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DOLPHIN PRODUCTIONS INC
Form 10KSB
December 29, 2004

U.S. Securities and Exchange Commission

Washington D.C. 20549

Form 10-KSB

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2004

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE
ACT

For the transition period from _____ to _____

Commission file number 0-50164

DOLPHIN PRODUCTIONS, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

87-0618756

(State or other jurisdiction of incorporation or organization) (Employer Identification No.)

2068 Haun Avenue, Salt Lake City, Utah 84121

(Address of principal executive offices)

(801) 450-0716

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 (X) No ()

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

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770,000 shares of the issuer's common stock were outstanding as of September 30, 2004, the issuer's most recent fiscal year end.

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	N/A

Securities registered pursuant to section 12(g) of the Act:

520,000 shares of \$.001 par, common stock
Registered by Form 10-SB

(Title of class)

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. []

State issuer's revenues for its most recent fiscal year: \$ 0

State the aggregate market value of the voting and nonvoting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of a specified date within the past 60 days: There is no active market for the Company's securities and, to the best of the Company's knowledge, there have been no transfers of any of the Company's securities within the last year.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

HISTORY AND ORGANIZATION

Dolphin Productions, Inc., (the "Company") was organized under the laws of the state of Nevada on June 26, 1998. The Company has provided musical and other performance services for concerts and public events. During the fiscal year ended September 30, 2003, the Company determined to shift its emphasis away from the presentation of concerts and toward the acquisition and Internet marketing of musical properties. The Company has ceased presenting live musical concerts. The Company owns the rights to the domain name "dolphinproductions.net." The Company has encountered substantial competitive, legal, technological and financial obstacles to its entry into the Internet marketing business. The Company has not generated any revenues from Internet marketing of musical properties.

ITEM 2. DESCRIPTION OF PROPERTIES

In order to conserve cash, the Company closed its business office at 39 Exchange Place in Salt Lake City, Utah. The Company conducts limited operations out of its president's legal office. The space is adequate for the Company's limited operations. During the transition of its business to an Internet marketing

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enterprise, the Company's principle place of business will be through its executive offices.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES HOLDERS

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock is not quoted or traded on any network or exchange. There is no active market for the Common Stock. Other than the recent sale of unregistered securities described in the next paragraph, the Company is aware of no sales or transfers of the Company's common Stock during the last four years.

RECENT SALES OF UNREGISTERED SECURITIES

The Company sold 225,000 shares of its common stock in a private placement transaction in September of 2004 at \$.20 per share. In addition, the Company issued 25,000 shares of stock as compensation to certain officers of the Company. See Notes to Financial Statements.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Liquidity and Capital resources

Total assets of the Company at September 30, 2004, were \$21,732, consisting of cash in the amount of \$21,002 and income taxes receivable of \$730. As of September 30, 2003, the Company had a cash balance of \$2,995, for a net increase in cash of \$18,007 during the year. Substantially all of the cash was generated by the private placement of 225,000 shares of the Company's common stock at \$.20 per share in September of 2004. The principal purpose for the issuance of stock through the private placement, and the principal use of cash during the fiscal year ended September 30, 2004, was to pay the Company's obligations to the Company's president. See Notes 2 and 3 to the Financial Statements. At September 30, 2004, the Company had available unused operating loss carryforwards of approximately \$38,700 which may be applied against future taxable income and which expire in 2024. See Note 4 to Financial Statements.

Current Liabilities as of September 30, 2004, totaled \$4,703. See Balance Sheet.

Results of Operations

The Company generated no revenues during the fiscal year ended September 30, 2004. No revenues have been generated from the Internet marketing of music. The Company has encountered significant competitive, technological, legal and financial barriers to its entry into the Internet marketing business. The Company has no assurance that its entry into the Internet

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marketing business will be successful or that it will be able to generate revenues.

The Net Loss for the year 2004 was (\$14,136) (a loss of \$0.03 per share) compared to a Net Loss of (\$24,427) in 2003 (a loss of \$0.05 per share).

