Iconic Brands, Inc.
Form 10-Q/A
February 03, 2014

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

Form 10-Q/A

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2013

OR

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

For the transition period from ________ to________

Commission file number 000-53162

ICONIC BRANDS, INC.
(Exact name of registrant as specified in its charter)

Nevada	13-4362274
State of Incorporation	IRS Employer Identification No.

c/o David Lubin & Associates, PLLC
10 Union Avenue
Suite 5
Lynbrook, New York 11563
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 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 Exchange Act). Yes x No o

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 49,555,062 shares of common stock, $0.0001 par value, issued and outstanding as of June 5, 2013

TABLE OF CONTENTS

PART I – Financial Information		
Item 1.	Financial Statements	4
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	21
Item 4.	Controls and Procedures	21
PART II – Other Information		
Item 1.	Legal Proceedings	22
Item 1A.	Risk Factors	22
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 3.	Defaults Upon Senior Securities	22
Item 4.	Mine Safety Disclosures	22
Item 5.	Other Information	22
Item 6.	Exhibits	23

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Consolidated Balance Sheets

	March 31, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ -
Current assets of discontinued operations (see Note 8)	-	-
Total current assets	-	-
Total assets	$ -	$ -
Liabilities and Stockholders' Deficiency		
Current liabilities:		
Current portion of debt	$ 315,804	$ 294,040
Accounts payable	91,637	92,009
Accrued interest on Iconic Brands, Inc. debt	59,282	77,233
Current liabilities of discontinued operations (see Note 8)	-	3,690,823
Total current liabilities	466,723	4,154,105
Long term debt	-	71,869
Long term debt of discontinued operations (see Note 8)	-	1,477,338
Series B preferred stock, $2.00 per share stated value; designated 1,000,000 shares, issued and outstanding 916,603 and 916,603 shares, respectively	1,833,206	1,833,206
Total liabilities	2,299,929	7,536,518
Stockholders' deficiency:		
Preferred stock, $.00001 par value; authorized 100,000,000 shares, Series A, designated 1 share, issued and outstanding 1 and 1 shares, respectively	1	1
Common stock, $.00001 par value; authorized 100,000,000 shares, issued and committed to be issued and outstanding 54,361,412 and 54,361,412 shares, respectively	544	544
Additional paid-in capital	8,955,666	8,955,666
Accumulated deficit prior to development stage period	(16,124,330)	(16,124,330)

Retained earnings (accumulated losses) during the development stage period January 1, 2011 to March 31, 2013		4,868,190		(368,399)
Total stockholders' deficiency		(2,299,929)		(7,536,518)
Total liabilities and stockholders' deficiency	$	-	$	-

4

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Development Stage Period January 1, 2011 to March 31, 2013
Sales	$ -	$ -	$ -
Expenses:			
Professional fees	21,500	-	99,620
Other general and administrative expenses (including stock-based compensation of $0, $4,535 and $36,282, respectively)	-	2,881	42,629
Interest expense on Iconic Brands, Inc. debt (including amortization of debt discounts of $3,490, $4,122 and $36,466, respectively)	10,009	11,509	101,514
Total expenses	31,509	14,390	243,763
Loss from continuing operations	(31,509)	(14,390)	(243,763)
Income (loss) from discontinued operations (see Note 8)	5,268,098	(19,746)	5,111,953
Net income (loss)	$ 5,236,589	$ (34,136)	$ 4,868,190
Basic income (loss) per common share:			
Continuing operations	$ (0.00)	$ (0.00)	
Discontinued operations	0.10	(0.00)	
Total	$ 0.10	$ (0.00)	
Diluted income (loss) per common share:			
Continuing operations	$ (0.00)	$ (0.00)	
Discontinued operations	0.00	(0.00)	
Total	$ 0.00	$ (0.00)	
Weighted average number of common shares outstanding:			
Basic	54,361,412	54,361,412	
Diluted	13,126,483,801	54,361,412	

