intend to vigorously market our brands by utilizing a combination of both traditional media and non-traditional, Internet-specific methods and campaigns. Initially, marketing is focused on the key national markets. Our marketing campaigns have four separate marketing objectives:

Create each brand, its placement and value in the marketplace;

Ensure a steady interest among distributors, wholesalers and both categories of retail outlets;

Create brand awareness and appetite in the mind of the consuming public; and

Penetrate throughout all key markets within the United States.

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DIRECT SALES STRATEGY

Within the spirits distribution industry, the key mode of sales generation is tied to a direct sales force for both the importer and distributor business lines. We intend to increase our sales staff by adding four new sales people to our New York sales force. These salespeople will not only sell in the New York metropolitan market, but will assist in our national exposure efforts.

During the next 12 months, we intend to dedicate additional people both to the New York sales force, as well as defined personnel for the national efforts. This national sales force will target distributors in the key markets, as well as large secondary markets in the cities of Atlanta, Philadelphia, Dallas and Houston, among others.

DISTRIBUTION NETWORK

We believe that our distribution network and New York State wholesale license are among our competitive strengths. We believe that the rapid introduction of Danny DeVito's Premium Limoncello in the major markets with subsequent re-orders during the holiday season reinforces and further bolsters our confidence in our ability to bring new brands to market and quickly establish them as brands of choice. Additionally, we believe the awards given by the Beverage Tasting Institute of Chicago for Danny DeVito's Premium Limoncello confirms our ability to not only develop new products, but to recognize the value of brands selected.

Domestic Distribution

General. Importers of distilled spirits in the United States must sell their products through a three-tier distribution system. An imported brand is first sold to a U.S. importer, which then sells it to a network of distributors, or wholesalers, covering the United States, in either "open" states or "control states. In the 31 open states, the distributors are generally large, privately-held companies. In the 19 control states, the states themselves function as the distributor, and suppliers like our company are regulated by these states. The distributors and wholesalers, in turn, sell to the individual liquor retailers, such as liquor stores, restaurants, bars, supermarkets and other outlets in the states in which they are licensed to sell beverage alcohol. In larger states such as New York, more than one distributor may handle a brand in separate geographical areas. We are a licensed wholesaler in the state of New York, which gives us a competitive advantage in bringing a product to this large market in the shortest time possible. In control states, where liquor sales are controlled by the state governments, importers must sell their products directly to the state liquor authorities, which also act as the distributors and either maintain control over the retail outlets or license the retail sales function to private companies, while maintaining strict control over pricing and profit.

Importation. We own most of our brands or, by contract, have the exclusive right to act as the U.S. importer of the brands in our portfolio. We have both the federal importer and wholesaler license required by the Alcohol and Tobacco Tax and Trade Bureau, a division of the U.S. Department of the Treasury, and a wholesale liquor license issued by New York State. For those states in which we do not have a wholesale license, we use the services of distributors who have the proper licenses to distribute our products.

Wholesalers and Distributors. In the United States, we are required by law to use state licensed distributors or, in the control states, state-owned agencies performing this function, to sell our brands to the various retail outlets. As a result, we are dependent on them not only for sales, but also for product placement and retail store penetration. We do not have distribution agreements or minimum sales requirements with any of our U.S. alcohol distributors and they are under no obligation to place our products or market our brands. In addition, all of them also distribute the products and brands of our competitors. To that end, the fostering and maintaining of relationships with the distributors is a key to introducing and maintaining product placements and growth within each marketplace.

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PUBLIC RELATIONS, ADVERTISING AND TRADE SHOWS

We intend to engage a public relations firm to ensure proper press coverage in spirits industry trade publications. Our public relations efforts will target influential retail outlets, such as popular clubs and restaurants, as well as very specific "image makers," who have influence on popular trends.

We pursue a selective advertising campaign to promote our brands in appropriate trade magazines such as Market Watch, Wine Spectator, Wine Enthusiast, Penthouse, US magazine, People, Vanity Fair (November and December 2008) and Details (November and December 2008), as well as select influential consumer magazines, such as New York, Time-Out and InStyle, and the city's high-volume tabloid newspapers. In future years, these print campaigns will be augmented by radio and outdoor buys in key marketplaces. We believe that these placements represent value-added purchases as they have lower cost per thousand page impressions (CPMs) and can more fully illustrate the value and quality of our products.

We intend to expand on our interactive and integrated corporate website, www.iconicbrandsusa.com, to include a fully interactive demonstration of our brands, highlighting all the specific advantages of our offerings. We are pursuing a method by which a "virtual store" can be established to aid the distributors and retail customers in placing orders and helping them to monitor their inventories of our products.

Trade shows are and will remain an integral part of our marketing concept for the purpose of attracting both distributors and wholesalers. In particular, marketing investments are budgeted for several industry-specific expositions. We believe that by attending these annual events, it will aid in establishing our brands and our company as an emergent leader for the industry.

BONDED WAREHOUSE

By maintaining our own bonded warehousing facilities, we gain added flexibility in managing our inventory. Bonded warehouses carry different classifications. One classification allows a bonded warehouse proprietor/company to only warehouse the product that is owned by the proprietor/company and not the property of other companies. The other classification allows a bonded warehouse proprietor/company to both warehouse the product that is owned by the proprietor/company and the property of other companies. We maintain both levels of this license. We believe the fact that one's inventory is in its own facility where the primary business is conducted gives our company flexibility. We can move product from an "In Bond" condition to a "Tax Paid" condition under our own timeline due to our direct control of the inventory under our company's own roof. Another advantage of a company having its own bonded warehouse and being in the import and distribution of alcoholic beverages is the company from time to time will run marketing programs that require the product to be enhanced by adding what is referred to as a "value added component" to it. One such example is the addition of gift packaging and then marketing the product as a value-added gift pack. Without a bonded warehouse license under its own control, a company seeking to offer such value-added gift pack would not only have to pay an outside co-packer to perform the manipulation, but would have to pay the federal FET tax in advance of shipping the product to distributors or the trade.

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Another advantage is the positive impact having a bonded warehouse has on the company's cash flow. The company will keep the majority or bulk of the inventory it possesses in an "In Bond" condition until such time as it needs the inventory for sale. The company would then instruct its custom broker to pay the duty on a designated amount of inventory and move the inventory from an "In Bond" status to a "Tax Paid" condition. This process actually gives the company an additional ten or more days of cash flow until the ACH, the automatic transfer of the tax from the company's account to the federal government. The federal excise tax can significantly impact a company's cash flow in terms of actual dollars. On a standard nine-liter case of 80-proof Scotch Whiskey, which costs a company approximately $50 per case, the federal excise tax is approximately $30 per case.

LICENSE AGREEMENTS

On April 26, 2007, we entered into an exclusive License Agreement with Seven Cellos, LLC, pursuant to which we were granted a limited license to certain rights in and to Danny DeVito's name, likeness and biography for use by us in connection with Danny DeVito's Premium Limoncello. The term of the agreement continues in perpetuity unless the agreement is terminated upon prior notice. In consideration for the license, we agreed to pay royalties as follows: 5% of net profits to Behr Abrahamson & Kaller, LLP and a payment of 50% of the remaining net profits to Danny DeVito. In addition, we granted a warrant to purchase 100,000 shares of our Common Stock to Mr. DeVito, for an exercise price equal to the lower of $1.00 per share or 85% of the 30-day average bid and ask price prior to exercise. We also granted a warrant to Behr Abrahamson to purchase 20,000 shares of our Common Stock for an exercise price equal to the lower of $1.00 per share or 85% of the 30-day average bid and ask price prior to exercise. Danny DeVito agreed to use reasonable efforts to be available for a reasonable number of promotional appearances during each consecutive 12-month period, the duration of which will not exceed two days. Pursuant to the agreement, Mr. DeVito granted us a right of first refusal for a period of five years to license any other liquor, spirit or alcoholic beverage which Danny may determine to endorse or develop. A condition precedent to Danny DeVito's performance under the agreement is our applying for a trademark for the brand name "Danny DeVito's Premium Limoncello," with Danny DeVito being designated as a 50% co-owner of the such trademark. We applied for the trademark on April 10, 2007 (trademark application number 377/152,934), which application is currently being reviewed by the U.S. Patent and Trademark Office.

Pursuant to the Merger Agreement, we entered into an Addendum to the License Agreement whereby we granted Danny Devito the right to receive notice and provide his prior written consent for any material contract that we enter into. Failure to obtain such consent will permit Danny Devito to terminate the License Agreement.

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 is 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, and warrants to purchase 500,000 shares of our Common Stock at a price of $1.00, and a warrant to purchase 500,000 shares of our Common Stock at a price of $1.50. Tony Siragusa agreed to use reasonable efforts to be available for a reasonable number of promotional appearances during each consecutive 12-month period, the duration of which will not exceed six days. A condition precedent to Tony Siragusa's performance under the agreement is our applying for a trademark for the brand name "Yo Vodka," with Licensor being designated as a 50% co-owner of such trademark. We applied for the trademark on March 9, 2010 (trademark application number 77747523), which application is currently being reviewed by the U.S. Patent and Trademark Office.

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MANUFACTURING AGREEMENTS

In August 2007, we entered into an Exclusive Manufacturing Agreement with Fagema Sorrento Delizie Di De Luca Antonino and Scala Antonino, an Italian corporation. The term of the agreement is for five years from August 18, 2007, and it automatically renews for additional, consecutive five-year terms unless either party gives written notice at least 90 days prior to the end of the then current term. In return for Fagema Sorrento Delizie Di De Luca Antonino and Scala Antonino's manufacture and shipping of Danny DeVito's Premium Limoncello, we pay between $65 and $68 per case of 12 750-ml. bottles. This is an exclusive contract where Fagema Sorrento Delizie Di De Luca Antonino and Scala Antonino is bound to not manufacture or sell Danny DeVito's Premium Limoncello to anyone other than us, and we are bound to not purchase Danny DeVito's Premium Limoncello from any other manufacturer.

