



Spiral Toys Inc. (STOY)

Interactive Toys

Rating:
BUY

Spiral Toys Inc.
29130 Medea Lane, #1207
Agoura Hills, CA 91301
Phone: (844) 681-7627
www. <http://spiraltoys.com>

STOY RESEARCH REPORT:

Published February 11, 2015

Near Term Target Price: \$1.25 - \$1.50

Recent Price: \$0.87

- ***Company successfully launches its first interactive toys for the holiday 2014 season, selling out its initial toy production.***
- ***Company has a strong management team with backgrounds in entertainment properties and devices.***
- ***Company has obtained \$735,000 in financing via private funding.***
- ***Company changed its name and stock ticker, and begun a rebranding effort focused on entertainment.***

COMPANY OVERVIEW AND PRODUCTS:

Spiral Toys Inc. (OTCQB: STOY), Spiral Toys Inc. develops, markets, and sells products and mobile applications in the mobile connected space. The company was formerly known as Rocap Inc. (OTCQB: ROCP), and incorporated on September 2, 2010 in Nevada, with the objective of producing and selling children's dancewear and playwear. Rocap Inc. acquired Spiral Toys, Inc., a private company, on June 4, 2014. Following the completion of this acquisition, Mark Meyers, founder of Spiral Toys, Inc. was appointed CEO of the combined company. In conjunction with the Spiral Toys acquisition, Rocap divested Lexi Luu Designs, Inc., designer and manufacturer of children's dancewear and playwear, and changed its business plan to focus on entertainment products. On January 28, 2015, the company changed its name from Rocap Inc. to Spiral Toys Inc., and changed its stock ticker to STOY. The company is based in Agoura Hills, California, and has a software development studio in Vancouver, Canada.¹

The company has developed several technology platforms that enable it to acquire and engage consumers in the sale and marketing of physical consumer products and toys. The company has developed an integrated hardware/software/cloud solution that enables mobile-connected entertainment. The company's mobile-connected entertainment platform connects physical items to today's top mobile devices through BTLE (Bluetooth Low Energy, or Bluetooth Smart), NFC, (Near Field Communications), ultrasonics and other technologies, creating a unique interactive user experience. The company's products connect toys and entertainment devices to smartphones and tablets, and allow these devices to communicate, interact, share and update content. The company has expertise in hardware and software entertainment, and works with companies and inventors to create new entertainment experiences and products.²



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The company provides a platform that enables entertainment device manufacturers to make products that are smart and mobile-connected; provides an ecosystem for applications, digital content, and libraries of new content; and digital updated content for mobile devices. The company's team works with inventors, manufacturers, distributors, and retailers to develop mobile-connected entertainment devices. The company sells its products worldwide and is developing additional applications based on its platform technology for several different verticals within the entertainment industry. The company acts as a co-developer with major entertainment studios.

The company's core technology is based on its ToyCloud platform, which enables physical toys to be connected to Apple and Android devices through the company's proprietary Bluetooth Smart technology and cloud-based services. Currently there are two applications of the company's technology: CloudPets™ and TagIt. The company has indicated that it intends to release other entertainment products based upon its technology during 2015. The company's revenue model is a mix of both digital and physical sales of the company's core technology and related products. The company collects royalty revenues from the physical hardware platform, and sells content and games via digital distribution and collects application revenues via the Apple App Store and the Android Marketplace. The company has entered a partnership with Jay@Play to distribute and promote its products internationally, and has an agreement with OnDemand Global, a Direct Response television marketing and sales company. The company's direct response television commercials will air nationwide on children's television networks, including Cartoon Network, Disney Junior, and Nickelodeon.