The Company has yet to generate any revenues from Internet marketing. The Company has no assurance that its present cash reserves will be sufficient to carry out a successful business plan.

Cautionary Statement Regarding Forward-Looking Statements

Statements made in this document that express the Company's or management's Intentions, plans, beliefs, expectations or predictions of future events, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are made pursuant to and in reliance on the safe harbor provisions of such sections. The words "believe", "expect", "intend", "estimate", "anticipate", "will" and similar expressions are intended to further identify such forward-looking statements, although not all forward-looking statements contain these identifying words. Those statements are based on many assumptions and are subject to many known and unknown risks, uncertainties and other factors that could cause the Company's actual activities, results or performance to differ materially from those anticipated or projected in such forward-looking statements, including risk factors summarized below. The Company cannot guarantee future results, levels of activity, performance or achievements and investors should not place undue reliance on the Company's forward-looking statements. The forward-looking statements contained herein represent the judgment of the Company as of the date of this document, and the Company expressly disclaims any intent, obligation or undertaking to update or revise such forward-looking statements to reflect any change in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based.

Risk Factors

Factors that could cause the Company's actual activities and results of performance to differ materially from the Company's or management's intentions, plans, beliefs, expectations or predictions of future events include risks and uncertainties relating to the following:

The Company has lost money historically and has embarked upon an enterprise in which it has no experience or operating history. The Company had net losses for the years ended September 30, 2004 and 2003. The Company's future operations may not be profitable. If the Company is not profitable in the near future, the Company will likely have difficulty sustaining its operations or obtaining funds to continue its operations. The Company will compete against other companies that are far better capitalized. The Company's ability to grow and to compete will likely be constrained by its lack of capital.

The Company may not generate or acquire sufficient cash flow from

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operations to meet its future obligations or to implement a business plan.

The Company may seek to acquire assets that complement and/or enhance the Company's transition into the Internet marketing business. The Company may not be able to negotiate, finance or close such acquisitions. The Company may not be able to negotiate such acquisitions on acceptable terms or at all. If such acquisitions are successfully negotiated, the terms thereof may require the Company to incur additional indebtedness or issue equity. The Company may not be able to obtain such financing on acceptable terms or at all.

The terms and conditions of acquiring businesses or assets could adversely affect the value of the Company's stock. In order to consummate acquisitions, the Company may be required to take action that could adversely affect the value of the Company's stock, such as issuing common stock, convertible preferred stock, convertible subordinated debt, or other equity-linked securities, potentially resulting in the dilution of existing shareholder interests or in other adverse effects upon existing shareholders; undertaking a reverse stock split; changing the name, Board of Directors, or officers of the Company; entering into new lines of business; forming business combinations or strategic alliances with potential business partners; or taking other actions. Any one or more of these actions may adversely affect the Company and the Company's common stock.

The Company's success may depend on its ability to attract and retain key personnel who are capable of managing growth in e-commerce.

Weak general economic and business conditions may adversely affect the Company's revenues and operating margins. Weak general economic and business conditions, international tensions and wars, globally, nationally, regionally or locally, may have a significant adverse effect on the Company's revenues and operating margins.

The Company faces competition from competitors that are larger, more established and better capitalized. Competition in the Internet marketing and music industries are intense. If the Company fails to compete successfully against current or future competitors, the Company's business, financial condition and operating results would be seriously harmed.

Because relatively low barriers to entry characterize the Company's current and many prospective markets, the Company expects other companies to enter its markets. In addition, some of the Company's competitors may develop technologies, markets and inventories that are superior to, or have greater market acceptance than, the technologies and inventory that the Company may offer.

The Company currently holds a very small number of enforceable intellectual property rights with only a few relatively unknown artists. The value of such properties is impossible to predict and the Company has, therefore, assigned no value to such properties. The Company has assumed that the value of its inventory is \$0.

