

May 15, 2012



Genius Brands International Reports First Quarter Fiscal 2012 Results

SAN DIEGO, May 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 first quarter of fiscal 2012 ended March 31, 2012.

On March 31, 2012 four members of Genius Brands' management team converted their long term-subordinated notes to the Company in the total amount of \$1,572,161 into equity. The Company's long term debt has decreased by 80% from \$2,143,178 in the period ended December 31, 2011 to \$429,687 in the quarter ended March 31, 2012. Total equity on March 31, 2012 was \$86,572 compared to \$(1,120,633) on December 31, 2011, an increase of \$1,207,205.

Revenues for the three months ended March 31, 2012 were \$1,030,947 as compared to \$1,307,177 in the same period of the prior year, a decline of \$276,230, or 21%, resulting from a decline in licensing and royalty revenues, partially offset by an increase in product sales. Licensing and royalty revenues decreased \$384,189 or 93% from \$413,885 in the first quarter of fiscal 2011 to \$29,696 in the first quarter of fiscal 2012 due to the termination of a toy licensing deal with Battat Incorporated. Per the termination, Genius Brands 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 (Nasdaq:JAKK) Tollytots® division which is scheduled to launch a line of 20 toys by the third quarter of 2012. Due to this gap in licensed toy sales, Genius Brands expects licensing and royalty revenues will remain at a reduced rate compared to the same periods in the prior year through the first two quarters of fiscal 2012, and then show increases in late 2012 and in subsequent years with the introduction of the new toy line from JAKKS Pacific. The decline in licensing and royalty revenues was partially offset by a \$107,959, or 12% increase in product sales, which grew to \$1,001,251 in the first quarter of fiscal 2012 as compared to \$893,292 in the first quarter of fiscal 2011. The Company's revenues are subject to seasonality including timing of holiday periods.

"We anticipate future sales growth through increasing our digital product revenues, receiving new licensing royalty revenue streams through new toy and other licensed product launches, and by improving our existing products and adding new content to our product catalog. We have a powerful brand name which we intend to continue to build and leverage," stated Genius Brands Chairman and CEO Klaus Moeller.

"In the first quarter of this year, although our product sales grew modestly, we were lacking the toy royalty revenues which we had received in the first quarter of fiscal 2011. JAKKS Pacific, our new toy licensee has developed a new line of 20 early learning and musical toys

that have been extremely well received at Toy Fair 2012 and we are very excited about the line's impending launch and the resulting royalty revenues we expect in the second half of fiscal 2012," added Moeller.

"We continue to invest in our Company's future where we see the highest potential ROI for our brand assets on multiple digital platforms, while continuing to grow our traditional distribution networks, as well as rolling out additional licensed products lines in categories beyond toys and books, where we currently have licensing deals in place. We as a management team believe very strongly in the value of our brand equity and our potential for future growth. The recent conversion of our notes into equity represents the position we are taking with respect to our Company's equity," concluded Mr. Moeller.

Cost and expenses, excluding depreciation and amortization, increased by \$155,395, or 11% to \$1,559,403 in the three months ended March 31, 2012 as compared to \$1,404,008 for the first three months of fiscal 2011. This increase was a result of higher cost of sales due to increased sales volumes and increased general and administrative costs, partially offset by lower marketing and sales expenses.

Net loss attributable to Genius Brands International for three months ended March 31, 2012 was (\$605,667) or \$(0.01) per share, as compared to a net loss of \$(172,806), or \$(0.00) per share in the three months ended March 31, 2011, representing an increase of \$432,861 or 250%

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

March 31, 2012 (unaudited) and December 31, 2011 (audited)

<i>ASSETS</i>	<i>03/31/12</i>	<i>12/31/2011</i>
<i>Current Assets:</i>		
Cash	\$ 428,771	\$ 405,341
Accounts Receivable, net	682,117	1,021,039
Inventory	270,887	340,782
Prepaid and Other Assets	191,168	168,486
Total Current Assets	1,572,943	1,935,648
Property and Equipment, net	29,824	32,894
Capitalized Product Development in Process	306,467	278,696
Intangible Assets, net	369,374	405,019
Total Assets	\$ 2,278,608	\$ 2,652,257
<i>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</i>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 1,005,843	\$ 1,008,460
Accrued Expenses	420,701	408,684
Accrued Salaries and Wages	316,756	193,519
	19,049	19,049
Accrued Interest - Debentures		
Total Current Liabilities	1,762,349	1,629,712
<i>Long Term Liabilities:</i>		
Notes Payable – Related Parties and Accrued Interest	429,687	2,143,178

Total Liabilities	<u>2,192,036</u>	<u>3,772,890</u>
Stockholders' Equity (Deficit)		
Common Stock, \$0.001 par value, 250,000,000 shares authorized; 69,426,547 and 60,698,815 shares issued and outstanding, respectively	69,427	60,699
Additional Paid in Capital	8,757,861	6,959,083
Accumulated Deficit	<u>(8,740,716)</u>	<u>(8,135,049)</u>
Total Genius Brands International, Inc. Stockholders' Equity (Deficit)	86,572	(1,115,267)
Noncontrolling Interest	<u>--</u>	<u>(5,366)</u>
Total Equity	86,572	(1,120,633)
Total Liabilities & Stockholders' Equity (Deficit)	<u>\$ 2,278,608</u>	<u>\$ 2,652,257</u>

