



DPDM (OTCBB) \$0.50

Report Type INFORMATIONAL REPORT SUMMER 2009

Dolphin Digital Media, Inc.

COMPANY PROFILE

Dolphin Digital Media creates and manages social networking websites for children utilizing fingerprint identification technology, or “Internet safety technology,” creating a secure Internet communications experience that is enjoyable yet “protects” children and provides their parents with a heightened level of comfort. The company’s goal is to become recognized as a major social networking site. The co. will offer downloadable entertainment as well as branded merchandise sales.

HIGHLIGHTS

- **The co. recently launched its Dolphin Secure website, www.dolphinsecure.com, on April 9.** Two additional websites were also launched, www.dolphinsecure.com and www.dolphinsecure.com.
- **The co. is partnered with Dolphin Entertainment,** a major producer of television content targeted at younger audiences.
- **The co. will pursue additional content and licensing agreements** and other marketing and partnership opportunities.
- **The co. is planning a major public relations marketing campaign** to increase market awareness of the company.
- **The co. sees various revenue generating opportunities** including its current subscription-based website model as well as paid advertising, paid content downloads and streaming as well as white-labeling.
- **The co. believes that a substantial opportunity exists** in what they believe is an extremely untapped market.

MARKET DATA

52-Week High/Low	\$1.25/\$0.30
Avg. Daily Volume	43,000 sh
Shares Outstanding (approx)	51.7 mil sh
Fully Diluted (approx)	N/A
Public Float (approx)	48.8 mil sh
Short Position/Ratio (approx)	NMF

FINANCIAL DATA

Market Capitalization (approx)	\$26 mil
Cash & Equivalents (3/31)	\$79,745
Book Value (approx 3/31)	N/A
Short-term Debt (approx 3/31)*	\$965,837
Long-term Debt (approx 3/31)	\$0
Total Debt (approx 3/31)*	\$965,837
Total Debt/Equity (approx)	N/A
Total Debt/Total Capitalization (approx)	N/A

*Debt exclusive of additional current liabilities of approx. \$1.24 mil.

	Revs	EPS	Oper Cash Flow
2007	\$ 218,980	\$ (0.77)	\$ (869,913)
Q1	\$ 144,270	\$ (0.04)	\$ (476,262)
Q2	\$ 192,328	\$ (0.04)	\$ (515,126)
Q3	\$ 267,020	\$ (0.01)	\$ (739,455)
Q4	\$ 310,933	\$ (0.01)	\$ (250,793)
2008	\$ 914,551	\$ (0.10)	\$ (1,981,636)
Q1	\$ 0	\$ (0.03)	\$ (587,402)
2009*			

*Year-to-year financial comparisons going forward will not be meaningful.

Q2 results will be the first to reflect the launch of the Dolphin Secure websites and new business focus.

EPS numbers might not add exactly due to rounding.

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PLEASE READ THE IMPORTANT DISCLOSURES AND CERTIFICATIONS AT THE END OF THIS REPORT

COMPANY SUMMARY

Dolphin Digital Media creates and manages social networking websites for children utilizing fingerprint identification technology, or “Internet safety technology,” creating a secure Internet communications experience that is enjoyable yet “protects” children and provides their parents with a heightened level of comfort. The company’s goal is to become recognized as a major social networking site. The co. will offer downloadable entertainment as well as branded merchandise sales.

The current corporate structure of the company was created in June 2008 through the predecessor company, Logica Holdings, Inc. (OTCBB: LGHL) acquiring Dolphin Digital Media from Dolphin Entertainment, Inc. through a reverse merger, and then changing their name to that of the acquired company. The companies believed that by combining the two entities and their respective technologies and goals they could create a very effective organization. Logica had created Internet security technology with its secure biometric log-in technology and Dolphin Digital Media had been created to exploit Web 2.0 social networking capabilities and trends. Dolphin Digital Media was originally created by William (Bill) O’Dowd, also the founder and President of Dolphin Entertainment, Inc. (www.dolphinentertainment.com).

Dolphin Entertainment, founded in 1996, is a highly successful TV production and distribution co. which produces programming for Nickelodeon including “Zoey 101,” the “Roxy Hunter” mystery movie franchise and Nickelodeon’s TV movies, among others, all sold on a global basis, and is also expanding into film production. Dolphin Digital Media has a ten year licensing agreement with Dolphin Entertainment which will be extremely important to Dolphin Digital’s development. Dolphin Digital will also pursue additional content and licensing agreements and other marketing and partnership opportunities.

On April 9 Dolphin Digital Media launched their suite of Dolphin Secure websites, www.dolphinsecure.com, www.dolphinsecure.com and www.dolphinsecure.com. The sites are subscription-based secure online social networking sites for children and tweens. The co. is planning a major public relations marketing campaign to follow the launches. The company’s goal with these sites are to create popularly accepted and recognized social networking sites designed for a younger demographic that they believe has been ignored by such well-known social networking sites as Facebook and MySpace, and to offer a secure Internet environment in which parents can feel safe and confident. The co. believes that a major opportunity exists in what they feel is an extremely untapped market. This coupled with what they believe is their extremely unique secure Internet technology presents the co. with an opportunity in what is an extremely large and potentially lucrative market.