CloudPets™ allows users to send messages to anyone, from any location, and have that message delivered through a teddy bear. Messages can be sent and received through a variety of mobile devices and powers the CloudPets™ mobile application, and will also enable the addition of new features and functionality in the future. Initial orders for CloudPets™ were released in two test markets for the 2014 holiday season; Australia and the United Kingdom. A total of 60,000 units were projected to ship in mid-2014, with retail prices from \$29.95 to \$39.95. On June 27, 2014, 10,000 CloudPets™ were released in Australia, and 50,000 units were released in the United Kingdom on July 1, 2014. The company's initial production run was sold out, and CloudPets™ are currently on backorder.³





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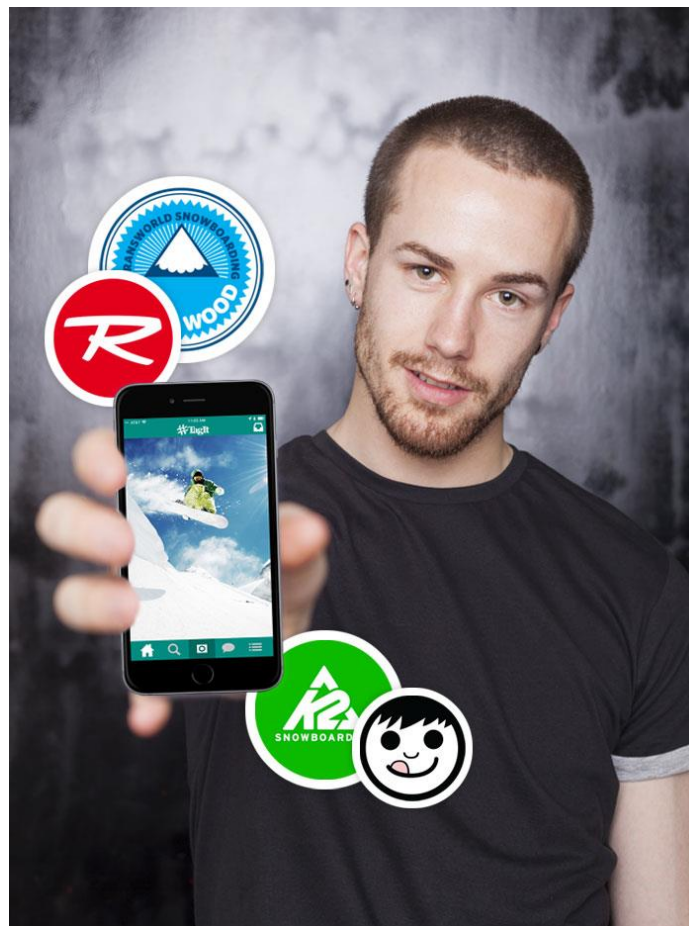
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The company's second product, TagIt, is due for release in the near future. This product is a combination of stickers and digital communications. Each TagIt sticker can be programmed with messages, photographs, and videos and can be read by anyone with a compatible smartphone. The company will sell packets of stickers and the TagIt application for mobile devices.⁴ The company anticipates that purchasers will use TagIt stickers for applications including:

- Making photographs into photo albums - Print one photograph on a TagIt sticker, and then put an album on the sticker.
- Using stickers to promote videos – Use TagIt to put a video on a sticker, and use stickers to promote and distribute the video.
- Use TagIt stickers for covert messaging – Hide digital messages on TagIt stickers, which appear to be ordinary looking stickers.
- Use stickers to share event information digitally – Use a custom or predesigned TagIt sticker to promote an event, and have people RSVP wirelessly through the TagIt application.