The Company's success depends upon the continued use of the

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Internet as a means for marketing original music and the ability of the Company to compete against larger and better capitalized companies that have an existing presence in the marketplace.

Increasing government regulations or taxation could adversely affect the Company's business. The Company is affected not only by regulations applicable to businesses generally, but also by laws, regulations and taxes directly applicable to e-commerce. Although there are currently few such laws, regulations and taxes, state, federal and foreign governments may adopt laws, regulations and taxes. Any such legislation, regulation or tax could dampen the growth of the Internet and decrease its acceptance as a commercial medium. If such a decline occurs, companies may decide in the future not to use the Company's services. This decrease in the demand for the Company's services would seriously harm the Company's business and operating results. Any new laws, regulation and taxes may govern, restrict, tax or affect any of the following issues: user privacy, the pricing and taxation of goods and services offered over the Internet; the content of web sites; consumer protection; and the characteristics and quality of products and services offered over the Internet.

With limited financial resources, the Company may be unable to protect the Company's intellectual property rights, if any. The Company intends to acquire intellectual property rights to music and other creations. The Company cannot guarantee that it can safeguard or deter misappropriation of the Company's inventory of intellectual property rights. In addition, the Company may not be able to detect unauthorized use of the Company's intellectual property and take appropriate steps to enforce the Company's rights. If third parties infringe or misappropriate the Company's copyrights, or other proprietary information or intellectual property, the Company's business could be seriously harmed. In addition, although the Company believes that their proprietary rights do not infringe the intellectual property rights of others, other parties may assert infringement claims against the Company or claim that the Company has violated their intellectual property rights. Such claims, even if not true, could result in significant legal and other costs and may be a distraction to the Company's management.

The Company's stock is illiquid. The Company's stock is not currently traded by any market-makers or on any exchange. Consequently, shareholders may find it difficult to sell their common stock in the Company, and the owners of potential acquisition target companies may find the Company's common stock to be unacceptable consideration in any proposed transaction.

A significant portion of the Company's stock is owned by insiders. The current directors and officers of the Company beneficially own a significant percentage of the Company's outstanding shares of common stock. Accordingly, these stockholders will have substantial influence over the Company's policies and management.

The Company has not paid dividends since its inception and does not expect to in the foreseeable future, so the Company's stockholders will not be able to receive any return on their investment without selling their shares. The Company presently anticipates that all earnings, if any,

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will be retained for development of the Company's business. Any future dividends will be subject to the discretion of the Board of Directors and will depend on, among other things, the Company's future earnings, operating and financial condition, capital requirements, and general business conditions.

SEGMENT ANALYSIS

All of the Company's operations are conducted within a single operating segment.

ITEM 7. FINANCIAL STATEMENTS

The financial statements of the Company are set forth immediately following the signature page to this form 10-KSB.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

The following table sets forth the executive officers, directors and significant employees of the Company:

Name	Age and Office
Richard H. Casper:	Age 59, President, Director and Chairman of the Board of Directors.
Scott S. Summerhays:	Age 41, Vice President and Director.
Kristy Chambers:	Age 41, Director, Secretary and Chair of Audit Committee.
Jared Ryde Casper:	Age 37, Vice President and general counsel.
Pamela Lindquist:	Age 35. Director, vice-president, chief financial officer and assistant secretary.

The following are biographical summaries of the experience of the officers and directors of the Company:

Richard H. Casper: Attorney since 1982. Member of the Utah State Bar. Master's degree in Business Administration (MBA) from University of Utah (1975); practiced as CPA in California, Idaho and Utah between 1970 and 1982. Executive vice president of trucking company from 1974-1979. For the last five years, Mr. Casper has been a self-employed attorney and business consultant. He has been president and chairman of the board of directors of the Company since its inception.