The Dolphin Secure websites use secure biometric log-in verification and provide parents the ability to monitor and control their children’s Internet usage. The biometric log-in (using biometric fingerprint reading technology) identifies each child that is using a computer, and their Internet usage is restricted to the settings that their parents have chosen. These settings include what sites the child can access (“Safe Surfing” by choosing a site-rating “level”) and with whom the child can communicate (“Secure Chat”).

The Dolphin Secure websites are a subscription-based model, with subscription costs at \$44.95/year for “Safe Surfing” and \$59.95/year for “Safe Surfing Plus.” Additional anticipated revenue sources are advertising sales, paid content downloads/streaming, online gaming and sweepstakes and promotions as well as white-labeling their biometric validation technology and social networking website concepts.

FINANCIALS

The company changed their name and business focus in mid-2008. Due to the fact that the company’s focus and operations have now significantly changed, year-to-year financial comparisons will not be meaningful and will not be for the next few quarters.

The company’s Dolphin Secure and associated websites were publicly launched on April 9, 2009, and any initial revenue contribution from their new business model will not commence until Q2 (June 30) at the earliest, which will be reported in approximately August.

Q1 RESULTS

In Q1 the company generated no revenues. Their net loss was \$(1.28) million and their EPS loss was \$(0.03). Their operating cash flow loss was \$(587,402).

EXPENSES

For Q1 the company's operating expenses (OpEx) were \$1.26 million. A major contribution to Q1 expenses appears to have been a "non-cash" charge of \$370,000 for "Equity issued-Services rendered," which was then added back to operating cash flow. Adjusted for that amount the company's actual cash expenses for Q1 were approximately \$892,000. The company's Capital Expenditures (CapEx) in Q1 were \$60,631, so the company's actual total cash outlay in Q1 was approximately \$952,000.

OPERATING CASH FLOW

The company had no major deductions from their operating cash flow in Q1. As previously noted, the major addition to ocf was \$370,000 for "Equity issued-Services rendered."

FUNDING

As of March 31 2009, the company had \$79,745 in cash and equivalents and approximately \$965,837 in total debt, which consisted of "Advances from related parties," (as well as approximately \$1.24 million in additional liabilities). Their debt/equity ratio and their debt/total capitalization ratio cannot currently be computed because the company had negative shareholders' equity as of their Q1.

The company has primarily been supporting its business operations through loans and stock sales. The company did not generate any revenues in their Q1 and their Q2 will be the first with a revenue contribution from the company's recently launched Dolphin Secure websites.

UPCOMING CATALYSTS/BENCHMARKS

August	Q2 financial results
November	Q3 financial results
N/A	Execution of the company's business plan and increased public awareness and acceptance of the company.

SUMMARY

Dolphin Digital Media has developed social networking websites for children and young adults, an area the company believes has been substantially overlooked by the major social networking sites currently in existence such as Facebook and MySpace. In addition, the company has a proprietary technology that allows parents to control and monitor their children's Internet usage. The company believes that this combination offers a unique value proposition to parents and their children, and potentially to investors as well.

The company intends to substantially increase their marketing in the near-term in order to increase awareness of the company's websites and offerings. The Chairman and CEO of the company, Bill O'Dowd, has an enviable track record in television production and is highly confident that the company has a product offering that is timely and necessary, and that has great potential to become popularly accepted.

Dolphin Digital Media has a current market capitalization of approximate \$26 million. The company is in the midst of a significant business transition and only launched their new children's oriented websites on April 9 (Q2). The company did not generate any revenues in Q1 and their Q2 will be the earliest that the company will generate initial revenues from their new business model.

The next several months should prove to be extremely important for the company on multiple levels. They will be striving to increase market awareness, to expand their product and service offerings, to seek partnerships and licensing opportunities, to generate revenues and to prove the viability of their business plan and vision.

Additional information is available upon request.

DOLPHIN DIGITAL MEDIA INC. AND SUBSIDIARIES
Condensed Consolidated Income Statements
For the three months ended March 31 2009 and 2008
(Unaudited)

	2009	<u>March 31,</u> 2008
Revenues	\$ --	\$ 144,270
Cost of sales	--	53,464
GROSS PROFIT	--	90,806
OPERATING EXPENSES:		
Expenditures:		
General and administrative	1,111,982	551,594
Legal and professional fees	143,358	26,886
Depreciation	7,080	8,455
Amortization of deferred compensation	--	74,422
Total operating expenses	1,262,420	661,357
OPERATING LOSS	\$ (1,262,420)	\$ (570,551)
Other expenses		
Interest expense	22,254	5,157
Liquidated damages	--	262,500
Total other expenses	\$ 22,254	\$ 267,657
NET LOSS	\$ (1,284,674)	\$ (838,208)
Foreign currency translation adjustments	\$ 10,764	\$ (120,693)
Total other comprehensive income (loss)	\$ (1,273,910)	\$ (958,901)
Basic and Diluted Loss per Share	\$ (0.03)	\$ (0.04)
Basic and Diluted Weighted Average Number of Shares Outstanding during the Period	49,236,904	20,949,773