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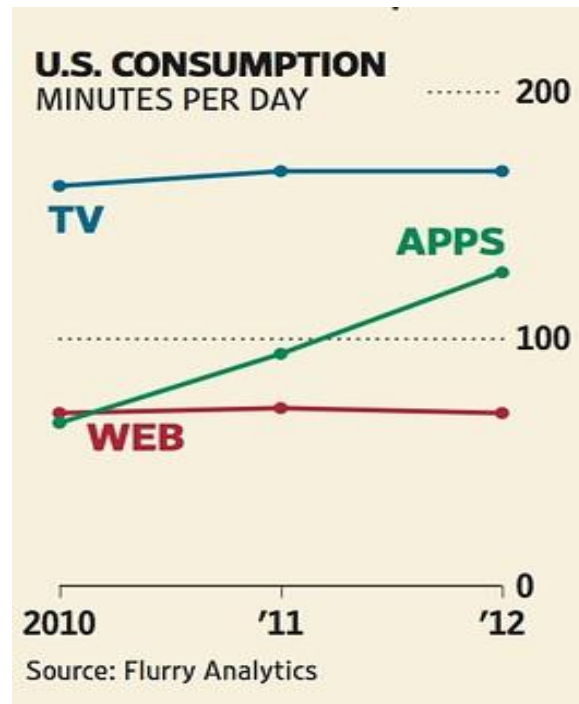
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MARKET AND COMPETITION:

The company competes in the connected entertainment section of the emerging “Internet of Things” industry, as the desire for greater interactive entertainment drives customer demand for mobile internet connected toys. Demand for the company’s products is being driven by the combination of the toy industry and mobile applications. According to the Toy Industry Association, Inc. the U.S. toy industry had revenues of approximately \$22 billion in 2014.⁵ The adoption of smartphones and demand from mobile applications is projected to drive additional demand for the company’s products, as over 1.6 billion smartphones will be in use by 2017⁶. According to techcrunch.com, the total global mobile applications market is expected to reach \$25 billion in 2015, up from approximately \$6.8 billion in 2010⁷. Between 2009 and 2014, the global market for applications grew at a CAGR (Compound Annual Growth Rate) of approximately 29.6 percent.⁸ The charts below illustrate some of the trends driving mobile and interactive entertainment.^{9,10}





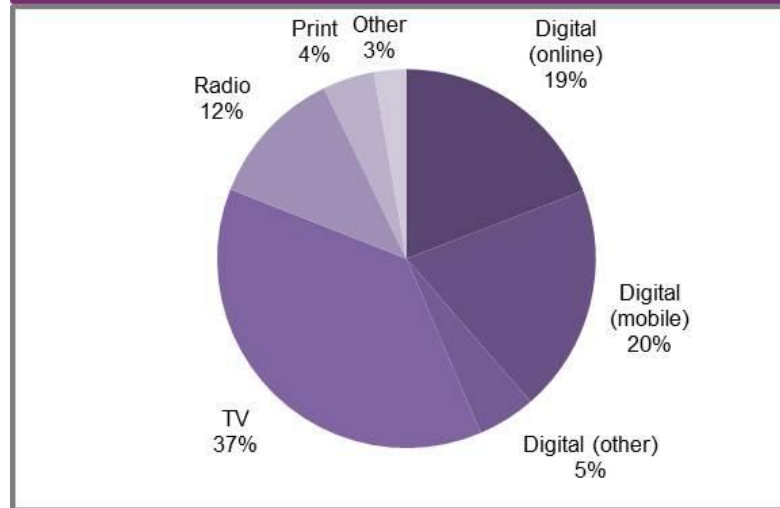
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Average Time Spent per Day with Major Media US Adults, 2013



While the company has not released a list of companies that it considers competitors of its new business plan, several existing companies in the toy industry could be considered current or future competitors. Many of these companies are well-established corporations that have substantially greater financial, managerial, technical, marketing, personnel and other resources than the company. A partial list of these potential competitors includes: Build-A-Bear Workshop Inc. (NYSE: BBW); Google/Launchpad Toys (NasdaqGS: GOOG); Hasbro Inc. (NasdaqGS: HAS); JAKKS Pacific, Inc. (NasdaqGS: JAKK); LeapFrog Enterprises Inc. (NYSE: LF); Mad Catz Interactive Inc. (NYSE: MCZ); Mattel, Inc. (NasdaqGS: MAT); Schleich GmbH; Vivid Imaginations UK; and WooWee Group Limited.

