

August 15, 2012



Genius Brands International Reports Second Quarter Fiscal 2012 Results

**Revenues for Quarter Ended June 30, 2012 Increase 96% to \$1,641,798
From Quarter Ended June 30, 2011**

SAN DIEGO, Aug. 15, 2012 (GLOBE NEWSWIRE) -- Genius Brands International, Inc. (OTCQB:GNUS), developer and marketer of entertainment products including the award-winning [Baby Genius®](#) line of music and education-based products and characters, today announced financial results for its second quarter of fiscal 2012 ended June 30, 2012.

Highlights for the three and six months ended June 30, 2012 included:

- Q2 2012 revenues increased by 96% to \$1,641,798 from Q2 of 2011
- For the six months ended June 30, 2012 revenues increased by 25% to \$2,672,745 from \$2,142,912 in the same period of 2011
- Q2 2012 net loss narrowed by 24% to \$(583,247) or \$(0.01) per common share, compared to \$(765,351) or \$(0.01) in Q2 of 2011
- For the six months ended June 30, 2012 net loss increased by 27% to \$(1,189,914) or \$(0.02) as compared to a net loss of \$(938,155) or \$(0.02) per common share in the same period of 2011
- Stockholders' equity increased to \$487,075 for the period ended June 30, 2012 from a stockholders' deficit of \$(1,120,633) on December 31, 2011

Revenues for the three months ended June 30, 2012 grew by 96% or \$806,062 to \$1,641,798, as compared to revenues of \$835,736 in the same period of the prior year. Revenue growth resulted from an increase in Genius Brands product sales and the Company's sales of third party licensed products through Genius Brands' distribution network.

For the six month period ended June 30, 2012 revenues increased by 25% or \$529,833 to \$2,672,745 from \$2,142,912 in the same period of 2011, driven by an increase in sales of third party licensed products through the Company's distribution network, which was offset by a decrease in royalty revenues as a result of a gap in toy licensing revenues. Genius Brands' prior toy licensing agreement with Battat Incorporated was terminated and the Company has not received royalty payments from Battat since the three months ended March 31, 2011. The Company has signed a new toy licensing agreement with JAKKS Pacific's Tollytots® division which is currently launching a Baby Genius® branded toy line that is now available in select stores.

"We are pleased with the revenue growth we've experienced in the second quarter despite

the fact that our royalty revenues were low, compared to historic levels. As our Baby Genius® branded line of music and early learning toys from our new worldwide master toy licensee JAKKS Pacific are now starting to be available on retail shelves, we expect to begin realizing royalty revenues from this toy line in the third and fourth quarters of this year," stated Genius Brands Chairman and CEO Klaus Moeller.

"As a result of our agreement with Nokia, the first two mobile apps in an extensive series of Genius branded early learning and kindergarten readiness apps are also slated to launch this quarter with more to follow in the fourth quarter. We believe the mobile app market opens the potential for a significant new high margin revenue stream for Genius Brands by leveraging and extending our brand assets as well as our strengths in developing content that both entertains and educates young children," added Moeller.

Operating expenses for the second quarter of 2012 were \$1,000,701, as compared to operating expenses of \$1,007,158 in the second quarter of 2011, a decline of .6% or \$6,457. For the six months ended June 30, 2012 operating expenses were \$1,865,688, a decline of 2% or 46,398 as compared to operating expenses of \$1,912,086 for the same period of the prior year.

The Company's total assets increased and total liabilities decreased on June 30, 2012 as compared to December 31, 2011. Total assets grew to \$3,465,795 on June 30, 2012 from \$2,652,257 on December 31, 2011. Total liabilities decreased to \$2,978,720 on June 30, 2012 from \$3,772,890 on December 31, 2011.

For further information please see Genius Brands' full 10Q filing at www.sec.gov.

About Genius Brands

Genius Brands International, Inc. is the developer and marketer of entertainment products including the award winning Baby Genius® line of music and education-based products and characters. The Company is developing and marketing a growing line of Genius branded products that entertain and educate the whole family. Baby Genius® awards include: Mom's Choice Award, The National Parenting Center Seal of Approval, *The Toy Insider* Best Toddler Toys, Dr. Toy 100 Best Children's Products, NAPPA Honors Award, iParenting Excellent Product Award, Creative Child Preferred Choice Award, Latino DVD Awards, iParenting Media Award, Film Advisory Board Award of Excellence, Kids First! Quality Children's Media Endorsement, *Parents Magazine* 2002 "Video of the Year," and Best "Under 3" QSR Program 2004/2005 from *Restaurant Magazine*. Baby Genius® products are available at most major retailers and have international exposure in over 40 countries. For brand information please visit www.babygenius.com. For Company information please visit <https://ir.stockpr.com/babygenius/overview>.

The Genius Brands International, Inc. logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=11441>

Forward-looking statements

This release contains forward-looking statements made by or on behalf of Genius Brands International Inc. All statements that address operating performance that the Company expects will occur in the future, including statements relating to operating results for fiscal

2011 and beyond, revenue growth, future profitability or statements expressing general optimism about future operating results, are forward-looking statements. These forward-looking statements are based on management's current views and we cannot assure that anticipated results will be achieved. These statements are subject to numerous risks and uncertainties, including, among other things, uncertainties relating to the Company's success in judging consumer preferences, financing the Company's operations, entering into strategic partnerships, engaging management, seasonal and period-to-period fluctuations in sales, failure to increase market share or sales, inability to service outstanding debt obligations, dependence on a limited number of customers, increased production costs or delays in production of new products, intense competition within the industry, inability to protect intellectual property in the international market for our products, changes in market condition and other risks and uncertainties indicated from time to time in our filings with the U.S. Securities and Exchange Commission (SEC) available via the SEC's website at www.sec.gov. Readers are cautioned not to place undue reliance on forward-looking statements and are encouraged to consider the risk factors that could affect actual results. The Company disclaims any intent to update forward-looking statements.