COMPETITION

We compete on the basis of the strength of our quality, price, brand recognition and distribution. The premium brands compete with other alcoholic beverages for consumer purchases and for shelf space in retail stores, restaurant presence and wholesaler attention. In addition to the six major companies listed below, we compete with numerous international producers and distributors of beverage alcohol products, many of which have greater resources than are currently available to us. According to Beverage Media, over the past ten years, the U.S. distilled spirits industry has undergone dramatic consolidation and realignment of brands and brand ownership. The number of major spirit importers in the United States has significantly declined due to mergers and brand ownership changes and consolidation. While historically there were a substantial number of companies owning one or more major brands, today there are six major companies: Diageo PLC, Pernod Ricard SA, Bacardi Ltd., Brown-Forman Corp., Fortune Brands Inc. and Constellation Brands. We believe that we are in a better position to partner with small to mid-size brands in that we can make quicker decisions and move to market faster than these larger organizations.

GOVERNMENT REGULATION

We hold several federal beverage alcohol permits and are subject to the jurisdiction of the Federal Alcohol Administration Act (27 C.F.R. Parts 19, 26, 27, 28, 29, 31, 71 and 252), U.S. Customs Laws (U.S.C. Title 19), Internal Revenue Code of 1986 (Subtitles E and F), and the Alcoholic Beverage Control Laws of all 50 states. The Alcohol and Tobacco Tax and Trade Bureau of the United States Treasury Department regulate the spirits industry with respect to production, blending, bottling, sales and advertising and transportation of alcohol products. Each state regulates the advertising, promotion, transportation, sales and distribution of alcohol products within its jurisdiction. We are required to conduct business in the United States only with holders of licenses to import, warehouse, transport, distribute and sell spirits.

Labeling of spirits is also regulated in many markets, varying from health warning labels to importer identification, alcohol strength and other consumer information. Specific warning statements related to risks of drinking beverage products are required to be included on all beverage alcohol products sold in the United States.

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In the so-called control states, the state liquor commissions act in place of distributors and decide which products are to be purchased and offered for sale in their respective states. Products are selected for purchase and sale through listing procedures that are generally made available to new products only at periodically-scheduled listing interviews. Products not selected for listings can only be purchased by consumers through special orders, if at all. The following states are control states: Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington, West Virginia and Wyoming. In addition, Montgomery County in Maryland is a controlled county. The distribution of alcohol-based beverages is also subject to extensive taxation at both the federal and state level.

The industry is subject to regulations that limit or preclude certain persons with criminal records from serving as our officers or directors. Certain regulations prohibit parties with consumer outlet ownership from becoming officers, directors or substantial shareholders. We believe that we are in material compliance with all applicable federal, state and other regulations. We operate in a highly regulated industry which may be subject to more stringent interpretations of existing regulations. Future costs of compliance with changes in regulations could be significant.

We are primarily an importer of distilled spirits produced outside the United States. Adverse effects of regulatory changes are more likely to materially affect earnings and our competitive market position rather than capital expenditures. Capital expenditures in the spirits industry are normally associated with either production facilities or brand acquisition costs. Because we are not a U.S. producer, changes in regulations affecting production facility operations may indirectly affect the costs of the brands we purchase for resale, but we would not anticipate any resulting material adverse impact upon our capital expenditures.

Our industry is dominated by global conglomerates with international brands. Therefore, to the extent that more restrictive marketing and sales regulations are adopted in the future, or excise taxes and customs duties are increased, our earnings could be materially adversely affected. Large international conglomerates have far greater financial resources than we do and would be better able to absorb increased compliance costs.

EMPLOYEES

As of December 31, 2009, we have 9 full-time employees. Our employees are not represented by any collective bargaining agreement, and we have never experienced a work stoppage. We believe we have good relations with our employees. Following our planned funding and expansion later this year, we intend to hire an additional 5 employees. These employees will perform functions in the areas of in-house compliance, accounting, sales, marketing, warehousing and deliveries.

CONSULTANTS

On January 4 2010, an advisory engagement letter was entered into between the Company and CorProminence LLC, under which CorProminence would provide services for management consulting, business advisory, shareholder information and public relations. In return for the services contemplated, the Company issued 300,000 restricted shares of the company's common stock

On March 16, 2010, an amendment was made to the agreement with Cresta Capital Strategies LLC extending their services for 12 months. In consideration of this extension, the company will issue 2,000,000 shares of common stock and reduce the price of their warrants to twenty-five (.25) cents.

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ITEM 1A. RISK FACTORS

The Company is a smaller reporting company, as defined by Rule 229.10(f) and need not comply with the requirements of this Item.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved staff comments.

ITEM 2. PROPERTIES

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 are met, the Company has an option to renew the lease for an additional two years at annual rentals ranging from $92,991 to $95,781.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

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

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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.

We believe that the ultimate resolution of these matters will not 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. (REMOVED AND RESERVED)

None.

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, 44,810,411 shares of which were outstanding as of December 31, 2009, (ii) Series A preferred stock, par value $.00001 per share of which 1 share was outstanding as of December 31, 2009, and (iii) Series B preferred stock, stated value $2.00 per share of which 916,603 shares were outstanding as of December 31, 2009.

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Our common stock has been quoted on the OTC Bulletin Board under the symbol "ICNB.OB" since July 2009.

The table below sets forth the high and low bid prices for our common stock for the period indicated based on reports of transactions on the Over-the-Counter Bulletin Board and the NASDAQ Capital Market. Such prices reflect inter-dealer prices, without retail markup, markdowns or commissions and may not necessarily represent actual transactions.

Price Information

Financial Quarter Ended	High	Low
September 30, 2009	0.60	0.25
December 31, 2009	0.45	0.07

Holders

As of March 31, 2010, there were approximately 362 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

We have not declared dividend on our common stock during the last two fiscal years or the subsequent interim period nor do we anticipate paying any in the foreseeable future. Furthermore, we expect to retain any future earnings to finance its 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.

Securities authorized for issuance under 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. Ference and Richard A. Freeman in consideration for legal services rendered, valued in the aggregate amount of $25,000.

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On July 14, 2008, the Company issued a total of 1,600 shares of the Company's common stock to Bentley Asset Invesment Group, Inc, and New Century Capital Consultants, Inc. (the "Consultants"), , pursuant to Consulting Agreements between the Company and the Consultants, in consideration for services rendered, valued in the amount of $160,000.

On August 8, 2008, the Company issued 2,731 shares of common stock to its Richard J. DeCicco, its Chief Executive Officer in consideration of services rendered, valued in the amount of $273,096.

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 in consideration of services rendered, valued in the amount of $105,000.

On August 11, 2008, the Company issued 2,000 shares of the it's common stock to MLF Group, LLC, a consulting firm pursuant the Financial Consulting Agreement dated July 31, 2008 between MLF Group LLC and the Company, in consideration for services rendered valued in the amount of $200,000.

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;

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 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,

3) 2,086,973 shares of common stock valued at $208,697 were issued to Danny DeVito and affiliates for services;

4) 4,606,307 shares of common stock were issued to noteholders in satisfaction of $2,125,625 of debt and $177,529 of accrued interest; and

5) 1,000,000 shares of common stock were issued to Capstone 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.

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.

All securities issued pursuant to the Merger Agreement were issued based on an exemption under Section 4(2) of the Securities Act of 1933, as amended.

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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. 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.

In the three months ended September 30, 2009, a total of $122,500 of debt and $28,147 of accrued interest was converted into a total of 300,110 shares of Company common stock.

On August 19, 2009, we completed a private placement offering in the aggregate amount of $500,000 from 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.

On October 6, 2009, the Company issued 1,000,000 shares of its common stock to Brady Middleditch, pursuant to a one month Consulting Agreement for financial services, valued in the amount of $200,000.

Subsequent Issuances of Common Stock

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 Marvin Mermelstein 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 152,546 shares of common stock, and 250,000 warrants to three accredited investors pursuant to convertible promissory notes, in the aggregate amount of $62,500 plus accrued interest of $13,773. The notes were converted at the rate of $0.50 per share and the warrants were exercised at the price of $$1.00 and $1.50.

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 our Common Stock at an exercise price of $1.00 per share, and warrants to purchase 500,000 shares of our Common Stock at an exercise price of $1.50. We did not generate any proceeds from the issuance of the securities. The shares were issued under Section 4(2) of the Securities Act of 1933, as amended.

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On February 24, 2010, the Company issued 300,000 shares of common stock to CorProminence LLC, in consideration for 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.

On March 16, 2010, the Company issued 2,000,000 shares of common stock to Cresta Capital Strategies LLC in consideration for services rendered 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 are issued in reliance on the exemption under Section 4(2) of the Securities Act of 1933, as amended (the "Act"). These securities qualified for exemption under Section 4(2) of the Securities Act of 1933 since the issuance securities by us did not involve a public offering. The offering was not a "public offering" as defined in Section 4(2) due to the insubstantial number of persons involved in the deal, size of the offering, manner of the offering and number of securities offered. We did not undertake an offering in which we sold a high number of securities to a high number of investors. In addition, these shareholders had the necessary investment intent as required by Section 4(2) since they agreed to and received share certificates bearing a legend stating that such securities are restricted pursuant to Rule 144 of the 1933 Securities Act. This restriction ensures that these securities would not be immediately redistributed into the market and therefore not be part of a "public offering." Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(2) of the Securities Act of 1933 for this transaction.

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ITEM 6. SELECTED FINANCIAL DATA

The Company qualifies as a smaller reporting company, as defined by Rule 229.10(f)(1) and is not required to provide the information required by this Item.

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

Overview

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, Harbrew New York became our wholly owned subsidiary 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

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.

We are 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. We are federally licensed, maintaining licenses to both import and sell to wholesale licensed distributors in 51 markets in the United States. In addition to the federal import and wholesale licenses, we maintain a federal customs bonded facility license for our premises in Lindenhurst, New York. Within the licensing category, we also maintain a New York State wholesale license and a New York State warehousing license, permitting us to warehouse products of other companies.