DOLPHIN DIGITAL MEDIA INC. AND SUBSIDIARIES
Unaudited Condensed Statements of Cash Flows
For the period ended March 31 2009 and 2008

	March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(1,284,674)	\$ (838,208)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	7,080	8,455
Common Stock issued for compensation	--	74,422
Equity Issued - Liquidated Damages	--	262,500
Equity Issued - Services Rendered	370,000	--
Accrued Interest	21,456	--
Changes in operating assets and liabilities		
Prepaid expenses	69	(9,301)
Other current assets	97	11,757
Inventory	--	(163)
Accounts payable	335,178	11,920
Other current liabilities	(36,608)	--
Accrued expenses	--	2,356
	(587,402)	(476,262)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangible assets	(60,631)	(3,448)
	(60,631)	(3,448)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Advances from related parties	366,000	--
Proceeds from note payable	300,000	650,000
	666,000	650,000
Effects of translation on cash:	10,764	(20,668)
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,731	149,622
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	51,014	37,150
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 79,745	\$ 186,772
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 798	\$ 5,157
Income taxes	\$ --	\$ --
Non cash financing and investing:		
Conversion of debt to equity	\$ 300,000	\$ --
	\$ 300,000	\$ --

DOLPHIN DIGITAL MEDIA INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	March 31, 2009	December 31, 2008
	----- (Unaudited)	----- (Audited)
ASSETS		
CURRENT ASSETS		
Cash	\$ 79,745	\$ 51,014
Inventory	94,048	94,048
Prepaid expenses	--	69
Other current assets	581	678
	-----	-----
TOTAL CURRENT ASSETS	174,374	145,809
	=====	=====
Property, plant and equipment	57,709	64,789
Intangible assets	715,169	654,538
	-----	-----
TOTAL ASSETS	\$ 947,252	\$ 865,136
	=====	=====
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,197,918	\$ 862,742
Payroll liabilities	--	10,375
Other current liabilities	38,301	64,532
Advances from related parties	965,837	578,381
	-----	-----
TOTAL CURRENT LIABILITIES	2,202,056	1,516,030
	=====	=====
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred Share Capital \$0.001 par value, 10,000,000 shares authorised, 500,000 issued and outstanding as March 31, 2009 and December 31, 2008, respectively	500	500
Common Share Capital, \$0.015 par value, 100,000,000 shares authorized, 51,686,904 and 49,236,904 issued and outstanding as of March 31 2009 and December 31 2008, respectively	775,303	738,553
Additional paid-in capital	10,635,004	10,001,754
Accumulated deficit	(12,535,683)	(11,251,009)
Accumulated other comprehensive loss	(129,928)	(140,692)
	-----	-----
Total Stockholders' Deficit	(1,254,804)	(650,894)
	=====	=====
Total Liabilities and Stockholders' Deficit	\$ 947,252	\$ 865,136
	=====	=====

RISKS

- The company as of their Q1 had a cash position of \$79,745. No revenues were generated in their Q1. The company changed their business model in mid-2008. The company will only in their Q2 begun generating any initial revenues from their Dolphin Secure websites, launched April 9, at the earliest. The company will have to demonstrate that their new business model and focus is viable. The company has been to a large degree dependent on raising funds through loans and stock sales with a great extent of that funding coming from management of the company. The company intends to pursue additional financings that would probably be dilutive to current shareholders. The company also intends to increase their expenses due to increased marketing activities in support of their recent Dolphin Secure website launch.
- The company as of their Q1 had negative stockholders' equity of \$(1.25) million. The company's 10-Q for their Q1 had a "going concern" note concerning the company.
- The company will possibly have to compete with other potentially larger, more well-known and more well-established and well-financed entities.
- The company's new business model of Internet websites for children and young adults is a recently introduced business and entails the various risks inherent in a new business venture.
- There is a pending lawsuit from Mirador Consulting, Inc.
- The company currently trades on the OTCBB (over the counter bulletin board). Trading on the OTCBB is generally a hindrance for both institutional and retail investment and recognition due to a lack of visibility as well as certain regulatory restrictions.
- General equity and business risks including equity market risk, domestic and global economic conditions and geopolitical concerns.

DISCLAIMER

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This report was created on June 5, 2009 from information publicly known as of June 5, 2009. Material developments may have occurred in the interim. Neither Pro-Active Research Group nor the analyst accepts any responsibility for any material change concerning the company since this report was prepared.

DISCLOSURES

Pro-Active Capital Group will be receiving \$6,000/month (contracted for a minimum of six months) from Dolphin Digital Media in return for a comprehensive set of services, including equity research provided by Pro-Active Research Group.

Pro-Active Capital, its representatives, and affiliated companies may beneficially own 1% or more of a class of common stock or other securities of Dolphin Digital Media, Inc. ("DPDM"), and may also be short the common stock or other securities of Dolphin Digital Media.

Analyst Certification

The analysts named in this report hereby certify that their views about the company are accurate and they have not and will not receive direct compensation in exchange for providing specific recommendations in this report.



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