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Scott S. Summerhays: B.S. Degree from University of Utah (1989). Master's degree in Business Administration (MBA) from University of Utah (1991). Honors Graduate, Deans Scholar. President and Chief Operating Officer of Summerhays Music Centers, the largest dealer of music instruments in Utah. For the last five years, Mr. Summerhays has been employed by Summerhays Music Centers, Inc. He has been a director since December of 2002. Owns 5,000 shares of stock, acquired in September, 2004, as compensation.

Kristy Chambers: Bachelor of Arts degree from UCLA; master's degree in taxation from Washington School of Law. Certified Public Accountant (CPA) licensed in California and Utah. Currently Chief Financial Officer of Planned Parenthood of Utah (PPU). During the last five years, she has been comptroller and chief financial officer of PPU, of McCall Management and of Summerhays Music Centers, Inc. She has been an officer of the Company from its inception in 1998. Owns 6,000 shares of the Company's stock, including 5,000 shares acquired in September of 2004 as compensation.

Jared R. Casper: Attorney practicing with the firm of Ivie and Young in Provo, Utah. Graduate of Gonzaga University College of Law. During the last five years, he has practiced law in Utah. He has been an officer of the Company since December of 2002. Jared R. Casper is the nephew of Richard H. Casper, President and Charirman of the Board. Owns 500 shares of the Company's stock, acquired as compensation in September of 2004.

Pamela Lindquist: Musician and private investigator. She holds a bachelor's degree from Brigham Young University. For the last five years, she has been a self-employed musician and private investigator. She has been an officer and director of the Company since its inception in 1998, with the exception of a two-month hiatus between November of 2002 and January of 2003. Owns 20,000 shares of the Company's stock, including 5,000 shares obtained as compensation in September, 2004, and 10,000 shares purchased as part of the Company's private placement of stock in September of 2004.

Audit Committee: At a meeting of the board of directors held on March 18, 2003, the Company formed an Audit and Compensation Committee chaired by Kristy Chambers, CPA. She is a CPA licensed to practice within the state of Utah and is the audit committee financial expert. As an officer of the Company, she is not independent as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act.

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All officers and directors devote full-time to other professional pursuits. No officer or director devotes, on average, more than four hours per month to the business of the Company.

The Company issued 25,000 shares of stock to current officers in September, 2004, but the Company currently has no plan or commitment to pay any officers or directors in cash or stock. However, the Company's Audit and Compensation Committee will determine levels of future compensation that are commensurate with the contributions of each officer and director.

All directors hold office until the next annual meeting of stockholders and until their successors have been duly elected and qualified. There are no agreements with respect to the election of directors. The Company does not have any standing committees.

To the knowledge of management, during the past five years, no present or former director or executive officer of the Company: (1) filed a petition under the federal bankruptcy laws or any state insolvency law, nor had a receiver, fiscal agent or similar officer appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which such person was an executive officer at or within two years before the time of such filing;

(2) was convicted in a criminal proceeding or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);

(3) was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining such person from or otherwise limiting, the following activities:

(i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment advisor, underwriter, broker or dealer in securities, or as an affiliate person, director or employee of any investment company, or engaging in or continuing any conduct or practice in connection with such activity;

(ii) engaging in any type of business practice; or

(iii) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or statesecurities laws or federal commodities laws;

(4) was the subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any federal or state authority barring, suspending, or otherwise limiting for more than 60 days the right of such person to engage in any activity described above, or to be associated with persons engaged in any such activity;

(5) was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated.

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(6) was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The Company is not subject to the requirements of Section 16(a) of the Exchange Act.

ITEM 10. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

During the fiscal year ended September 30, 2004, the Company issued 25,000 shares of stock as compensation to the following officers and/or consultants:

Scott Summerhays	V.P., Director 5,000 shares
Kristy Chambers	V.P., Director 5,000 shares
Richard H. Casper	Pres., Director 7,500 shares
Jared R. Casper	V.P. 500 shares
Benjamin R. Casper	Consultant 2,000 shares

During the year ended September 30, 2004, the Company paid to its President, Richard H. Casper, accrued compensation of \$6,500, and paid to Richard H. Casper, P.C., an accrued obligation of \$15,000 for legal fees.