MANAGEMENT TEAM:

Mark Meyers, Founder, President, and Chief Executive Officer – Mr. Meyers is the former Vice President of Interactive Studios at The Walt Disney Company, where he built and managed the internal product development organization for console, handheld, and mobile devices. Mr. Meyers and his team developed and launched several key interactive franchises, transforming an organization traditionally focused on licensing into a world-class development organization. His team was responsible for generating approximately \$500 million in revenues annually, and was rated the top 3rd party publisher of games for the Nintendo Wii and Nintendo DS platforms in 2007 and 2008. Mr. Meyers is also a former Studio General Manager at Sony Computer Entertainment, and former Studio General Manager at Midway Games. In total, Mr. Meyers has over 18 years of experience in the creation of entertainment software and emerging technologies, ranging from executive management expertise leading large creative organizations, to starting his own company focused on emerging technologies. Mr. Meyers has a Masters in Business Administration, with an emphasis on Finance and Strategic Management from the



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University of Chicago and Bachelor of Science degree in Electrical and Electronics Engineering from North Dakota State University.

Jorge Freitas, Chief Technology Officer – Prior to joining Spiral Toys, Inc., Mr. Freitas was Director of Technology of Def Jam for Electronic Arts. Mr. Freitas was a co-founder of Propaganda Studios, which was acquired by The Walt Disney Company. Mr. Freitas has over 20 years of experience in the video game industry, including acting as Vice President of Operations at Kidzsmart Concepts and Digital Director of Kidzsmart. Mr. Freitas was a co-founder and Head of Software Development for Cage of Monkeys Games. He has experience in game design, game development, iOS development, Computer Games, programming, Social Games, 3D games, and console games.

Bob Stewart, Chief Financial Officer – Mr. Stewart is the former CFO at Orion Telecommunications, YadaYada, Lois/USA Inc., and affiliated companies. Mr. Stewart is a former Audit Manager with Price Waterhouse, and has experience with IPOs in the entertainment sector.

RECENT DEVELOPMENTS:¹¹

On Tuesday, February 10, 2015, the company announced that it had entered a partnership with C&C RFID, a subsidiary of C&C Joint Printing Company, a Chinese printer. Under this partnership, the companies will focus on new ways to use NFC (Near Field Communications) in the company's products, as well as manufacturing NFC chips for the company's upcoming line of TagIt stickers. This new product line will use NFC technology to enable subscribers to use their smartphones to embed and share digital messages, photographs, and videos in printed stickers. The company also announced that they were moving out of development and into the first sample run of the company's new NFC product line.

On Wednesday, January 28, the company announced a partnership with international toy distributor Jay@Play and On Demand Global to launch the company's interactive plush toy line, CloudPets, on Direct Response Television on March 1, 2015. In addition to the CloudPets Direct Response campaign, CloudPets will be released into mass retail stores nationwide in August 2015. The company will begin airing CloudPets commercials nationwide on major kid's television networks, including Cartoon Network, Disney Junior, and Nickelodeon.

Also on Wednesday, January 28, 2015, Rocap Marketing/Spiral Toys announced that it was changing its name and stock ticker to Spiral Toys (OTCQB: STOY). The company changed its business plan and focus to establish itself as the premier entertainment supplier in the connected mobile space. As part of this effort, the company announced that it was partnering with the full-service advertising and design firm Echo-Factory. Echo-Factory is a creative-based advertising, marketing and branding agency located in Pasadena California. The agency services startups, mid-level businesses and national brands with strategy, research and development, campaign conception, design and implementation, custom photography and Internet marketing including website development SEO content creation and social media management.



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On Tuesday, January 6, 2015, Rocap Marketing/Spiral Toys announced the closing of a non-brokered private placement of approximately \$750,000. Proceeds from this financing will be used to advance the commercialization and distribution of the Spiral Toys product lines, develop and launch new products in the international marketplace, and for general corporate operations. The company also announced that it was exploring the potential of moving to a senior stock exchange, would pursue additional opportunities for equity financing to continue product development, marketing and product introductions of several key 2015 product lines which are already in development.