Our brands include, among others, Danny DeVito's Premium Limoncello, Glen Master Single Malt Scotch Whisky, St. Andrews "The Champion" Whisky, Bench 5 and Bench 15 Premium Scotch Whisky. Our objective is to continue building a distinctive portfolio of global premium and celebrity brands. We have shifted our focus from a volume-oriented approach to a profit-centric focus. To achieve this, we continue to seek to:

- increase revenues from existing brands. We are focusing our existing distribution relationships, sales expertise and targeted marketing activities to concentrate on our more profitable brands by expanding our domestic and international distribution relationships to increase the mutual benefits of concentrating on our most profitable brands, while continuing to achieve brand recognition and growth and gain additional market share for our brands within retail stores, bars and restaurants, and thereby with end consumers;

- improve value chain and manage cost structure. We have undergone a comprehensive review and analysis of our supply chain and cost structure both on a company-wide and brand-by-brand basis. We further intend to map, analyze and redesign our purchasing and supply systems to reduce costs in our current operations and achieve profitability in future operations;

- selectively add new premium brands to our portfolio. We intend to continue developing new brands and pursuing strategic relationships, joint ventures and acquisitions to selectively expand our premium brand portfolio, particularly by capitalizing on and expanding our already demonstrated partnering capabilities. Our criteria for new brands focuses on underserved areas of the beverage alcohol marketplace, while examining the potential for direct financial contribution to our company and the potential for future growth based on development and maturation of agency brands. We will evaluate future acquisitions and agency relationships on the basis of their potential to be immediately accretive and their potential contributions to our objectives of becoming profitable and further expanding our product offerings. We expect that future acquisitions, if consummated, would involve some combination of cash, debt and the issuance of our stock; and

- cost containment. We have taken significant steps to reduce our costs. Even though we had a significant increase in selling, general and administrative expense, which was the direct result of the stock based compensation issued in connection with the Merger, during the year ended December 2009, the Company had a reduction in expenses relating to administrative, compensation and benefits, occupancy and warehousing, travel and entertainment, and permits. Efforts to reduce expenses further continue. In particular, all brand expenditures with the exception of Limoncello have been either curtailed or eliminated. This practice will continue until additional equity is raised for the Company.

Operations overview

We generate revenue through the sale of our products to our network of wholesale distributors or, in control states, state-owned agencies, and to retail outlets. In the U.S., our sales price per case includes excise tax and import duties, which are also reflected in a corresponding increase in our cost of sales. Most of our international sales are sold “in bond”, with the excise taxes paid by our customers upon shipment, thereby resulting in lower relative revenue as well as a lower relative cost of sales, although some of our United Kingdom sales are sold “tax paid”, as in the United States. The difference between sales and net sales principally reflects adjustments for various distributor incentives.

Our gross profit is determined by the prices at which we sell our products, our ability to control our cost of sales, the relative mix of our case sales by brand and geography and the impact of foreign currency fluctuations. Our cost of sales is principally driven by our cost of procurement, bottling and packaging, which differs by brand, as well as freight and warehousing costs. [We purchase certain products, such as the Limoncello and Scotch Whiskey, as finished goods. For other products, such as the planned Siragusa Vodka,, we will purchase the components, including the distilled spirits, bottles and packaging materials, and have arrangements with third parties for bottling and packaging. U.S. sales typically have a higher absolute gross margin than in other markets, as sales prices per case are generally higher in the U.S. than elsewhere, in addition, domestically sourced components do not have the disadvantage of a weak US dollar versus the cost of sourcing from the EEC.

Selling expense principally includes advertising and marketing expenditures and compensation paid to our executive officers and sales personnel. Our selling expense, as a percentage of sales and per case, is higher than that of our competitors because of our brand development costs, and level of marketing expenditures versus our relatively small base of case sales and sales volumes. However, we believe that maintaining an infrastructure capable of supporting future growth is the correct long-term approach for us.

While we expect the absolute level of selling expense to increase in the coming years, we expect selling expense as a percentage of revenues and on a per case basis to decline, as our volumes expand and our sales team sells a larger number of brands.

General and administrative expense relates to corporate and administrative functions that support our operations and includes administrative payroll, occupancy and related expenses and professional services. We expect general and administrative expense in fiscal 2010 to decrease from fiscal 2009 primarily due to the reduction in stock based compensation and other expenses, as we continue to control core spending. We expect our general and administrative expense as a percentage of sales to decline due to economies of scale.

We expect to increase our case sales in the U.S. and internationally over the next several years through organic growth, and through the extension of our product line via line extensions, acquisitions and distribution agreements. We will seek to maintain liquidity and manage our working capital and overall capital resources during this period of anticipated growth to achieve our long-term objectives, although there is no assurance that we will be able to do so.

Our growth strategy is based upon partnering with other brands, acquiring smaller and emerging brands and growing existing brands. To identify potential partner and acquisition candidates we plan to rely on our management’s industry experience and our extensive network of industry contacts. We also plan to maintain and grow our U.S. and international distribution channels so that we are more attractive to spirits companies who are looking for a route to market for their products. With respect to foreign and small private and family-owned spirits brands, we will continue to be flexible and creative in the structure and form of our proposals and present an alternative to the larger spirits companies.

We intend to finance our brand acquisitions through a combination of our available cash resources, bank borrowings and, in appropriate circumstances, the further issuance of equity and/or debt securities. Acquiring additional brands could have a significant effect on our financial position, and could cause substantial fluctuations in our quarterly and yearly operating results. Additionally, the pursuit of acquisitions and other new business relationships may require significant management attention. We may not be able to successfully identify attractive acquisition candidates, obtain financing on favorable terms or complete these types of transactions in a timely manner and on terms acceptable to us, if at all.

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, 2009. 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.

Revenue recognition

We recognize revenue from product sales when the product is shipped to a customer (generally a distributor), title and risk of loss has passed to the customer in accordance with the terms of sale (FOB shipping point or FOB destination) and collection is reasonably assured. We do not offer a right of return but will accept returns if we shipped the wrong product or wrong quantity. Revenue is not recognized on shipments to control states in the United States until such time as product is sold through to the retail channel.

Accounts receivable

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

Inventory valuation

Our inventory, consists of finished bottles of distilled spirits, cases of wine, and packaging. The inventory is valued at the lower of cost or market (first in first out method), using the weighted average cost method. We assess the valuation of our inventories and reduce the carrying value of those inventories that are obsolete or in excess of our forecasted usage to their estimated realizable value. We estimate the net realizable value of such inventories based on analyses and assumptions including, but not limited to, historical usage, future demand and market requirements. Reduction to the carrying value of inventories is recorded in cost of goods sold.

Stock-based awards

We follow current authoritative guidance regarding stock-based compensation, which requires all share-based payments, including grants of stock options, to be recognized in the income statement as an operating expense, based on their fair values on the date of grant. Stock based compensation for fiscal year 2009 and 2008 was $2,714,868 and $640,873, respectively. We used the Black-Scholes option-pricing model to estimate the fair value of options granted. The assumptions used in valuing the options granted during fiscal year 2009 and 2008 are included in note 2 to our consolidated financial statements.

Fair value of financial instruments

ASC 825, “Financial Instruments” (“ASC 825”), defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties and requires disclosure of the fair value of certain financial instruments. Except for long term debt, we believe that there is no material difference between the fair value and the reported amounts of financial instruments in the balance sheets due to the short-term maturity of these instruments, or with respect to the debt, as compared to the current borrowing rates available to us .

Results of Operations

Results of Operations for the Year ended December 31, 2009 Compared to the Year ended December 31, 2008

The following table sets forth key components of our results of operations for the periods indicated, in dollars, and key components of our revenue for the period indicated, in dollars. The discussion following the table is based on these results.

Iconic Brands, Inc. and Subsidiary
Consolidated Statements of Operations

	Year Ended December 31, 2009	Year Ended December 31, 2008
Sales	$ 773,555	$ 1,565,520
Cost of goods sold	613,494	1,163,042
Gross profit	160,061	402,478
Selling, general and administrative expenses:		
Selling, marketing and promotion	331,306	455,700
Administrative compensation and benefits	860,275	1,327,161
Stock-based compensation issued in connection with merger	2,272,108	-
Professional fees	692,062	492,492
Occupancy and warehousing	155,793	233,187
Travel and entertainment	115,787	227,670
Office	36,678	40,741
Licenses and permits	4,315	37,254
Other	40,764	39,979
Total	4,509,088	2,854,184
Income (loss) from operations	(4,349,027)	(2,451,706)
Other income	98,411	-
Interest expense	(656,818)	(1,227,627)
Income (loss) before income taxes	(4,907,434)	(3,679,333)
Income taxes	-	-
Net income (loss)	$ (4,907,434)	$ (3,679,333)
Net income (loss) per common share - basic and diluted (as restated - See note 11)	$ (0.13)	$ (0.13)
Weighted average number of common shares outstanding - basic and diluted (as restated - See Note 11)	36,613,416	27,347,383

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Sales:

Sales decreased by $791,965, or 50.6%, from $1,565,520 for the prior year ended December 31, 2008 to $773,555 for the period year ended December 31, 2009. The decrease in sales was a direct result of the Company inability to raise sufficient capital to market, promote and distribute it products. As a result of having limited funds available for working capital purposes, the Company shifted its focus and available resources from marketing, promoting and distributing the products of other manufacturers to marketing, promoting and distributing its celebrity branded products, such as the Danny DeVito's Premium Limoncello, Glen Master Scotch,and its other organically developed brands.

Cost of goods sold:

Cost of goods sold decreased by $549,548, or 47.2%, from $1,163,042 for the period ended December 31, 2008 to $613,494 for the period ended December 31, 2009. This decrease in COGS is consistent with the decrease in sales for the period as the Company shifts its focus and resources towards its celebrity and organically developed brands.

Gross profit:

Gross profit decreased by $242,417, or 60.2%, from $402,478 for the period ended December 31, 2008 to $160,061 for the period ended December 31, 2009 mainly due to the decrease in sales as the Company refocuses its resources to its celebrity and organically developed brands.

Selling, general and administrative expenses:

Selling general and administrative expenses for the years ended December 31, 2009 and 2008 were $4,509,088 and $2,854,184, respectively, an increase of $1,654,904, or 60.0%, primarily due to the increase in professional fees incurred in connection with financing activities and stock-based compensation in connection with the merger. Included in selling, general and administrative expenses are selling, marketing and promotion expenses in the amount of $331,306, which reflects a decrease of $124,394 for the period ended December 31, 2009 from $455,700 for the prior year ended; administration, compensation and benefits which decreased to $860,275 for the period ended December 31, 2009 from $1,327,161 for the prior year ended; stock-based compensation of $2,272,108 for the period ended December 31, 2009 as compared to $640,873 for the prior year ended; professional fees which increased to $692,062 for the period ended December 31, 2009 from $492,492 for the prior year ended and were the result of expenses relating to the merger; occupancy and warehousing expense which decreased to $155,793 for the period ended December 31, 2009 from $233,187 for the prior year ended; travel and entertainment, which decreased from $115,787 for the period ended December 31, 2009 from $227,670 for the prior year ended and were the result of the reduction in executives' travel schedules and the diminished opportunities to market and promote the Company's products; office expenses decreased to $36,678 for the period ended December 31, 2009 from $37,254 for the prior year ended as a result of implementing cost controls; license and permit significantly decrease during the period ended December 31, 2009 to 4,315 from $37,254 for the prior year ended, primarily because of the Company's refocus in marketing its own organically branded products; and other expenses also increased marginally to $40,764 for the period ended December 31, 2009 from $39,797 for the prior year ended.