Genius Brands International, Inc.

Consolidated Balance Sheets

June 30, 2012 (unaudited) and December 31, 2011 (audited)

	<u>6/30/2012</u>	<u>12/31/2011</u>
ASSETS		
Current Assets:		
Cash	\$ 1,191,509	\$ 405,341
Accounts Receivable, net	762,163	1,021,039
Inventory	221,510	340,782
Prepaid and Other Assets	<u>317,258</u>	<u>168,486</u>
Total Current Assets	2,492,440	1,935,648
Property and Equipment, net	29,206	32,894
Capitalized Product Development in Process	353,194	278,696
Intangible Assets, net	334,915	405,019
Debenture Issuance Costs	<u>256,040</u>	<u>--</u>
Total Assets	<u>\$ 3,465,795</u>	<u>\$ 2,652,257</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts Payable	\$ 547,675	\$ 1,008,460
Accrued Expenses	377,082	408,684
Accrued Salaries and Wages	493,277	193,519
Accrued Interest - Debentures	19,049	19,049
Unearned Revenue	<u>482,746</u>	<u>--</u>
Total Current Liabilities	1,919,829	1,629,712
Long Term Liabilities:		

Debtenture (Net of discount) and Accrued Interest	623,226	--
Notes Payable – Related Parties and Accrued Interest	435,665	2,143,178
Total Liabilities	<u>2,978,720</u>	<u>3,772,890</u>
Stockholders' Equity (Deficit)		
Common Stock, \$0.001 par value, 250,000,000 shares authorized; 71,862,617 and 60,698,815 shares issued and outstanding, respectively	71,863	60,699
Additional Paid in Capital	9,740,175	6,959,083
Accumulated Deficit	<u>(9,324,963)</u>	<u>(8,135,049)</u>
Total Genius Brands International, Inc. Stockholders' Equity (Deficit)	487,075	(1,115,267)
Noncontrolling Interest	<u>--</u>	<u>(5,366)</u>
Total Equity	487,075	(1,120,633)
Total Liabilities & Stockholders' Equity (Deficit)	<u>\$ 3,465,795</u>	<u>\$ 2,652,257</u>

Genius Brands International, Inc.
Consolidated Statements of Operations
Periods Ending June 30, 2012 and 2011 (unaudited)

	<i>Three Months Ending</i>		<i>Six Months Ending</i>	
	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Revenues:				
Product Sales	\$ 1,601,212	\$ 791,568	\$ 2,602,463	\$ 1,684,859
Licensing & Royalties	<u>40,586</u>	<u>44,168</u>	<u>70,282</u>	<u>458,053</u>
Total Revenues	1,641,798	835,736	2,672,745	2,142,912
Cost of Sales (Excluding Depreciation)	1,290,745	575,814	2,024,876	1,129,722
Gross Profit	<u>351,053</u>	<u>259,922</u>	<u>647,869</u>	<u>1,013,190</u>
Operating Expenses:				
Product Development	2,622	2,156	8,302	7,419
Professional Services	30,693	77,907	104,568	144,767
Rent Expense	9,431	26,321	18,863	58,643
Marketing & Sales	239,563	142,120	429,120	506,672
Depreciation & Amortization	36,974	54,265	75,689	109,094
Salaries and Related Expenses	437,973	327,949	847,337	634,236
Stock Compensation Expense	61,419	304,596	123,379	306,367
Other General & Administrative	<u>182,026</u>	<u>71,844</u>	<u>258,430</u>	<u>144,888</u>
Total Operating Expenses	1,000,701	1,007,158	1,865,688	1,912,086
Loss from Operations	<u>(649,648)</u>	<u>(747,236)</u>	<u>(1,217,819)</u>	<u>(898,896)</u>

Other Income (Expense):

Other Income	86	10,641	171	21,059
Interest Expense	(3,987)	--	(5,147)	(1,145)
Interest Expense – Related Parties	(5,978)	(29,733)	(38,033)	(63,594)
Gain (loss) on extinguishment of debt	76,280	--	76,280	--

Net Other Income (Expense)	<u>66,401</u>	<u>(19,092)</u>	<u>33,271</u>	<u>(43,680)</u>
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Loss before Income Tax Expense and Noncontrolling Interest	(583,247)	(766,328)	(1,184,548)	(942,576)
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Income Tax Expense	--	--	--	--
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Net Loss	<u>(583,247)</u>	<u>(766,328)</u>	<u>(1,184,548)</u>	<u>(942,576)</u>
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Acquisition of Noncontrolling Interest	--	--	(5,366)	--
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Net Loss attributable to Noncontrolling Interest	<u>--</u>	<u>977</u>	<u>--</u>	<u>4,421</u>
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Net Loss attributable to Genius Brands International, Inc.	<u>\$ (583,247)</u>	<u>\$ (765,351)</u>	<u>\$ (1,189,914)</u>	<u>\$ (938,155)</u>
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Net Loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>
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Weighted average shares outstanding	<u>62,312,162</u>	<u>59,490,691</u>	<u>63,277,002</u>	<u>56,215,116</u>
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