On Monday, September 8, 2014, Rocap Marketing Inc. announced that it had added to its Board of Directors, and named a Chief Financial Officer. Mr. Chris Adams, CEO and Executive Director of Spondo, an online video streaming and social syndication company was appointed to Rocap's Board of Directors. Mr. Adams is an internationally recognized new media pioneer, entertainment and technology executive, and an acclaimed children's author with over 20 years experience in accelerating businesses. Mr. Adams has worked for Amazon, Comcast Cable & Interactive, Facebook, Glam.com, and served as Chief Vision Officer at Participant Media. Mr. Adams launched a world-first program of over 250 movies for VOD sale on Facebook; won both the Red Herring Top 100 Asia and Red Herring Global 100 awards; led strategy for the creation of GlamTV; and has closed deals with ABC, Dreamworks, Imagine Entertainment, NBC, Sony Pictures, Twentieth Century Fox, and Universal Pictures. Rocap Marketing/Spiral Toys appointed Mr. Robert Stewart, former CFO at NewSight Inc. and YadaYada, as Chief Financial Officer. Mr. Stewart has extensive IPO experience in the entertainment sector, and was an audit manager with Price Waterhouse.

On Tuesday, July 22, 2014, Rocap Marketing Inc. announced the completion of the acquisition of Spiral Toys, Inc. In conjunction with the closing of the transaction, the combined company named Mark Meyers as Chief Executive Officer. The company will focus on the largely unaddressed mobile-connected entertainment market, where its technology creates connections for mobile-connected entertainment to physical products including toys, wearable's and games. The company launched its initial product line Toy-Fi in June 2014 in Australia and the United Kingdom with national television campaigns. The company's initial product shipments totaled over 60,000 Toy-Fi products. The company ran a DR campaign with a U.S.-based company with a new product line called CloudPets, which ran on the Cartoon Network, Disney channels, and Nickelodeon. The company is working with partners on launching the product line later in 2014 under a North American campaign. The company also announced that Mr. Jorge Freitas has joined the company as Chief Technology Officer. Mr. Freitas has experience as CTO of Propaganda Studio for Disney Interactive and Technical Director with Electronic Arts. He was most recently V.P. Operations at Kidzmart, Inc., a company focused on mobile promotion and marketing applications for Apple and Android devices.

On Wednesday, June 4, 2014, the initial steps were taken to form the current company, when Rocap Inc. announced that it had acquired Spiral Toys, Inc., a developer of connected entertainment platforms for mobile smart devices. Spiral developed a revolutionary, low-cost platform connecting physical toys and



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merchandise to mobile smart devices. By developing digital platforms and hardware that connect physical toys to the interactive digital world, Spiral creates new play experiences for consumers of all ages and opens up new opportunities in several multi-billion dollar industries by giving both kids, tween, and parents an entirely new way to play and interact. Spiral's new line of "ToyCloud" enabled products connects physical toys to Apple and Android devices through its proprietary Bluetooth Smart technology and cloud-based services. Using this technology, kids and parents are able to send and receive messages, play collaborative games, and read interactive stories by merging traditional behaviors and new play patterns. Spiral has partnered with Dragon-I toys, which will provide Spiral manufacturing, sales, and distribution; headquartered in Hong Kong, Dragon-I has sales offices worldwide and over 300 retail and distribution relationships in every major territory. Spiral Toys also has an agreement to distribute through a direct response channel in the United States under the name CloudPets, which will run a nationwide advertising campaign in June 2014. As part of this transaction, Rocap issued 18,130,667 common shares to Mr. Meyers and his other shareholders.

OUTLOOK:

The company has a "first mover" advantage in the emerging market for connected entertainment section of the "Internet of Things" industry, as the desire for greater interactive entertainment drives customer demand for mobile internet connected toys.