Income (loss) from Operations:

Loss from operations was $4,349,027 for the period ended December 31, 2009 and $2,451,706 for the prior year ended. We have implemented cost containment measures during the fiscal year 2009 and we are now focused on our celebrity and organically branded products and we expect growth of these products. The 77.4% increase in the loss from operations for the period resulted from the decrease in sales and the increase in expenses as previously described, primarily resulting from stock based compensation in connection with the merger in the amount of $2,272,108.

Interest Expense:

Interest expense for the period ended December 31, 2009 and 2008 was $656,818 and $1,227,627, respectively, a decrease of $570,809, or 46.5%. The decrease in interest expense for the period was a result of a rate reset by our largest creditor, and by converting and exchanging our convertible debts for equity during the fiscal year 2009.

Net Income (loss):

Net loss was $4,907,434 for the period ended December 31, 2009, compared to $3,679,333 for the period ended December 31, 2008, an increase of $1,228,101, or 33.4%. The slight increase in the net loss for the period was a result of decreased sales, professional fees incurred relating to financing activities, and an interest rate reset by our largest creditor.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have incurred significant operating and net losses and have not generated positive cash flows from operations. For the year ended December 31, 2009, we had a net loss of $4,907,434, and used cash of $538,842 in operating activities. As of December 31, 2009, we had an accumulated deficit of $13,385,569.

On August 19, 2009, we completed a private placement offering in the aggregate amount of $500,000 from 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.

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 Marvin Mermelstein 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.

Our primary uses of cash have been for selling and marketing expenses, employee compensation, new product development and working capital. The main sources of cash have been from the financing of purchase orders and the factoring of accounts receivable. In addition, we issued convertible notes and promissory notes to bridge the gap between our primary lender and our working capital requirements. All funds received have been expended in the furtherance of growing the business and establishing the brand portfolios. The following trends are reasonably likely to result in a material decrease in our liquidity over the near to long term:

An increase in working capital requirements to finance higher level of inventories and accounts receivable,

Addition of administrative and sales personnel as the business grows,

Increases in advertising, public relations and sales promotions for existing and new brands as the company expands within existing markets or enters new markets,

Development of new brands to complement our current celebrity portfolio, and

The cost of being a public company and the continued increase in costs due to governmental compliance activities.

Cash flows

The following table summarizes our primary sources and uses of cash during the periods presented:

	Years ended December 31, 2009	2008
Net cash provided by (used in):		
Operating activities	$ (538,842)	(1,579,707)
Investing activities	5,150	0
Financing activities	556,911	1,547,013
Net (decrease) increase in cash and cash equivalents	$ 12,919	(32,694)

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Net Cash Used in Operating Activities

A substantial portion of our available cash has been used to fund operating activities. In general, these cash funding requirements are based on operating losses, driven principally by our sizeable investment in selling and marketing, and general expenses. The business has incurred significant losses since inception.

For the year ended December 31, 2009, net cash used in operating activities was $(538,842), consisting primarily of losses from operations of $4,907,434, offset by a non-cash charge for stock-based compensation of $2,714,868, decreases in receivables of $229,896, decreases in prepaid expenses and other current assets of $3,042, and increases in accrued expenses of $932,923.

Net Cash Used in Investing Activities

For the year ended December 31, 2009 and 2008, net cash used in investing activities was $5,150 and $0, respectively.

Net Cash Provided by Financing Activities

For the year ended December 31, 2009, funds provided by financing activities amounted to $556,911 resulting from increases of debt.

We anticipate that we will need to make significant expenditures during the next 12 months, contingent upon raising capital. These anticipated expenditures are for advertising, marketing, promotional items, overhead and working capital purposes. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. We anticipate that we will require up to $7,500,000 for funding our plan of operations for the next twelve months, depending on revenues, if any, from operations.

By adjusting our operations and development to the level of capitalization, we believe we have sufficient capital resources to meet projected cash flow deficits. However, if during that period or thereafter, we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations liquidity and financial condition.

We will still need additional investments in order to continue operations to break even. We are seeking additional investments, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. However, the downturn in the U.S. stock and debt markets could make it more difficult to obtain financing through the issuance of equity or debt securities. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

DEBT

The Company's total debts is in the amount of $2,578,008 for the year ended December 31, 2009, of which $175,000 is past due debt. The Company's debts consist primarily of the following:

	December 31, 2009	December 31, 2008
Due under Purchase Order Financing Agreement	$ -	$ 2,937,177
Due Under Discount Factoring Agreement	85,887	55,741
Convertible notes, interest at 7% to 14%, due July 2, 2012 to July 2, 2013 – net of unamortized discounts of $52,328 and $328,875, respectively	160,172	766,750
Convertible debentures, interest at 9%, due December10, 2008 to January 23, 2009 – net of unamortized discounts of $0 and $525, respectively	-	104,475
Interim loan convertible promissory notes issued from July 22, 2008 to September 9, 2008, interest at 0%, due the earlier of (1) one year after the date of issuance or (2) completion of $3,000,000 minimum new private placement (in which case the notes were to be automatically converted into new units)	-	1,100,000
Promissory note, interest at 20%, due January 9, 2009 to January 29, 2009	100,000	100,000
Unsecured promissory note, interest at 7%, due in installments until June 10, 2011	334,523	-
Convertible promissory note, interest at 7%, due September 13, 2014 – net of unamortized discount of $77,595 and $0, respectively	22,405	-
Loans payable, interest at 0%, due on demand	249,000	-
Loan payable, interest at 12%, due January 14, 2010 – net of unamortized debt discount of $26,823 and $0, respectively	73,177	
Convertible promissory notes, interest at 10%, due October 25, 2007 to November 27, 2007	75,000	125,000
Due Donald Chadwell (significant stockholder), interest at 0%, no repayment terms	763,000	763,000
Due Richard DeCicco (officer, director, and significant stockholder) and affiliates, interest at 0%, no repayment terms	714,844	762,630
Total	2,578,008	6,714,773
Less current portion of debt	(803,064)	(4,422,393)
Long term debt	1,774,944	2,292,380

Pursuant to the Purchase Order Financing Agreement was dated January 22, 2007, Capstone Capital Group I, LLC (the "Secured Party provided advances of credit to the Company. Among other things, the agreement provided for fees to the Secured Party equal to 2.5% for the first 30 days (or part thereof) that each advance was outstanding and 1.25% for every 14 days (or part thereof) that such advance remained outstanding. On June 10, 2009, the Company entered into a termination agreement with Capstone (the "Termination Agreement") whereby Capstone agreed to forgive the $2,833,205 balance owed it under the Purchase Order Financing Agreement in exchange for: (i) a $500,000 7% unsecured promissory note (the "Promissory Note"); (ii) 1,000,000 shares of Common Stock; (iii) $1,833,205 worth of Series B Preferred Stock; and (iv) a 3-year warrant to purchase up to 1,000,000 shares of Common Stock at an exercise price of $0.50 per share. The Promissory Note is payable in 24 monthly installments of $10,000 commencing July 10, 2009, $100,000 on or before June 10, 2010, and the remaining $160,000 on or before June 10, 2011. If the Company closes a financing prior to maturity of the Promissory Note, up to 50% of the proceeds are to be used to prepay the remaining balance of the Promissory Note.

Pursuant to the Discount Factoring Agreement was dated January 22, 2007, Capstone Business Credit, LLC (the "Factor") provided financing to certain Company accounts. Among other things, the agreement provides for commissions to the Factor equal to 2% for the first 30 days (or part thereof) that each such account receivable is outstanding and 1% for every 14 days (or part thereof) thereafter that such account receivable remains outstanding.

Fees and commissions charged pursuant to the Purchase Order Financing Agreement and the Discount Factoring Agreement are included in interest expense for the period, in the amount of $656,818.

The $387,500 total face value of convertible notes outstanding at September 30, 2009 are convertible into shares of the Company's common stock at a price of $0.50 per share.

Accrued interest payable on debt (included in accrued expenses and other current liabilities in the amount of $1,500,652 consisted of:

		December 31, 2009		December 31, 2008
Convertible notes, interest at 7%	$	56,651	$	174,513
Convertible debentures, interest at 9%		-		4,744
Promissory note, interest at 20%		10,082		1,973
Convertible promissory notes, interest at 10%		24,767		36,031
Total	$	91,500	$	217,26

Obligations and commitments

Rental Agreements – 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 are met, the Company has an option to renew the lease for an additional two years at annual rentals ranging from $92,991 to $95,781.

For the years ended December 31, 2009 and 2008, rent expense was $117,329 and $171,776, respectively.

License Agreement – 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 continues through perpetuity unless the agreement is 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.

Danny DeVito agreed to use reasonable efforts to be available for a reasonable number of promotional appearances during each consecutive 12 month period, the duration of which shall not exceed 2 days. Pursuant to the agreement, Danny DeVito granted the Company a right of first refusal for a period of 5 years to license any other liquor, spirit or alcoholic beverage which Danny DeVito may determine to endorse or develop. A condition precedent to Danny DeVito's performance under the agreement are subject to the Company applying for a trademark for the brand name "Danny DeVito's Premium Limoncello" with Danny DeVito being designated as 50% co-owner of such trademark. The Company registered this trademark with the U.S. Patent and Trademark Office (trademark application number 77152934).

For the years ended December 31, 2009 and 2008, the Company calculated cumulative "Net Profits" from the brand to be negative and thus did not pay or accrue any royalty expense under the License Agreement .

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Merchandising License Agreement - 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 has a term of 5 years ending on June 30, 2014 and may be extended to June 30, 2019 upon certain conditions unless it is sooner terminated, the Company agreed to pay PLI a royalty fee of five percent (5%) and guarantee 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.

At March 31, 2010, the Company has not yet commenced sales of the product named “The Godfather”. For the year ended December 31, 2009, the Company expensed $40,000 (included in selling, marketing and promotion expenses in the consolidated statement of operations) to provide for the ratable accrual of the $400,000 minimum royalties over 5 year term of the License Agreement.