Bonuses and Deferred Compensation

None

Compensation Pursuant to Plans.

None.

Pension Table

None.

Other Compensation

None.

Compensation of Directors.

See Summary above.

Employment Contracts and Termination of Employment, and Change-in-

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Control Arrangements.

There are no compensatory plans or arrangements, including payments to be received from the Company, with respect to any person named in the Cash Compensation section set out above which would in any way result in payments to any such person because of his resignation, retirement, or other termination of such person's employment with the Company or its subsidiaries, or any change in control of the Company, or a change in the person's responsibilities following a change in control of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Company's Common Stock as of September 30, 2004 by: (i) each person who is known by the Company to own beneficially more than 5% of the outstanding shares of Common Stock, (ii) each director of the Company, (iii) each of the named executives and (iv) all directors and executive officers of the Company as a group. At September 30, 2004, there were 770,000 shares of Common Stock issued and outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Richard H. Casper President, Director and Chairman of the Board 2068 Haun Avenue Salt Lake City, Utah 84121	489,000 shares held as Personal Holdings (206,500 shares) and by rules of attribution for beneficial interests held by Casper Partners, LC, (282,500 shares) a Utah limited liability company controlled by Mr. Casper	63.506 %
Scott S. Summerhays Director	5000	0.65%
Kristy Chambers Secretary, Director	6000	0.780%
Jared R. Casper Vice-President	500	0.065%
Pamela Lindquist Director, Vice- President	20000	2.597%

(1) Based on 770,000 shares of common stock outstanding as of September 30, 2004.

Common Directors and Officers as a Group:

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520,500 shares

67.60%

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

TRANSACTIONS WITH MANAGEMENT AND OTHERS

During the fiscal year ended September 30, 2004, the Company paid to Richard H. Casper, the Chairman and CEO, accrued compensation of \$6,500. The Company also paid to Mr. Casper \$15,000 of legal fees that had been accrued by the Company in a previous year.

During the fiscal year ended September 30, 2004, the Company has utilized a portion of Mr. Casper's office, without rent, at 5450 Green Street, Murray, Utah.

TRANSACTIONS WITH PROMOTERS

Not applicable.

ITEM 13. EXHIBITS AND REPORTS

(a) (1) FINANCIAL STATEMENTS. The following financial statements are filed as part of this report:

Title of Document

Report of Pritchett, Siler & Hardy, Certified Public Accountants

Independent Auditor's Report

Balance Sheet, September 30, 2004

Statements of Operations, for the years ended September 30, 2004, and 2003, and from inception on June 26, 1998, through September 30, 2004.

Statement of Stockholders' Equity from inception on June 26, 1998, through September 30, 2004.

Statements of Cash Flows for the years ended September 30, 2004, and 2003 and from inception on June 26, 1998 through September 30, 2004.

Notes to Financial Statements

(a) (2) FINANCIAL STATEMENT SCHEDULES. The following financial statement schedules are included as part of this report:

None.

(a) (3) EXHIBITS. The following exhibits are filed as part of this report:

NONE

(b) REPORTS ON FORM 8-K.

None

SIGNATURES

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In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 23rd day of December, 2004.

Dolphin Productions, Inc.

By: /s/ Richard H. Casper

Richard H. Casper
President and Chief Executive
Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated on this 23rd day of December, 2004.

Signature	Title
/s/ Richard H. Casper ----- Richard H. Casper	Chairman and President
/s/ Pamela Lindquist ----- Pamela Lindquist	Director and Chief Financial Officer

PART II-OTHER INFORMATION
None

SIGNATURE

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.

DOLPHIN PRODUCTIONS, INC.