The company has a number of initiatives that will potentially drive revenues and the company's stock higher in 2015, including: revenues from strong demand for CloudPets™ in Australia and the United Kingdom; release of additional entertainment-related products; release of CloudPets™ in North America in August 2015; obtaining additional financing for future growth; the recently initiated rebranding campaign; additional relationships in developing toys with a leading entertainment brands; and unveiling of its strategic growth plan in March 2015.

RECENT PRICE ACTION:

Beginning in early January 2015, the company's stock began trading higher, following its announcement of completion of private financing. The company's stock continued this rise through the remainder of January, driven by its announcement of a partnership to launch CloudPets™ in North America, changing its name and stock ticker and launching a rebranding effort.

On Tuesday, February 10, 2015, the company's stock closed at \$0.87, on a sharp spike in volume of 631,151 shares, as compared to the stock's three-month average of 6,821 shares. A chart illustrating price action in the company's stock can be seen below.¹²



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VALUATION:

Due to the company's significant change in business strategy and relatively small revenues to date under this strategy, to arrive at a valuation for the company, I relied upon technical analysis, and used projected trend lines and projected Fibonacci fan lines to arrive at a six month price target of \$1.25 to \$1.50 per share. Price channels are continuation patterns that slope upward or downward, and bound by an upper and lower trend line. The upper trend line marks resistance, and the lower trend line marks support. Price channels with positive slopes, such as illustrated by the company's stock price action, are considered bullish.¹³ Projected Fibonacci Fan lines are trend lines based on Fibonacci retracement points. These fan lines can be used to estimate support levels. Rising fan lines extend upward from a trough and project advances based on the advance (from trough to peak).¹⁴ I anticipate revising my price target higher as the company posts improving fundamental results.



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BOTTOM LINE:

As with an investment in many smaller companies that are relatively thinly traded, an investment in the shares of Spiral Toys, Inc. is potentially a “high risk, high reward” situation. The company has changed its business model significantly, shedding its children’s dancewear and playwear business lines, to focus on internet connected mobile entertainment solutions. The company’s future success is dependent upon its ability to execute on its “revised” business model.

The company’s share price is likely to remain highly volatile and will react to news releases, such as success with its North American launch of CloudPets™, obtaining additional financing, announcing earnings for the final quarter of 2014, and announcing additional product releases. With the company’s potential for gaining significant traction as an “early mover” in the growing market for mobile internet connected entertainment, strong management team, and strong early demand for the company’s first product release, I believe that the potential rewards outweigh the foreseeable risks, and initiate coverage with a Buy recommendation.

RISK FACTORS:

An investment in the common stock of the company is subject to a number of risks. The information below contains excerpts of some of the risk factors included in the company’s Form 10-K for the fiscal year ended December 31, 2013, and should be considered by all investors.¹⁵ Investors should carefully consider the risk factors set out below and consider all other information contained herein, and in the company’s SEC filings, before making an investment decision. We assume no obligation to update or revise any such forward-looking statements to reflect events or circumstances that occur after such statements are made. A more complete list of risk factors for the company can be found beginning on page 8 of its Form 10-K filing, dated December 31, 2013, which is available on the SEC’s Edgar website:

<http://www.sec.gov/Archives/edgar/data/1520108/000151116414000187/rocapform10k.htm>.