Employment Agreement with chief executive officer - On January 23, 2008, the Company entered into an employment agreement with its chief executive officer Richard DeCicco. The agreement provides for a term of 5 years, commencing on January 1, 2008. The term 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

Employment agreement with chief financial officer - On October 1, 2007, the Company entered into an employment agreement with its chief financial officer William Blacker. The agreement provides for a term of 3 years, commencing on October 1, 2007. The term can 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 $.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. 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) is being amortized over the 3 year term of the employment agreement as compensation and benefits.

Legal proceedings – The Company is party to a variety of legal proceedings that arise in the normal course of business. 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 not have a material adverse effect on the Company's consolidated results of operations or financial position.

Impact of Inflation

We expect to be able to pass inflationary increases for raw materials and other costs on to our customers through price increases, as required, and do not expect inflation to be a significant factor in our business.

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Seasonality

Although our operating history is limited, we do not believe our products are seasonal.

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, 2009. 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 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.

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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

The Company qualifies as a smaller reporting company, as defined by Rule 229.10(f) and as a result it need not comply with the requirements of this Item.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

ICONIC BRANDS, INC.
(A DEVELOPMENT STAGE COMPANY)

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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 sheets of Iconic Brands, Inc. and Subsidiary (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of operations, changes in stockholders' equity (deficiency), and cash flows for the years 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 audits.

I conducted my audits 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 audits provide 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, 2009 and 2008 and the results of their operations and cash flows for the years 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 11 to the consolidated financial statements, the Company restated its consolidated financial statements for the years ended December 31, 2009 and 2008.

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

Freeport, New York

April 14, 2010 (except for the matters discussed in Note 11 to the consolidated financial statements, as to which the date is January 12, 2011)

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Iconic Brands, Inc. and Subsidiary
Consolidated Balance Sheets

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 23,889	$ 10,970
Accounts receivable, net of allowance for doubtful accounts of $ 35,000 and $35,000, respectively	254,268	484,164
Inventories	393,811	738,507
Prepaid expenses and other current assets	391,140	595,769
Total current assets	1,063,108	1,829,410
Property, plant and equipment, net	7,273	6,294
Restricted cash and cash equivalents	75,000	100,000
Total assets	$ 1,145,381	$ 1,935,704
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Current portion of debt	$ 803,064	$ 4,422,393
Accounts payable	1,290,680	1,481,916
Accrued expenses and other current liabilities	1,500,652	938,494
Total current liabilities	3,594,396	6,842,803
Long term debt	1,774,944	2,292,380
Series B preferred stock, $2.00 per share stated value; designated 1,000,000 shares, issued and outstanding 916,603 and 0 shares, respectively - an equity security with characteristics of a liability (as restated in 2009 - See Note 11)	1,833,206	-
Total liabilities	7,202,546	9,135,183
Stockholders' equity (deficiency):		
Preferred stock, $.00001 par value; authorized 100,000,000 shares:		
Series A, designated 1 share, issued and outstanding 1 and 0 shares, respectively	1	-
Common stock, $.00001 par value; authorized 100,000,000 shares, issued and outstanding 44,810,411 and 24,909 shares, respectively	448	-
Additional paid-in capital	7,327,955	1,278,656
Accumulated deficit	(13,385,569)	(8,478,135)

Total stockholders' equity (deficiency) (as restated in 2009 - See Note 11)	(6,057,165))	(7,199,479)
Total liabilities and stockholders' equity (deficiency)	$ 1,145,381	$ 1,935,704

See accompanying notes to financial statements

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Iconic Brands, Inc. and Subsidiary
Consolidated Statements of Operations

	Year Ended December 31, 2009	Year Ended December 31, 2008
Sales	$ 773,555	$ 1,565,520
Cost of goods sold	613,494	1,163,042
Gross profit	160,061	402,478
Selling, general and administrative expenses:		
Selling, marketing and promotion	331,306	455,700
Administrative compensation and benefits	860,275	1,327,161
Stock-based compensation issued in connection with merger	2,272,108	-
Professional fees	692,062	492,492
Occupancy and warehousing	155,793	233,187
Travel and entertainment	115,787	227,670
Office	36,678	40,741
Licenses and permits	4,315	37,254
Other	40,764	39,979
Total	4,509,088	2,854,184
Income (loss) from operations	(4,349,027)	(2,451,706)
Other income	98,411	-
Interest expense	(656,818)	(1,227,627)
Income (loss) before income taxes	(4,907,434)	(3,679,333)
Income taxes	-	-
Net income (loss)	$ (4,907,434)	$ (3,679,333)
Net income (loss) per common share - basic and diluted (as restated - See Note 11)	$ (0.13)	$ (0.13)
Weighted average number of common shares outstanding - basic and diluted (as restated - See Note 11)	36,613,416	27,347,383

See accompanying notes to financial statements

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Iconic Brands, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity (Deficiency)

	Series A Preferred Stock, $0.00001 par value		Common Stock, $0.00001 par value				
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, December 31, 2007	-	$ -	16,336	$ -	$ 395,593	$ (4,798,802)	$ (4,403,209)
Shares issued for services	-	-	8,573	-	825,596	-	825,596
Fair value of warrants included in sales of Units	-	-	-	-	33,779	-	33,779
Stock options and warrants Compensation expense	-	-	-	-	23,688	-	23,688
Net loss	-	-	-	-	-	(3,679,333)	(3,679,333)
Balance, December 31, 2008	-	-	24,909	-	1,278,656	(8,478,135)	(7,199,479)
Issuance of stock to management and employees on June 10, 2009	1	1	19,634,112	196	2,063,214	-	2,063,411
Issuance of stock to Danny DeVito and affiliates on June 10, 2009	-	-	2,086,973	21	208,676	-	208,697
Issuance of stock to Note holders on June 10, 2009 in satisfaction of debt and accrued	-	-	4,606,307	46	2,303,108	-	2,303,154

interest (as restated in 2009 - See Note 11)							
Issuance of stock to Capstone on June 10, 2009 in connection with Termination Agreement	-	-	1,000,000	10	499,990	-	500,000
Acquisition of Harbrew Imports, Ltd. on June 10, 2009	-	-	15,158,000	152	(152)	-	-
Issuance of stock to Note holders in July and August 2009 in satisfaction of debt and accrued interest.	-	-	300,110	3	150,644	-	150,647
Sale of Units at $.50 per unit on August 19,2009, less placement costs of $55,000	-	-	1,000,000	10	444,990	-	445,000
Fair value of warrants included in sale of convertible promissory note in August 2009	-	-	-	-	82,440	-	82,440
Issuance of stock to consultant in October 2009	-	-	1,000,000	10	199,990	-	200,000
Fair value of reduction of exercise price of warrants in connection with debt financing in December 2009	-	-	-	-	61,310	-	61,310
	-	-	-	-	35,089	-	35,089

Stock options and warrants compensation expense							
Net loss	-	-	-	-	-	(4,907,434)	(4,907,434)
Balance December 31, 2009 (as restated - See Note 11)	1	$ 1	44,810,411	$ 448	$ 7,327,955	$ (13,385,569)	$ (6,057,165)

See accompanying notes to financial statements

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

	Year Ended December 31, 2009	Year Ended December 31, 2008
Cash flows from operating activities		
Net Income (loss)	$ (4,907,434)	$ (3,679,333)
Adjustments to reconcile net income (loss) to net cash provided by (used in)operating activities:		
Depreciation	4,171	700
Amortization of debt discounts charged to interest expense	311,316	89,935
Stock-based compensation	2,714,868	640,873
Changes in operating assets and liabilities:		
Accounts receivable, net	229,896	7,116
Inventories	344,696	580,919
Prepaid expenses and other current assets	(3,042)	(76,952)
Restricted cash and cash equivalents	25,000	8,785
Accounts payable	(191,236)	236,276
Accrued expenses and other current liabilities	932,923	611,974
Net cash provided by (used in)operating activities	(538,842)	(1,579,707)
Cash flows from investing activities:		
Property, plant and equipment additions	(5,150)	-
Cash flows from financing activities:		
Increases in debt, net	449,000	1,600,975
Repayment of debt	(337,089)	(53,962)
Sale of units of common stock and warrants, net of placement costs	445,000	-
Net cash provided by (used in) financing activities	556,911	1,547,013
Increase (decrease) in cash and cash equivalents	12,919	(32,694)
Cash and cash equivalents, beginning of period	10,970	43,664
Cash and cash equivalents, end of period	$ 23,889	$ 10,970
Supplemental disclosures of cash flow information:		
Interest paid	$ 264,621	$ 961,641
Income taxes paid	$ -	$ -
Non-cash financing activities:		
	$ 2,453,801	$ -

Shares of common stock issued to noteholders in satisfaction of debt and accrued interest		
Securities issued to Capstone in connection with Termination Agreement and satisfaction of debt:		
Unsecured promissory note	$ 500,000	$ -
Series B preferred stock	$ 1,833,206	$ -
Common stock	$ 500,000	$ -
Total	$ 2,833,206	$ -

See accompanying notes to financial statements

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Iconic Brands, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2009

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 is a brand owner of self-developed alcoholic beverages. Furthermore, the Company imports, markets and sells these beverages throughout the United States and globally.

Effective June 10, 2009, prior to the merger, Harbrew Florida effected 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.

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Iconic Brands, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The 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, 2009, the Company had negative working capital of $2,531,288 and a stockholders’ deficiency of $6,057,165. Further, from inception to December 31, 2009, the Company incurred losses of $13,385,569. 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 as recently launched products mature and brand awareness increases, thereby increasing the profitability of its operations. Additionally, the Company intends to obtain new financing which will primarily be used to market and promote Danny DeVito’s Premium Limoncello and other new products. However, there is no assurance that the Company will be successful in accomplishing these objectives. The 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) 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.

(d) Cash and Cash Equivalents

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

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

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

(f) Inventories

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

(g) Property, Plant, and Equipment, Net

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

(h) Revenue Recognition

Revenue from product sales is recognized when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) the price is fixed or determinable, (3) collectibility is reasonably assured, and (4) delivery has occurred. Persuasive evidence of an arrangement and fixed price criteria are satisfied through purchase orders. Collectibility criteria is satisfied through credit approvals. Delivery criteria is satisfied when the products are shipped to a customer and title and risk of loss pass 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 does not offer any sales incentives or other rebate arrangements to customers.