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Development Stage Period January 1, 2011 to March 31, 2013
Cash flows from operating activities			
Net income (loss)	$ 5,236,589	$ (34,136)	$ 4,868,190
Loss (income) from discontinued operations	(5,268,098)	19,746	(5,111,953)
Adjustments to reconcile net loss to net cash used in operating activities:			
Amortization of debt discounts charged to interest expense	3,490	4,122	36,466
Stock -based compensation	-	4,535	36,282
Legal, audit and accounting, and consulting fees paid by two lenders on behalf of the Company	6,872	-	81,162
Changes in operating assets and liabilities:			
Accounts payable	(372)	(1,654)	8,796
Accrued expenses and other current liabilities	6,519	7,387	65,048
Net cash used in operating activities - continuing operations	(15,000)	-	(16,009)
Net cash provided by operating activities - discontinued operations	-	-	784
Net cash used in operating activities	(15,000)	-	(15,225)
Cash flows from investing activities			
Loans from continuing operations to discontinued operations	-	-	-
Net cash provided by (used in) investing activities - continuing operations	-	-	-
Net cash provided by (used in) investing activities - discontinued operations	-	-	-
Net cash provided by (used in) investing activities	-	-	-
Cash flows from financing activities:			
Increases in debt	15,000	-	15,000
Repayment of debt	-	-	-
Net cash provided by (used in) financing activities - continuing operations	15,000	-	15,000
Net cash provided by (used in) financing activities - discontinued operations	-	-	-
Net cash provided by (used in) financing activities	15,000	-	15,000
Decrease in cash and cash equivalents	-	-	(225)
Cash and cash equivalents, beginning of period	-	-	225
Cash and cash equivalents, end of period	-	-	-

Less cash and cash equivalents of discontinued operations at end of period		-		-		-
Cash and cash equivalents of continuing operations at end of period	$	-	$	-	$	-
Supplemental disclosures of cash flow information:						
Interest paid	$	-	$	-	$	-
Income taxes paid	$	-	$	-	$	-
Non-cash, operating, investing and financing activities:						
Legal, audit and accounting, and consulting fees paid by two lenders on behalf of the Company	$	6,872	$	-	$	81,162
Shares of common stock issued to noteholders in satisfaction of debt and accrued interest	$	-	$	-	$	3,500

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

1. ORGANIZATION AND NATURE OF BUSINESS

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

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

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

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

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

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

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

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

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. On March 28, 2013, the Company was advised by counsel that the case (Case No. 8-11-76814) was closed March 13, 2013 and that the claims scheduled were discharged. See Notes 6 and 8.

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The consolidated financial statements have been prepared on a "going concern" basis, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, as of March 31, 2013, the Company had negative working capital of $466,723 and a stockholders' deficiency of $2,299,929. Further, from inception to March 31, 2013, the Company incurred losses of $11,256,140. These factors create substantial doubt as to the Company's ability to continue as a going concern. The Company plans to improve its financial condition by reorganizing and acquiring a new business. However, there is no assurance that the Company will be successful in accomplishing this objective. The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

(b) Interim Financial Statements

The unaudited financial statements as of March 31, 2013 and for the three months ended March 31, 2013 and 2012 have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with instructions to Form 10-Q. In the opinion of management, the unaudited financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments necessary to present fairly the financial position as of March 31, 2013 and the results of operations and cash flows for the periods ended March 31, 2013 and 2012. The financial data and other information disclosed in these notes to the interim financial statements related to these periods are unaudited. The results for the three months ended March 31, 2013 are not necessarily indicative of the results to be expected for any subsequent quarter of the entire year ending December 31, 2013. The balance sheet at December 31, 2012 has been derived from the audited financial statements at that date.
Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2012 included in our Form 10-K filed May 20, 2013.

(c) Net Income (Loss) per Share

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

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

The following table provides a reconciliation of the basic and diluted net income per common share computation for the three months ended March 31, 2013:

Numerator:

Net income – basic	$	5,236,589
Add: Interest expense on convertible notes		10,069
Net income – diluted	$	5,246,658
Denominator:		
Weighted average shares outstanding – basic		54,361,412
6% convertible notes and accrued interest		3,533,200,000
12% convertible notes and accrued interest		9,487,000,000
Series B preferred stock owned by Capstone Capital Group I, LLC		50,922,389
Warrants		1,000,000
Weighted average shares outstanding - diluted		13,126,483,801

(d) 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.