- *Investing in the company is a highly speculative investment and could result in the loss of your entire investment.*
- *The company’s stock price may be volatile and your investment in its Common Stock could suffer a decline in value.*
- *Shareholders may be diluted significantly through the company’s efforts to obtain financing and satisfy obligations through issuance of additional shares of its Common Stock.*
- *There is a substantial doubt about the company’s ability to continue as a going concern.*
- *The company has a limited operating history. There is no assurance its future operations will result in profitable revenues. If the company cannot generate sufficient revenues to operate profitably, it may suspend or cease operations.*



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- *The company may require financing to achieve its current business strategy and its inability to obtain such financing could prohibit the company from executing its business plan and cause it to slow down its expansion of operations.*
- *If the company is unable to manage its planned growth, its operations could be adversely impacted.*
- *As a public company, the company will incur substantial expenses.*
- *The company's internal controls may be inadequate, which could cause its financial reporting to be unreliable and lead to misinformation being disseminated to the public.*
- *You may have limited access to information regarding the company's business because it is a limited reporting company exempt from many regulatory requirements and its obligations to file periodic reports with the SEC could be automatically suspended under certain circumstances.*
- *Because the company is not subject to compliance with rules requiring the adoption of certain corporate governance measures, its stockholders have limited protection against interested director transactions, conflicts of interest and similar matters.*
- *The company's board of directors has the authority, without stockholder approval, to issue preferred stock with terms that may not be beneficial to common stockholders and with the ability to adversely affect stockholder voting power and perpetuate their control over the company.*
- *Nevada law provides for indemnification of officers and directors at the company's expense and limits their liability that may result in a major cost to the company and hurt the interests of its shareholders because corporate resources may be expended for the benefit of officers and/or directors.*

APPENDIX:

The following unaudited Consolidated Balance Sheets for the nine months ended September 30, 2014; unaudited Consolidated Statements of Operations for the three months and nine months ended September 30, 2014; and unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2014, should be read in conjunction with the company's unaudited financial statements and notes contained in the company's Form 10Q for the period ended September 30, 2014.¹⁶

		ROCAP MARKETING, INC. AND SUBSIDIARY Consolidated Balance Sheets	
		September 30, 2014 (Unaudited)	December 31, 2013
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	\$ 69,730	\$ 16,746	
Total Current Assets	<u>69,730</u>	<u>16,746</u>	
PROPERTY AND EQUIPMENT, net	-	-	
OTHER ASSETS			
Goodwill	3,746,735	-	
Net assets of discontinued operations	-	71,189	
Total Other Assets	<u>3,746,735</u>	<u>71,189</u>	
TOTAL ASSETS	<u>\$ 3,816,465</u>	<u>\$ 87,935</u>	
LIABILITIES AND STOCKHOLDERS' DEFICIT			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$ 122,943	\$ 43,459	
Advance from distributor	92,820	-	
Salaries payable	-	253,500	
Notes payable	5,000	-	
Convertible short term notes	42,000	-	
Current maturities of notes payable - related parties	115,738	105,738	
Interest payable	18,319	10,068	
Net liabilities of discontinued operations	-	488,181	
Total Current Liabilities	<u>396,820</u>	<u>900,946</u>	
TOTAL LIABILITIES	<u>396,820</u>	<u>900,946</u>	
STOCKHOLDERS' DEFICIT			
Preferred stock: par value \$0.001, 1,000,000 shares authorized, zero shares issued and outstanding	-	-	
Common stock: par value \$0.001, 74,000,000 shares authorized; 37,725,554 and 20,630,667 shares issued and outstanding, respectively	37,726	20,631	
Additional paid-in capital	4,560,205	74,615	
Accumulated deficit	<u>(1,178,286)</u>	<u>(838,421)</u>	
Stockholders' Deficit	3,419,645	(743,175)	
NON-CONTROLLING INTEREST IN SUBSIDIARY			