(i) Shipping and Handling Costs

Shipping and handling costs are reported as selling, general and administrative expenses in the accompanying statements of operations. Shipping costs, which are included in selling, marketing and promotion expenses, were $8,000 and $51,493 for the years ended December 31, 2009 and 2008, respectively. Handling costs, which primarily represents warehousing costs and are included in occupancy and warehousing expenses, were $7,368 and $15,832 for the years ended December 31, 2009 and 2008, respectively.

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(j) Advertising

Advertising costs are expensed as incurred and are included in selling, marketing, and promotion expense. For the years ended December 31, 2009 and 2008, advertising expenses were $0 and $24,500, respectively.

(k) 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, 2009 and 2008, stock-based compensation totaled $2,714,868 and $640,873, respectively. These amounts consist of stock-based compensation given to Company officers and consulting firms, which are included in administrative compensation and benefits and professional fees, respectively.

(l) Foreign Currency Transactions

Gains and losses arising on settlement of foreign currency denominated transactions or balances are included in other selling, general and administrative expenses. For the years ended December 31, 2009 and 2008, foreign currency transaction losses were $0.

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

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(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.

3. INVENTORIES

Inventories consist of:

	December 31, 2009	December 31, 2008
Danny De Vito's Premium Limoncello (Liqueur) brand	$ 13,626	$ 192,898
Hot Irishman (Irish coffee) brand	125,718	127,693
Glen Master (scotch) brand	108,470	119,351
George Vesselle (champagne) brand	75,110	80,604
Other	145,013	217,961
Subtotal	467,937	738,507
Reserve for obsolete and slow moving items	(74,126)	-
Total	$ 393,811	$ 738,507

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of:

	December 31, 2009	December 31, 2008
Prepaid inventory purchases	$ 297,684	$ 369,820
Prepaid stock compensation issued to consultants	-	208,411
Royalty advance	60,000	-
Other	33,456	17,538
Total	$ 391,140	$ 595,769

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5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consist of:

	December 31, 2009	December 31, 2008
Vehicles	$ 126,295	$ 126,295
Office and warehouse equipment	20,853	15,711
Total	147,148	142,006
Accumulated depreciation	(139,875)	(135,712)
Net	$ 7,273	$ 6,294

6. DEBT

Debt consists of:

	December 31, 2009	December 31, 2008
Due under Purchase Order Financing Agreement	$-	$2,937,177
Due Under Discount Factoring Agreement	85,887	55,741
Convertible notes, interest at 7% to 14%, due July 2, 2012 to July 2, 2013 – net of unamortized discounts of $52,328 and $328,875, respectively	160,172	766,750
Convertible debentures, interest at 9%, due December10, 2008 to January 23, 2009 – net of unamortized discounts of $0 and $525, respectively	-	104,475
Interim loan convertible promissory notes issued from July 22, 2008 to September 9, 2008, interest at 0%, due the earlier of (1) one year after the date of issuance or (2) completion of $3,000,000 minimum new private placement (in which case the notes were to be automatically converted into new units)	-	1,100,000
Promissory note, interest at 20%, due January 9, 2009 to January 29, 2009	100,000	100,000
Unsecured promissory note, interest at 7%, due in installments until June 10, 2011	334,523	-
Convertible promissory note, interest at 7%, due September 13, 2014 – net of unamortized discount of $77,595 and $0, respectively	22,405	-
Loans payable, interest at 0%, due on demand	249,000	-
Loan payable, interest at 12%, due January 14, 2010 – net of unamortized debt discount of $26,823 and $0, respectively	73,177	-
Convertible promissory notes, interest at 10%, due October 25, 2007 to November 27, 2007	75,000	125,000
Due Donald Chadwell (significant stockholder), interest at 0%, no repayment terms	763,000	763,000
Due Richard DeCicco (officer, director, and significant stockholder) and affiliates, interest at 0%, no repayment terms	714,844	762,630
Total	2,578,008	6,714,773
Less current portion of debt	(803,064)	(4,422,393)
Long term debt	$ 1,774,944	$ 2,292,380

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At December 31, 2009, debt is due as follows:

Past due	$175,000
2010	654,887
2011	114,523
2012	200,000
2013	12,500
2014	100,000
No Repayment Terms(due two signiciant stockholders)	1,447,844
TOTAL	2,734,754
Less Debt Discounts	(156,746)
Net	$2,578,008

The Purchase Order Financing Agreement was dated January 22, 2007, had a term of two years, and provided for advances of credit from Capstone Capital Group I, LLC (the "Secured Party") to the Company. Among other things, the agreement provided for fees to the Secured Party equal to 2.5% for the first 30 days (or part thereof) that each advance was outstanding and 1.25% for every 14 days (or part thereof) that such advance remained outstanding. On June 10, 2009, the Company entered into a termination agreement with Capstone (the "Termination Agreement") whereby Capstone agreed to forgive the $2,833,205 balance owed it under the Purchase Order Financing Agreement in exchange for: (i) a $500,000 7% unsecured promissory note (the "Promissory Note"); (ii) 1,000,000 shares of Common Stock; (iii) $1,833,205 worth of Series B Preferred Stock; and (iv) a 3-year warrant to purchase up to 1,000,000 shares of Common Stock at an exercise price of $0.50 per share. The Promissory Note is payable in 24 monthly installments of $10,000 commencing July 10, 2009, $100,000 on or before June 10, 2010, and the remaining $160,000 on or before June 10, 2011. If the Company closes a financing prior to maturity of the Promissory Note, up to 50% of the proceeds are to be used to prepay the remaining balance of the Promissory Note.

The Discount Factoring Agreement was dated January 22, 2007 and provides for financing of certain Company accounts received by Capstone Business Credit, LLC (the "Factor"). Among other things, the agreement provides for commissions to the Factor equal to 2% for the first 30 days (or part thereof) that each such account receivable is outstanding and 1% for every 14 days (or part thereof) thereafter that such account receivable remains outstanding.

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Fees and commissions charged pursuant to the Purchase Order Financing Agreement and the Discount Factoring Agreement are included in interest expense in the accompanying consolidated statements of operations.

The $387,500 total face value of convertible notes outstanding at September 30, 2009 are convertible into shares of the Company's common stock at a price of $0.50 per share.

Accrued interest payable on debt (included in accrued expenses and other current liabilities in the accompanying consolidated balance sheets) consisted of:

	December 31, 2009	December 31, 2008
Convertible notes, interest at 7%	$ 56,651	$ 174,513
Convertible debentures, interest at 9%	-	4,744
Promissory note, interest at 20%	10,082	1,973
Convertible promissory notes, interest at 10%	24,767	36,031
Total	$ 91,500	$ 217,261

7. STOCKHOLDERS' EQUITY

On January 15, 2008, the Company issued a total of 250 shares of common stock to two attorneys in consideration for legal services. The Company included this issuance in its consolidated statement of operations for the three months ended March 31, 2008 in professional fees at the $25,000 estimated fair value of shares.

On July 14, 2008, the Company issued a total of 1,600 shares of the Company's common stock to two consulting firms pursuant to consulting agreements with terms of one year. The Company initially capitalized as prepaid expenses and amortized the $160,000 estimated fair value of the shares over the one year terms of the agreements as professional fees.

On August 8, 2008, the Company issued 2,731 shares of common stock to its chief executive officer in consideration of services rendered. The Company included this issuance in its consolidated statement of operations for the three months ended September 30, 2008 in administrative compensation and benefits at the $273,096 estimated fair value of the shares.

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On August 8, 2008, the Company issued a total of 1,050 shares of common stock to designees of Danny DeVito in consideration of services rendered. The Company included this issuance in its consolidated statement of operations for the three months ended September 30, 2008 in administrative compensation and benefits at the $105,000 estimated fair value of the shares.

On August 11, 2008, the Company issued 2,000 shares of the Company's common stock to a consulting firm pursuant to a one year financial consulting agreement. The Company capitalized the $200,000 estimated fair value of the shares as a prepaid expense and amortized the total amount over the one year term of the agreement as professional fees.

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 personnnel for services, including 15,972,359 shares to the Company's Chief Executive Officer, 100,000 shares to the Company's Chief Financial Officer, 2,586,753 shares to Donald Chadwell, 850,000 shares to eight employees, and 125,000 shares to a law firm,
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.

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 one share of 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. As discussed in Note 11, 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.

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In the three months ended September 30, 2009, a total of $122,500 of debt and $28,147 of accrued interest was converted into a total of 300,110 shares of Company common stock.

On August 19, 2009, the Company sold 1,000,000 shares of its common stock at $.50 per share, including 1,000,000 five year warrants with an exercise price of $1.00 per share (which was reduced to $0.01 per share on December 14, 2009 in connection with a $100,000 loan from the investor) and 1,000,000 five year warrants with an exercise price of $1.50 per share, to an investor for total proceeds of $500,000.

On October 6, 2009, the Company issued 1,000,000 shares of its common stock to a consultant pursuant to a one month consulting agreement for financial services. The Company included this issuance in its consolidated statement of operations for the year ended December 31, 2009 in professional fees at the $200,000 estimated fair value of the shares.

8. INCOME TAXES

From September 9, 1999 (inception) to December 31, 2006, the Company filed its Federal and New York income tax returns as an S Corporation. Accordingly, the net income (loss) of the Company for this period was includible in the tax returns of the Company shareholders and the Company was not subject to income tax.

No provision for income taxes was recorded in the years ended December 31, 2009 and 2008 since the Company incurred a net loss 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 of $2,784,548 attributable to the future utilization of the $7,955,852 net operating loss carryforward as of December 31, 2009 will be realized. Accordingly, the Company has provided a 100% allowance against the deferred tax asset in the financial statements at December 31, 2009. The Company will continue to review this valuation allowance and make adjustments as appropriate. The $7,955,852 net operating loss carryforward expires $3,126,077 in 2027, $2,948,525 in 2028, and $1,881,250 in 2029.

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Current 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.

9. COMMITMENTS AND CONTINGENCIES

Rental agreements – 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 are met, the Company has an option to renew the lease for an additional two years at annual rentals ranging from $92,991 to $95,781.

For the years ended December 31, 2009 and 2008, rent expense was $117,329 and $171,776, respectively.

License agreement – 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 continues through perpetuity unless the agreement is 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.