(e) Reclassifications

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

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

3. DEBT

Debt relating to continuing operations:

Debt relating to Iconic Brands, Inc. consisted of the following at March 31, 2013 and December 31, 2012:

		March 31, 2013	December 31, 2012
Convertible promissory note, interest at 7%, due September 13, 2014, net of unamortized discount of $0 and $28,131, respectively	(A)	$ -	$ 71,869
Loans payable, interest at 0%, due on demand	(C)	144,112	137,540
Convertible promissory note, interest at 6%, due June 30, 2010	(B)	30,000	30,000
Convertible promissory notes, interest at 12%, due June 30, 2010	(B)	70,000	70,000
Convertible promissory note, interest at 8% (default rate of 22%), due February 7, 2011 (in default)	(A)	56,500	56,500
Convertible promissory note, interest at 9%, due January 31, 2014, net of unamortized discount of $1,308 at March 31, 2013	(D)	15,192	-
Total		315,804	365,909
Less current portion of debt		(315,804)	(294,040)
Long term debt		$ -	$ 71,869

(A) The $100,000 face value of the 7% convertible note outstanding at December 31, 2012 was convertible into shares of the Company's common stock at a price of $0.50 per share. The $56,500 face value of the 8% convertible note outstanding at December 31, 2012 is convertible into shares of the Company's common stock at a variable conversion price equal to 60% of the Market Price, as defined. As a result of the discharge of the claims scheduled in the voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code on March 13, 2013 (see Notes 6 and 8), we have reversed the 71,869 carrying value of the $100,000 face value 7% convertible note less $28,131 unamortized discount and recognized a gain from the United States Bankruptcy Court Discharge of Indebtedness (included in income from discontinued operations).

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

While the Company has not received any notice or indication from the lender of its intention to convert the $100,000 debt (or a portion thereof), if the lender does elect to convert the $100,000 of debt and related accrued interest at March 31, 2013 at the $0.00001 per share conversion rate it would require the Company to issue 13,020,200,000 common shares to this lender (or over 99% of the 13,074,561,412 shares of Company Common Stock outstanding after this lender's conversion). However, by virtue of his ownership of the 1 share of Series A Preferred Stock, Mr. DeCicco would retain voting control of the Company.

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

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

(C) For the periods presented, two entity lenders (one holding $134,112 of the 0% loans payable aggregating $144,112 and one holding $10,000 of the 0% loans payable aggregating $144,112, the $30,000 6% convertible promissory note and the $70,000 12% convertible promissory notes at March 31, 2013) paid legal, audit and accounting, and consulting fees on behalf of the Company as follows:

	Three Months ended March 31, 2013	Year Ended December 31, 2012	2011
Legal fees	$ 2,500	$ 5,270	$ 27,500
Audit and accounting fees	2,500	7,500	17,500
Company’s stock transfer agent	1,872	10,432	-
Consulting fees	-	2,038	4,050
Total	$ 6,872	$ 25,240	$ 49,050

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

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

At March 31, 2013, the debt relating to Iconic Brands, Inc. is due as follows:

Past due	$ 100,000
Year ending March 31, 2014	160,612
Total	260,612
Less debt discounts	(1,308)
Net	$ 259,304

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

	March 31, 2013	December 31, 2012
Convertible note, interest at 7%	$ -	$ 23,088
Convertible note, interest at 6%	5,332	4,889
Convertible notes, interest at 12%	24,877	22,805

Convertible note, interest at 8% (default rate of 22%)		28,903		26,451
Convertible note, interest at 9%		170		-
Total	$	59,282	$	77,233

Debt relating to discontinued operations:

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. On March 28, 2013, the Company was advised by counsel that the case (Case No. 8-11-76814) was closed March 13, 2013 and that the claims scheduled were discharged.

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

Debt relating to the Company's wholly-owned subsidiary Iconic Imports consisted of the following at March 31, 2013 and December 31, 2012:

	March 31, 2013	December 31, 2012
Promissory note, interest at 20%, due January 29, 2009 (in default)	$ -	$ 100,000
Convertible promissory notes, interest at 10%, due October 25, 2007 to November 27, 2007 (in default) (A)	-	75,000
Promissory notes, interest at 13%, due May 31, 2010 (in default) (B)	-	220,000
Due Donald Chadwell (5% stockholder at December 31, 2012), interest at 0%, no repayment terms	-	763,000
Due Richard DeCicco (officer, director and 29% stockholder at December 31, 2012) and affiliates, interest at 0%, no repayment terms	-	714,338
Convertible notes, interest at 7% (default rate of 14%), due August 27, 2012 to November 27, 2012 (in default) (A)	-	150,000
Total	-	2,022,338
Less current portion of debt	-	(545,000)
Long term debt	$ -	$ 1,477,338

(A) $225,000 total face value of convertible notes outstanding at December 31, 2012 was convertible into shares of the Company's common stock at a price of $0.50 per share.