**ROCAP MARKET ING, INC.
AND SUBSIDIARY**
**Consolidated Statements of
Operations**
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
SALES				
Product sales	\$ 63,602	\$ -	\$ 63,602	\$ -
Consulting- product development	35,000	-	35,000	-
Total Sales	98,602	-	98,602	-
COST OF GOODS SOLD	-	-	-	-
GROSS MARGIN	98,602	-	98,602	-
OPERATING EXPENSES				
Media costs	27,812	-	27,812	-
Product development costs	37,101	-	37,101	-
Legal and professional expenses	76,119	19,908	132,755	49,411
Salaries and wages and consulting	125,823	19,500	158,323	58,500
General and administrative	27,016	34	29,474	234
Total Operating Expenses	293,871	39,442	385,465	108,145
LOSS FROM OPERATIONS	(195,269)	(39,442)	(286,863)	(108,145)
OTHER EXPENSE				
Interest expense	(23,760)	(1,892)	(29,250)	(4,400)
Total Other Expense	(23,760)	(1,892)	(29,250)	(4,400)
LOSS BEFORE INCOME TAX				
PROVISION AND NON- CONTROLLING INTEREST	(219,029)	(41,334)	(316,113)	(112,545)
Income tax provision	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(219,029)	(41,334)	(316,113)	(112,545)
Net loss attributable to Discontinued operations	(23,752)	(7,879)	(23,752)	(102,368)
NET INCOME (LOSS) BEFORE CONTROLLING INTEREST	(242,781)	(49,213)	(339,865)	(214,913)
Net loss attributable to non-controlling interest	-	1,576	-	20,474
NET INCOME (LOSS)				
ATTRIBUTABLE				
TO COMMON	\$	\$	\$	\$
STOCKHOLDERS	(242,781)	(47,637)	(339,865)	(194,439)
NET INCOME (LOSS) PER COMMON SHARE				
BASIC AND DILUTED				
Continuing operations	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Discontinued operations	(0.00)	(0.00)	(0.00)	(0.00)
Total	(0.01)	(0.00)	(0.01)	(0.01)
Weighted average common shares outstanding				

**ROCAP MARKETING, INC.
AND SUBSIDIARY**
**Consolidated Statements of Cash
Flows**
(Unaudited)

For the Nine Months Ended
September 30,

	2014	2013
OPERATING ACTIVITIES:		
Net income/(loss)	\$ (339,865)	\$ (194,439)
Adjustments to reconcile net loss to net cash used in operating activities:		
Contributed capital (salary)	9,750	-
Notes for services	21,000	-
Changes in operating assets and liabilities:		
Accrued expense	(2,497)	-
Accounts payable	54,236	15,603
Accrued salaries	22,750	58,500
Accrued interest	29,250	4,400
Cash Used in Operating Activities - Continuing Operations	<u>(205,376)</u>	<u>(115,936)</u>
Cash Used in Operating Activities - Discontinued Operations	<u>(907)</u>	<u>7,478</u>
Net Cash Used in Operating Activities	<u>(206,283)</u>	<u>(108,458)</u>
INVESTING ACTIVITIES:		
Cash received from purchase of subsidiary	<u>8</u>	<u>-</u>
Cash Provided from Investing Activities	<u>8</u>	<u>-</u>
FINANCING ACTIVITIES:		
Proceeds from notes payable - related parties	10,000	39,170
Proceeds from notes payable	5,000	-
Proceeds from sale of common stock for cash	<u>219,600</u>	<u>-</u>
Cash Provided by Financing Activities - Continuing Operations	<u>234,600</u>	<u>39,170</u>
Cash Provided by Financing Activities - Discontinued Operations	<u>24,659</u>	<u>74,417</u>
Net Cash Provided by Financing Activities	<u>259,259</u>	<u>113,587</u>
NET CHANGE IN CASH	<u>52,984</u>	<u>5,129</u>
CASH AT BEGINNING OF YEAR	<u>16,746</u>	<u>732</u>
CASH AT END OF PERIOD	<u>\$ 69,730</u>	<u>\$ 5,861</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>



Spiral Toys Inc. (STOY)

Interactive Toys

Rating:
BUY

Spiral Toys Inc.
29130 Medea Lane, #1207
Agoura Hills, CA 91301
Phone: (844) 681-7627
www. <http://spiraltoys.com>

SOURCES:

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Disclosure: I, Charles I. Reed, CFA have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I have no business relationship with any company whose stock is mentioned in the article.

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