Danny DeVito agreed to use reasonable efforts to be available for a reasonable number of promotional appearances during each consecutive 12 month period, the duration of which shall not exceed 2 days. Pursuant to the agreement, Danny DeVito granted the Company a right of first refusal for a period of 5 years to license any other liquor, spirit or alcoholic beverage which Danny DeVito may determine to endorse or develop. A condition precedent to Danny DeVito’s performance under the agreement are subject to the Company applying for a trademark for the brand name “Danny DeVito’s Premium Limoncello” with Danny DeVito being designated as 50% co-owner of such trademark. The Company registered this trademark with the U.S. Patent and Trademark Office (trademark application number 77152934).

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For the years ended December 31, 2009 and 2008, the Company calculated cumulative “Net Profits” from the brand to be negative and thus did not pay or accrue any royalty expense under the License Agreement.

Merchandising license agreement - 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 has a term of 5 years ending on June 30, 2014 and may be extended to June 30, 2019 upon certain conditions unless it is sooner terminated, the Company agreed to pay PLI a royalty fee of five percent (5%) and guarantee 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.

At March 31, 2010, the Company has not yet commenced sales of the product named “The Godfather”. For the year ended December 31, 2009, the Company expensed $40,000 (included in selling, marketing and promotion expenses in the consolidated statement of operations) to provide for the ratable accrual of the $400,000 minimum royalties over 5 year term of the License Agreement.

Employment agreement with chief executive officer - On January 23, 2008, the Company entered into an employment agreement with its chief executive officer Richard DeCicco. The agreement provides for a term of 5 years, commencing on January 1, 2008. The term 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

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Employment agreement with chief financial officer - On October 1, 2007, the Company entered into an employment agreement with its chief financial officer William Blacker. The agreement provides for a term of 3 years, commencing on October 1, 2007. The term can 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 $.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.

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) is being amortized over the 3 year term of the employment agreement as compensation and benefits.

Legal proceedings – The Company is party to a variety of legal proceedings that arise in the normal course of business. 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 not have a material adverse effect on the Company's consolidated results of operations or financial position.

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10. STOCK OPTIONS AND WARRANTS

A summary of stock option and warrant activity for the years ended December 31, 2008 and 2009 follows:

	Stock Options	Warrants
Outstanding at January 1, 2008	300,000	3,887,500
Granted and issued	1,000,000	1,870,000
Exercised	-	-
Forfeited/expired/cancelled	-	-
Outstanding at December 31, 2008	1,300,000	5,757,500
Granted and issued	-	6,173,334
Exercised	-	-
Forfeited/expired/cancelled	-	(165,000)
Outstanding at December 31, 2009	1,300,000	11,765,834

Stock options outstanding at September 30, 2009 consist of:

Date Granted	Number Outstanding	Number Exercisable		Exercise Price		Expiration Date
October 1, 2007	100,000	100,000	$	0.05		April 1, 2011
October 1, 2007	100,000	100,000	$	0.15		April 1, 2011
October 1, 2007	100,000	100,000	$	0.75		April 1, 2011
January 1, 2008	1,000,000	-	$	0.10	(a)	June 30, 2018
Total	1,300,000	300,000				

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

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As of September 30, 2009, there was $58,634 of total unrecognized compensation cost relating to unexpired stock options. That cost is expected to be recognized $22,352 in 2010, $18,140 in 2011, and $18,142 in 2012.

Warrants outstanding at December 31, 2009 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, 2014
July 23, 2009	20,000	20,000	$	1.00	July 23, 2014
July 23, 2009	20,000	20,000	$	1.50	July 23, 2014
August 12, 2009	1,000,000	1,000,000	$	1.00	June 12, 2014
August 12, 2009	1,333,334	1,333,334	$	1.50	June 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	$	1.50	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, 2014
September 16, 2009	200,000	200,000	$	1.50	July 2, 2014
Total	11,765,834	11,765,834			

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December 31, 2009

11. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The Company has restated in this Form 10-K/A its consolidated financial statements at December 31, 2009 and for the years ended December 31, 2009 and 2008 (which were previously included in the Company's Form 10-K filed with the SEC on April 15, 2010) in order to correct errors relating to (1) the classification of the Series B Preferred Stock which represents an equity security with characteriscs of a liability and (2) the computed number of weighted average number of common shares outstanding used in the net loss per common share computations for the years ended December 31, 2009 and 2008 concerning common shares issued on June 10, 2009 related to the Harbrew merger (which merger is discussed in Note 7).

As previously reported, the Company classified the Series B Preferred Stock issued on June 10, 2009 as stockholders' deficiency. Pursuant to ASC 480-10-25-14(a), the Series B Preferred Stock should have been classified as a liability 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.

The computed weighted average number of shares used in the net loss computations for the years ended December 31, 2009 and 2008 were increased to reflect shares issued in the Harbew merger in the period preceding the merger for comparability of loss per share computation in both years.

The effect of the restatement adjustments on the consolidated balance sheet at December 31, 2009 follows:

	As Previously Reported	Adjustments	As Restated
Total assets	$ 1,145,381	$ -	$ 1,145,381
Total current liabilities	$ 3,594,396	$ -	$ 3,594,396
Long term debt	1,774,944	-	1,774,944
Series B preferred stock - an equity security with characteristics of a liability	-	1,833,206	1,833,206
Total Liabilities	5,369,340	1,833,206	7,202,546
Stockholders' equity (deficiency):			
Series A preferred stock	1	-	1
Series B preferred stock - an equity security with characteristics of a liability	1,833,206	(1,833,206)	-
Common stock	448	-	448
Additional paid-in capital	7,327,955	-	7,327,955
Accumulated deficit	(13,385,569)	-	(13,385,569)
Total stockholders' equity (deficiency)	(4,223,959)	(1,833,206)	(6,057,165)
Total liabilities and stockholders' equity (deficiency)	$ 1,145,381	$ -	$ 1,145,381

The effect of the restatement adjustments on the consolidated statement of operations for the year ended December 31, 2008 follows:

	As Previously Reported	Adjustments	As Restated
Net income (loss)	$(3,679,333)	$-	$(3,679,333)
Net Income (loss) per common share – basic and diluted	$(183.36)	$183.23	$(0.13)
Weighted average number of common shares outstanding – basic and diluted	20,066	27,327,317	27,347,383

The effect of the restatement adjustments on the consolidated statement of operations for the year ended December 31, 2009 follows:

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	As Previously Reported	Adjustments	As Restated
Net income (loss)	$(4,907,434)	$-	$(4,907,434)
Net Income (loss) per common share – basic and diluted	$(0.20)	$0.07	$(0.13)
Weighted average number of common shares outstanding – basic and diluted	24,471,035	12,142,381	36,613,416

12. SUBSEQUENT EVENTS

License Agreement:

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 is 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 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 month period, the duration of which will not exceed six days. A condition precedent to Tony Siragusa's performance under the agreement is our applying for a trademark for the brand name "Yo Vodka," with Licensor being designated as a 50% co-owner of such trademark. We applied for the trademark on March 9, 2010 (trademark application number 77747523), which application is currently being reviewed by the U.S. Patent and Trademark Office.

Consultants:

On January 4, 2010, a consulting agreement was entered into between the Company and CorProminence LLC, under which CorProminence would provide services for management consulting, business advisory, shareholder information and public relations for a term of 45 days. In return for the services contemplated, the Company issued 300,000 shares of the Company's common stock.

On March 16, 2010, an amendment was made to an agreement with Cresta Capital Strategies LLC extending their financial advisor services for 12 months. In consideration of this extension, the Company issued 2,000,000 shares of common stock and 2,000,000 five year warrants with an exercise price of $0.25 per share.

Common Stock Issuances:

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 to an investor in exchange for a $200,000 loan.

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Iconic Brands, Inc. and Subsidiary
Notes to Consolidated Financial Statements
December 31, 2009

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 above.

On February 24, 2010, the Company issued 300,000 shares of common stock to CorProminence pursuant to the consulting agreement described above.

On March 16, 2010, the Company issued 2,000,000 shares of common stock to Cresta Capital Strategies pursuant to the consulting agreement described above.

On March 31, 2010, the Company has 47,712,957 shares of common stock issued and outstanding.

Debt:

On January 4 and 13, 2010, the Company issued 2 promissory notes to an investor in the amount of $110,000 each in exchange for cash loans totaling $200,000 (see paragraph 1 of Common Stock Issuances above). The notes bear interest at 13% per annum and are payable on March 31, 2010 and May 31, 2010, respectively.

Other:

The Company has evaluated subsequent events through the filing date of this Form 10-K and has determined that there were no additional subsequent events to recognize or disclose in these financial statements.

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

None.

ITEM 9A(T).CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our "Company's disclosure, controls and procedures" (as defined in Rules Rule 13a-15(3) and 15-d-15(3) of the e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Annual Report (the "Evaluation Date"). As a result of such evaluation, Chief Executive Officer and the Chief Financial Officer have concluded that, as of the Evaluation Date, our such disclosure, controls and procedures are effective, providing them with material to provide reasonable assurance that the information relating to our company as required to be disclosed in the reports we file the Company files or submits under the Securities Exchange Act on a timely basis.

There were no changes in our internal controls over of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) accumulated and communicated to management, including the Company's principal executive and principal financial reporting, known to our Chief Executive Officer or Chief Financial Officer, persons performing such functions, as appropriate, to allow timely decisions regarding disclosure. The Company believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control 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.

Management's Annual Report on Internal Control Over Financial Reporting.

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Our internal control system was designed to, in general, provide reasonable assurance to the Company's management and board regarding the preparation and fair presentation of published financial statements, but 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.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2009. The framework used by management in making that assessment was the criteria set forth in the document entitled " Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, our management has determined that as of December 31, 2009, the Company's internal control over financial reporting was effective for the purposes for which it is intended.

This annual report does not include an attestation report of the Company's 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 Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

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Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report, fourth quarter of the fiscal year ended December 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; Directors and Executive Officers

NAME	AGE	POSITION
Richard J. DeCicco	52	President, Chief Executive Officer and Director
William S. Blacker	65	Chief Financial Officer and Senior Vice President of Finance and Administration

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.

William S. Blacker has served as our Chief Financial Officer and Vice President of Finance and Administration since October 2007 and from November 2002 to September 2007, Mr. Blacker served as the Senior Vice President of the Israel Humanitarian Foundation, a non-profit organization, where he was responsible for treasury and accounting functions. From 1999 through 2002, Mr. Blacker served as Vice President at Harbor Industries (U.S) Ltd., a spirits company. Mr. Blacker received a B.S. in Accounting from Long Island University and completed an Executive Program at Columbia University.