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

11

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

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

	March 31, 2013	December 31, 2012
Convertible note, interest at 7%	$ -	$ 69,877
Promissory note, interest at 20%	-	70,080
Promissory notes, interest at 13%	-	87,736
Convertible promissory notes, interest at 10%	-	47,270
Total	$ -	$ 274,963

4. STOCKHOLDERS' EQUITY

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

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

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

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

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

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

Of the 54,361,412 shares of common stock issued and committed to be issued at March 31, 2013 and December 31, 2012, 4,806,350 shares were committed to be issued but not yet issued, as follows:

	Number of Shares
April 19, 2010 satisfaction of $455,635 debt in exchange for Company commitment to issue to the respective 5 creditors a total of 4,556,350 shares of its common stock and 4,556,350 three year warrants exercisable at $0.20 per share	4,556,350
April 19, 2010 commitment to issue 250,000 shares of its common stock to a noteholder in consideration of the noteholder's extension of the due date from March 31, 2010 to May 31, 2010 of a $110,000 promissory note	250,000
Total	4,806,350

5. INCOME TAXES

No provision for income taxes was recorded in the three months ended March 31, 2013 and 2012 since the Company incurred net losses in these periods.

Based on management's present assessment, the Company has not yet determined it to be more likely than not that a deferred tax asset attributable to the future utilization of the net operating loss carryforward as of March 31, 2013 will be realized. Accordingly, the Company has maintained a 100% valuation allowance against the deferred tax asset in the consolidated financial statements at March 31, 2013. The Company will continue to review this valuation allowance and make adjustments as appropriate.

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

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

The cumulative tax effect at the expected rate of 34% of significant items comprising our net deferred tax amount is as follows:

	March 31, 2013	March 31, 2012
Federal income tax benefit attributable to:		
Net operating loss carryover	$ 3,827,088	$ 5,556,669
Less: variation allowance	$ 3,827,088	$ 5,556,669
Net provision for Federal income taxes	$ 0	$ 0

The Company reviews tax positions taken to determine if it is more likely than not that the position would be sustained upon examination resulting in an uncertain tax position. The Company did not have any material unrecognized tax benefit at March 31, 2013. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. During the year ended December 31, 2012, the Company recognized no interest and penalties.

The Company is subject to income tax in the U.S., and certain state jurisdictions. The Company has not been audited by the U.S. Internal Revenue Service, or any states in connection with income taxes. The periods from December 31, 2004 to December 31, 2012 remain open to examination by the U.S. Internal Revenue Service, and state authorities. In addition, federal and state tax authorities can generally reduce our net operating loss (but not create taxable income) for a period outside of the statue of limitations in order to determine the correct amount of net operating loss which may be allowed as a deduction against income for a period within the statue of limitations. The Company has not filed its 2011 tax return.

6. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is party to a variety of legal proceedings brought by suppliers and creditors. We accrue for these items as losses become probable and can be reasonably estimated. Most of the amounts sought have already been provided for through previous charges to operations and were included in Company liabilities at December 31, 2012.

Most of the amounts sought relate to our subsidiary Iconic Imports, Inc. (“Imports”). We believe that those claims applicable to Imports have been discharged as a result of the closure of Imports’ Petition for Relief under Chapter 7 of the United States Bankruptcy Code on March 13, 2013 (see Notes 1 and 8). As a result, we have reversed those loss accruals (as well as all other liabilities) applicable to Imports (and recognized a Gain from United States Bankruptcy Court Discharge of Indebtedness of $5,281,236) in the three months ended March 31, 2013.

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

7. STOCK OPTIONS AND WARRANTS

A summary of stock option and warrant activity for the years ended December 31, 2011 and 2012 and for the three months ended March 31, 2013 follows:

	Stock Options	Warrants
Outstanding at December 31, 2010	1,300,000	20,722,184
Granted and Issued	-	-
Exercised	-	-
Forfeited/expired/cancelled	(300,000)	(1,400,000)
Outstanding at December 31, 2011	1,000,000	19,322,184
Granted and issued	-	-
Exercised	-	-
Forfeited/expired/cancelled	-	(5,162,500)
Outstanding at December 31, 2012	1,000,000	14,159,684
Granted and issued	-	-
Exercised	-	-
Forfeited/expired/cancelled	-	(385,000)
Outstanding at March 31, 2013	1,000,000	13,774,684

Stock options outstanding at March 31, 2013 consist of:

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

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

The aggregate intrinsic value of the 1,000,000 fully vested stock options at March 31, 2013 is $0.