Genius Brands International, Inc.
Consolidated Statements of Operations
Periods Ending March 31, 2012 and 2011 (unaudited)

	<i>Three Months Ending</i>	
	<u>03/31/12</u>	<u>03/31/11</u>
Revenues:		
Product Sales	\$ 1,001,251	\$ 893,292
Licensing & Royalties	<u>29,696</u>	<u>413,885</u>
Total Revenues	1,030,947	1,307,177
Cost of Sales (Excluding Depreciation)	734,131	553,908
Gross Profit	<u>296,816</u>	<u>753,269</u>
Operating Expenses:		
Product Development	5,680	5,263
Professional Services	73,875	66,860
Rent Expense	9,432	32,321
Marketing & Sales	189,557	364,551
Depreciation & Amortization	38,715	54,830
Salaries and Related Expenses	409,364	306,289
Stock Compensation Expense	61,960	1,771
Other General & Administrative	<u>75,404</u>	<u>73,044</u>
Total Operating Expenses	863,987	904,929
Loss from Operations	<u>(567,171)</u>	<u>(151,660)</u>
Other Income (Expense):		
Other Income	85	10,416
Interest Expense	(1,160)	(1,145)
Interest Expense – Related Parties	<u>(32,055)</u>	<u>(33,861)</u>

Net Other Income (Expense)	<u>(33,130)</u>	<u>(24,590)</u>
Loss before Income Tax Expense and Noncontrolling Interest	(600,301)	(176,250)
Income Tax Expense	--	--
Net Loss	<u>(600,301)</u>	<u>(176,250)</u>
Acquisition of Noncontrolling Interest	(5,366)	--
Net Loss attributable to Noncontrolling Interest	<u>--</u>	<u>3,444</u>
Net Loss attributable to Genius Brands International, Inc.	<u>\$ (605,667)</u>	<u>\$ (172,806)</u>
Net Loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>
Weighted average shares outstanding	<u>60,698,815</u>	<u>55,116,515</u>

Genius Brands International, Inc.

Consolidated Statements of Cash Flows (unaudited)

<i>Cash Flows from Operating Activities:</i>	<i>Three Months Ending</i>	
	<u>3/31/2012</u>	<u>03/31/2011</u>
Net Loss	\$ (600,301)	\$ (176,250)
Adjustments to reconcile net loss to net cash provided in operating activities:		
Depreciation Expense	3,070	3,668
Amortization Expense	35,645	51,162
Issuance of Common Stock for Services	--	9,690
Stock Compensation Expense	61,960	1,771
Decrease (increase) in operating assets		
Accounts Receivable	338,922	383,444
Inventory	69,895	22,731
Prepaid Expenses & Other Assets	(22,682)	(35,708)
Increase (decrease) in operating liabilities		
Accounts Payable	(2,617)	(404,691)
Accrued Salaries	123,237	121,034
Accrued Interest	--	--
Accrued Interest – Related Party	32,055	33,861
Other Accrued Expenses	<u>12,017</u>	<u>(29,424)</u>
Net cash provided/(used) in operating activities	<u>51,201</u>	<u>(18,712)</u>
<i>Cash Flows from Investing Activities:</i>		
Investment in Intangible Assets	(27,771)	(60,042)
Purchase of Fixed Assets	<u>--</u>	<u>(4,675)</u>

Net cash provided/(used) by investing activities	<u>(27,771)</u>	<u>(64,717)</u>
--	-----------------	-----------------

Cash Flows from Financing Activities:

Sale of Common Stock	--	225,000
Common Stock Offering Cost	--	--
Payments on Related Party Debt	<u>--</u>	<u>(80,000)</u>
Net cash provided/(used) by financing activities	<u>--</u>	<u>145,000</u>

Net increase/(decrease) in cash	23,430	61,571
Beginning Cash Balance	<u>405,341</u>	<u>207,880</u>
Ending Cash Balance	<u>\$ 428,771</u>	<u>\$ 269,451</u>

Supplemental disclosures of cash flow information:

Cash paid for income taxes	\$ --	\$ --
Cash paid for interest	\$ 1,160	\$ --
Related Party Note converted to Common Stock	\$ 1,745,546	\$ --

CONTACT: Investor Relations Contact:
Mr. Andrew Haag
Managing Partner
IRTH Communications, LLC
Tel: +1-866-976-IRTH (4784)
E-Mail: Andrew@irthcommunications.com
Website: www.irthcommunications.com

Media Contact:
John Russel
RUSSEL Public Relations
Tel: +1-818-561-5072
Cell: 818-516-8572
E-Mail: JRussel@russelprla.com

Source: Genius Brands International, Inc.