There are no familial relationships among any of our directors or officers. None of our directors or officers is a director in any other U.S. reporting companies. None of our directors or officers has been affiliated with any company that has filed for bankruptcy within the last five years. The Company is not aware of any proceedings to which any of the Company’s officers or directors, or any associate of any such officer or director, is a party adverse to the Company or any of the Company’s subsidiaries or has a material interest adverse to it or any of its subsidiaries.

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Each director of the Company serves for a term of one year or until the successor is elected at the Company's annual shareholders' meeting and is qualified, subject to removal by the Company's shareholders. Each officer serves, at the pleasure of the board of directors, for a term of one year and until the successor is elected at the annual meeting of the board of directors and is qualified.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires officers and directors of the Company and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in their ownership with the Securities and Exchange Commission, and forward copies of such filings to the Company. We believe, based solely on our review of the copies of such forms, that during the fiscal year ended December 31, 2009, all reporting persons complied with all applicable Section 16(a) filing requirements.

Auditors; Code of Ethics; Financial Expert

Auditors

Michael T. Studer CPA., an independent registered public accounting firm, is our auditor.

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

Since we do not have an audit or compensation committee comprised of independent directors, the functions that would have been performed by such committees are performed by our directors. The Board of Directors has not established an audit committee and does not have an audit committee financial expert, nor has the Board established a nominating committee. The Board is of the opinion that such committees are not necessary since the Company has only one director, and to date, such director has been performing the functions of such committees. Thus, there is a potential conflict of interest in that sole officer and director has the authority to determine issues concerning management compensation, nominations, and audit issues that may affect management decisions. We are not aware of any other conflicts of interest with any of our executive officers or directors.

Involvement in Certain Legal Proceedings

Kindly refer to Part I, Item 3 for a description of the various legal proceeding to which the Company is a party.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

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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 year ended December 31, 2009, no payments were made to Mr. DeCicco on his 2009 salary but 200,000 stock options vested in his favor. The vested stock options shall be exercisable until June 30, 2018 at the exercise price of $.10 per share.

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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.

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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.

William D. Blacker

Richard DeCicco has been serving 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 provides for a term of 3 years, commencing on October 1, 2007, which can 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 $.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.

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Pursuant to Blacker Employment Agreement, Mr Blacker is entitled to a salary $173,643 in 2009 but no payments was made to Mr. Blacker as of the end of the fiscal year ended December 31, 2009. 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.

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	2009	265,000	(1) (2)	0	0		0	200,00	(3) (4)	0	0	285,000
President, CEO	2008	265,000	(6)	0	$273,096	(5)	0	200,000	(3)	0	0	558,096
	2007	265,000	(7)	0	0		0	0		0	0	265,000
William Blacker	2009	173,643	(8)(9)	0	0		0	15,000	(3)(5)	0	0	188,643
CFO, SVP of	2008	165,375	(8)(10)	0	0		0	5,000	(3)(5)	0	0	170,375
Finance	2007	150,000	(8)(11)	0	0		0	0		0	0	0

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

2. As of December 31, 2009, Mr. DeCicco did not receive any payments from the Company for 2009 salary.

3. Pursuant to DeCicco Employment Agreement, Mr. DeCicco was granted 1,000,000 stock options at an exercise price of $0.10 per share of which 200,000 shall vest on December 31 of each year until fully vested.

4. As of the date of this report, the options have not been exercised.

5. 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.

6. As of December 31, 2008, Mr. DeCicco was paid $24,300 of his annual salary of $265,000. As of the date hereof, the remaining balance is owed by the Company to Mr. DeCicco.

7. As of December 31, 2007, Mr. DeCicco was paid $88,600 of his annual salary of $265,000. As of the date hereof, the remaining balance is owed by the Company to Mr. DeCicco.

8. Pursuant to the terms of the Employment Agreement dated October 1, 2007, between William Blacker and the Company ("Blacker Employment Agreement"), Mr. Blacker is entitled to a salary of $150,000 for the first year and a raise of 5% per annum.

9. Pursuant to Blacker Employment Agreement, Mr Blacker was entitled to $173,643 as salary for 2009. As of the dated hereof, the entire amount is stilling owing to Mr. Blacker.

10. As of December 31, 2008, Mr. Blacker's salary was $165,375 of which Mr. Blacker was paid a total $25,962. As of the date hereof, the remaining balance is owed by the Company to Mr. Blacker.

11. As of December 31, 2007, Mr. Blacker was paid a pro-rated salary of $34,615.

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, 2009.

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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 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, 2018. As of December 31, 2009, 400,000 of such stock options had vested.

(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 $.75 per share. The vested stock options are exercisable until April 1, 2011. As of December 31, 2009, 300,000 of such stock options had vested.

Compensation of Directors

During the fiscal year ended December 31, 2009, 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.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists, as of December 31, 2009, the number of shares of Common Stock beneficially owned by (i) each person or entity known to the Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and director of the Company; and (iii) all officers and directors as a group. Information relating to beneficial ownership of common stock by our principal stockholders 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.

	Title of Class, Amount, Nature and Percentage of Beneficial Ownership(1)				
	Common Stock(2)		Series A Preferred Stock (3)		
Name and Address of Beneficial Owner	No. of Shares	Percent of Class	No. of Shares	Percent Of Class	Percent of Combined Voting Power of All Classes (4)
Name and Address of Beneficial Owner	No. of Shares	Percent of Class	No. of Shares	Percent Of Class	Percent of Combined Voting Power of All Classes (4)
Richard DeCicco	16,375,090 (5)	36.2%(6)	1	66.7%	79%
William S. Blacker	400,000	*	0	0	*%
Donald Chadwell	2,586,753	6.03%	0	0	2%
Edd Cockerill	0	0	0	0	0
All executive officers and directors, as a group (2 person)	16,475,090	42.83%	1	66.7%	79%

* less than 1%

Notes

(1) Unless otherwise indicated, the persons or entities identified herein have sole voting and investment power with respect to the shares shown as beneficially held by them, subject to community property laws where applicable.

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(2) Applicable percentage of ownership is based on 44,810,411 shares of Common Stock outstanding as of December 31, 2009. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Act of 1934 and generally includes voting or investment power with respect to such securities. Shares of Common Stock subject to securities exercisable for or convertible into shares of Common Stock that are currently exercisable or exercisable within sixty (60) days are deemed to be beneficially owned by the person holding such options, warrants, rights, conversion privileges or similar obligations, for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(3) Applicable percentage ownership is based on one (1) share of Series A Preferred Stock outstanding as of December 31, 2009 and calculated by taking the voting power of the Series A as included with the class of Common Stock.

(4) Applicable percentage of combined voting power is based on (i) 44,810,411 shares of Common Stock, and (ii) one (1) shares 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.

(5) 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, 2009, in accordance with the terms of the Employment Agreement between the Company and Mr. DeCicco.

(6) The percentage of class of common stock owned by Mr. DeCicco is calculated based on 45,210,411 shares issued and outstanding on a fully diluted basic had Mr. DeCicco exercise the options at December 31, 2009.

(7) Pursuant to the terms of the Employment Agreement between the Company and William Blacker, Mr. Blacker is entitled to: (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 $.75 per share.

(8) The percentage of class of common stock owned by Mr. Blacker is calculated based on 45,110,411 shares issued and outstanding on a fully diluted basic had Mr. Blacker exercise the options at December 31, 2009.

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

Employment agreement with Chief Executive Officer

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On January 23, 2008, the Company entered into an employment agreement with its Chief Executive Officer Richard J. DeCicco. The 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

Employment agreement with Chief Financial Officer

On October 1, 2007, the Company entered into an employment agreement with its Chief Financial Officer William Blacker. The agreement provides for a term of 3 years, commencing on October 1, 2007, which can 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 $.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.

On August 8, 2008, the Company issued 2,731 shares of common stock to its chief executive officer in consideration of services rendered. The Company included this issuance in its consolidated statement of operations for the three months ended September 30, 2008 in administrative compensation and benefits at the $273,096 estimated fair value of the shares.

On June 10, 2009, the Company issued 19,634,112 shares of common stock to its management and personnel in consideration for services rendered, valued in the amount of $1,963,411. The shares were issued as follows:

Richard DeCicco	15,972,359	$1,597,236
William Blacker	100,000	10,000
Donald Chadwell	2,586,753	258,675
8 Employees	850,000	85,000
Law firm	125,000	12,500
Total	19,634,112	$1,963,411

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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 service rendered. 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.

As of December 31, 2009, the Company owed seven hundred sixty three thousand dollars to Donald Chadwell, a significant shareholder of the Company. The loans bear no interest and have no repayment terms. The loans were not memorialized.

As of December 31, 2009, the Company owed seven hundred fourteen thousand eight hundred forty four dollars to Richard DeCicco, our chief executive officer, director and a significant shareholder of the Company. The loans bear no interest and have no repayment terms. The loans were not memorialized.

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.

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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:

2009	$27,500	Michael T. Studer CPA P.C.
2009	$0	Webb & Company, P.A
2008	$11,298	Webb & Company, P.A
2008	$0	Williams & Webster, CPA, P.S.

Audit Related Fees

There were no fees for audit related services for the years ended December 31, 2009 and 2008.

Tax Fees

For the Company's fiscal years ended December 31, 2009 and 2008, 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, 2009 and 2008.

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.

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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

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)
10.1	Purchase Order Agreement dated January 22, 2007 between the Company and Capstone Capital Group I, LLC*
10.2	Discount Factoring Agreement dated January 22, 2007 between the Company and Capstone Business, LLC*

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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*
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.*
10.11	Lease Agreement dated July 12, 2002 between Fred and Joseph Scalamandre, as landlords and Islander Imports and Packaging, Inc., as Tenants.*
10.12	Exclusive Manufacturing Agreement, dated August 2007, with Fagema Sorrento Delizie Di De Luca Antonino and Scala Antonino,
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)
31	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

* filed herewith

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ICONIC BRANDS, INC.

Date: January 14, 2011	By:	/s/ Richard DeCicco Richard DeCicco President, Principal Executive, financial and Accounting Officer

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	ICONIC BRANDS, INC.	
Date: January 14, 2011	By:	/s/ Richard DeCicco Richard DeCicco President, Chief Executive Officer (Principal Executive, Financial and Accounting Officer)