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

Warrants outstanding at March 31, 2013 consist of:

Date Issued	Number Outstanding	Number Exercisable	Exercise Price	Expiration Date
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 11, 2013
June 11, 2008	30,000	30,000	$ 1.50	December 11, 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
August 12, 2009	400,000	400,000	$ 1.00	August 12, 2014
August 12, 2009	533,334	533,334	$ 1.50	August 12, 2014
August 19, 2009	1,000,000	1,000,000	$ 0.01	August 19, 2014
August 19, 2009	1,000,000	1,000,000	$ 1.00	August 19, 2014
September 14, 2009	200,000	200,000	$ 1.00	September 14, 2014
September 14, 2009	200,000	200,000	$ 1.50	September 14, 2014
January 6, 2010	100,000	100,000	$ 0.22	January 6, 2015
January 13, 2010	100,000	100,000	$ 0.23	January 13, 2015
February 8, 2010	500,000	500,000	$ 1.00	February 8, 2015
February 8, 2010	500,000	500,000	$ 1.50	February 8, 2015
March 16, 2010	2,000,000	2,000,000	$ 0.25	March 16, 2015
April 15, 2010	1,200,000	1,200,000	$ 0.20	April 15, 2013
April 19, 2010	4,556,350	4,556,350	$ 0.20	April 19, 2013
Total	13,774,684	13,774,684		

8. DISCONTINUED OPERATIONS

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

On September 23, 2011, Iconic Imports, Inc. ("Imports"), a wholly owned subsidiary of Iconic Brands, Inc., filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York. On March 28, 2013, the Company was advised by counsel that the case (Case No. 8-11-76814) was closed March 13, 2013 and that the claims scheduled were discharged.

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

For the three months ended March 31, 2013 and 2012, income (loss) from discontinued operations consisted of:

	2013	2012
Revenues	$ -	$ -
Cost of goods sold	-	-
Gross profit	-	-
Selling, general and administrative expenses	-	-
Operating income	-	-
Gain from United States Bankruptcy Court discharge of indebtedness	5,281,236	-
Interest expense (including amortization of debt discounts of $0 and $3,143, respectively)	(13,138)	(19,746)
Income (loss) before income tax provision	5,268,098	(19,746)
Income tax provision	-	-
Income (loss) from discontinued operations	$ 5,268,098	$ (19,746)

Iconic Brands, Inc. and Subsidiary
(a development stage company)
Notes to Consolidated Financial Statements
March 31, 2013
(Unaudited)

The assets and liabilities of Iconic Imports at March 31, 2013 and December 31, 2012 consisted of:

	2013	2012
Assets		
Current assets	$ -	$ -
Total assets	$ -	$ -
Liabilities		
Current portion of debt	$ -	$ 545,000
Accounts payable	-	1,219,768
Accrued interest payable	-	274,963
Other accrued expenses and other current liabilities	-	1,651,092
Current liabilities	-	3,690,823
Long – term debt	-	1,477,338
Total liabilities	-	5,168,161
Net liabilities	$ -	$ (5,168,161)

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

As used in this Form 10-Q, references to "Iconic Brands," "Company," "we," "our" or "us" refer to Iconic Brands, Inc. unless t context otherwise indicates.

Forward-Looking Statements

The following discussion and analysis and results of operations should be read in conjunction with our unaudited financial statements and accompanying notes and the other financial information which are included elsewhere in this Form 10-Q (the "Report"). This Report contains forward-looking statements which relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of th other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. We assume no obligation to update forward-looking statements, except as otherwise required under the applicable federal securities laws.

Business Overview

Iconic Brands, Inc., formerly Paw Spa, Inc., was incorporated in the State of Nevada on October 21, 2005.

We are now considered a blank check company. The U.S. Securities and Exchange Commission (the "SEC") defines those companies as "any development stage company that is issuing a penny stock, within the meaning of Section 3 (a)(51) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that has no specific business plan or purpose, or has indicated that its business plan is to merge with an unidentified company or companies." Under SEC Rule 12b-2 under the Securities Act of 1933, as amended (the "Securities Act"), we also qualify as a "shell company," because we have no or nominal assets (other than cash) and no or nominal operations. Many states have enacted statutes, rules and regulations limiting the sale of securities of "blank check" companies in their respective jurisdictions. Management does not intend to undertake any efforts to cause a market to develop in our securities, either debt or equity, until we have successfully concluded a business combination. We intend to comply with the periodic reporting requirements of the Exchange Act for so long as we are subject to those requirements.

Under SEC Rule 12b-2 under the Securities Act, we also qualify as a "shell company," because we have no or nominal assets (other than cash) and no or nominal operations. Many states have enacted statutes, rules and regulations limiting the sale of securities of shell companies in their respective jurisdictions. We intend to comply with the periodic reporting requirements of the Exchange Act for so long as we are subject to those requirements.

Our current business plan is to attempt to identify and negotiate with a business target for the merger of that entity with and into the Company or to acquire assets so that we will no longer be qualified as a shell company. In certain instances, a target company may wish to become a subsidiary of the Company or may wish to contribute or sell assets to the Company rather than to merge. No assurances can be given that we will be successful in identifying or negotiating with any target company. We seek to provide a method for a foreign or domestic private company to become a reporting or public company whose securities are qualified for trading in the United States secondary markets.

A business combination with a target company normally will involve the transfer to the target company of the majority of the issued and outstanding common stock of the Company, and the substitution by the target company of its own management and board of directors. No assurances can be given that we will be able to enter into a business combination, or, if we do enter into such a business combination, no assurances can be given as to the terms of a business combination, or as to the nature of the target company.

Results of Operations

Comparison of Three Months Ended March 31, 2013 and 2012:

Revenues

The Company did not generate any revenues for the three months ended March 31, 2013 or for the three months ended March 31, 2012.

Total Operating Expenses

During the three months ended March 31, 2013, total operating expenses were $31,509, which included $21,500 for professional fees and interest expense on parent debt of $10,009. During the three months ended March 31, 2012, total operating expenses were $14,390, which included $2,881 for general and administrative expenses and $11,509 in interest expenses for Company's debt. The increase of $17,119 was primarily a result of professional fees during the March 31, 2013 period.

Net income (loss)

For the three months ended March 31, 2013, net income was $5,236,589 as compared to the net loss for the three months ended March 31, 2012 of $34,136. The net change was primarily a result from the discharge of indebtedness..

Liquidity and Capital Resources

As of March 31, 2013 we had no cash or cash equivalents and current liabilities were $466,723. We had a stockholders' deficiency of $2,299,929 as of March 31, 2013.

We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Going Concern Consideration

As of March 31, 2013, the Company had negative working capital of $466,723 and a stockholders' deficiency of $2,214,526. Further, from inception to March 31, 2013, the Company incurred losses of $11,256,140. These factors create substantial doubt as to the Company's ability to continue as a going concern. The Company plans to improve its financial condition by reorganizing and acquiring a new business. However, there is no assurance that the Company will be successful in accomplishing this objective.

Critical Accounting Estimates and Recently Issued Accounting Standards

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires our management to select and apply accounting policies that best provide the framework to report the results of operations and financial position. The selection and application of those policies requires management to make difficult, subjective and/or complex judgments concerning reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. As a result, there exists the likelihood that materially different amounts would be reported under different conditions or using different assumptions.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a "smaller reporting company" as defined by Rule 229.10(f)(1), we are not required to provide the information required by this Item 3.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission. Our Chief Executive and Financial Officer have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of March 31, 2013, the end of the period covered by this report and have concluded that our disclosure controls and procedures were not effective to ensure that material information relating to the Company is recorded, processed, summarized, and reported in a timely manner.

Changes in Internal Controls over Financial Reporting

During the quarter ended March 31, 2013, there was no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On March 13, 2013 the voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York filed on September 23, 2011 by Iconic Imports, Inc. (“Imports”), a wholly-owned subsidiary of the Company, was closed.

Item 1A. Risk Factors

As a “smaller reporting company” as defined by Rule 229.10(f)(1), we are not required to provide the information required by this Item 1A.

Purchases of equity securities by the issuer and affiliated purchasers

None.

Item 2. Unregistered Sale of Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other information

None.

Item 6. Exhibits

Exhibit No.	Description
31.1	Rule 13a-14(a)/15d-14(a) Certifications of Richard DeCicco, President, Principal Executive, Financial and Accounting Officer
32.1	Section 1350 Certifications of Richard DeCicco, President, Principal Executive, Financial and Accounting Officer

SIGNATURES

Pursuant to the requirements 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.

ICONIC BRANDS, INC.

Dated: February 3, 2014	By:	/s/ Richard DeCicco
	Name:	Richard DeCicco
	Title:	President (Principal Executive, Financial and Accounting Officer)