Date: December 23, 2004

/s/ Richard H. Casper

Richard H. Casper, President

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
DOLPHIN PRODUCTIONS, INC.
Salt Lake City, Utah

We have audited the accompanying balance sheet of Dolphin Productions, Inc. [a development stage company] as of September 30, 2004 and the related statements of operations, stockholders' equity (deficit) and cash flows for the years ended September 30, 2004 and 2003 and for the period from inception on June 26, 1998 through September 30, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dolphin Productions, Inc. [a development stage company] as of September 30, 2004 and the results of its operations and its cash flows for the years ended September 30, 2004 and 2003 and for the period from inception on June 26, 1998 through September 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 5 to the financial statements, the Company has incurred

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losses since its inception and has not yet been successful in establishing profitable operations. These factors raise substantial doubt about the ability of the Company to continue as a going concern. Management's plans in regards to these matters are also described in Note 5. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

PRITCHETT, SILER & HARDY, P.C.

Salt Lake City, Utah
December 7, 2004

DOLPHIN PRODUCTIONS, INC. [A Development Stage Company]

BALANCE SHEET

ASSETS

	September 30, 2004
CURRENT ASSETS:	
Cash	\$ 21,002
Income taxes receivable	730
	<hr/>
Total Current Assets	21,732
	<hr/>
	\$ 21,732
	<hr/>

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:	
Accounts payable	\$ 1,709
Accrued expenses - related party	-
Accrued payroll taxes	2,994
	<hr/>
Total Current Liabilities	4,703
	<hr/>
STOCKHOLDERS' EQUITY (DEFICIT):	
Common stock, \$.001 par value, 50,000,000 shares authorized, 770,000 shares issued and outstanding	770
Capital in excess of par value	55,230
Deficit accumulated during the development stage	(38,971)
	<hr/>
Total Stockholders' Equity (Deficit)	17,029
	<hr/>
	\$ 21,732
	<hr/>

The accompanying notes are an integral part of this financial statement.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

STATEMENTS OF OPERATIONS

	For the Year Ended September 30,		From Inception on June 26, 1998 Through September 30, 2004
	2004	2003	
REVENUE	\$ -	\$ 2,000	\$ 37,890
EXPENSES:			
Selling	-	-	4,561
General and administrative	14,111	26,407	71,981
Total Expenses	14,111	26,407	76,542
LOSS FROM OPERATIONS	(14,111)	(24,407)	(38,652)
OTHER INCOME (EXPENSE)			
Interest expense	(25)	-	(25)
LOSS BEFORE INCOME TAXES	(14,136)	(24,407)	(38,677)
CURRENT TAX EXPENSE (BENEFIT)	-	(730)	294
DEFERRED TAX EXPENSE (BENEFIT)	-	750	-
NET INCOME (LOSS)	\$ (14,136)	\$ (24,427)	\$ (38,971)
EARNINGS (LOSS) PER COMMON SHARE	\$ (.03)	\$ (.05)	\$ (.08)

The accompanying notes are an integral part of these financial statements.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

FROM INCEPTION ON JUNE 26, 1998

THROUGH SEPTEMBER 30, 2004

	Common Stock		Capital in	Deficit
	Shares	Amount	Excess of	Accumulated
			Par Value	During the
				Development
				Stage
BALANCE, June 26, 1998	-	\$ -	\$ -	\$ -
Issuance of 500,000 shares of common stock for cash of \$2,000, or \$.004 per share, June 1998	500,000	500	1,500	-
Net income (loss) for the period ended September 30, 1998	-	-	-	-
BALANCE, September 30, 1998	500,000	500	1,500	-
Issuance of 20,000 shares of common stock for cash of \$4,000, or \$.20 per share, January 1999	20,000	20	3,980	-
Net (loss) for the year ended September 30, 1999	-	-	-	(6,404)
BALANCE, September 30, 1999	520,000	520	5,480	(6,404)
Net income for the year ended September 30, 2000	-	-	-	2,184
BALANCE, September 30, 2000	520,000	520	5,480	(4,220)
Net income for the year ended				

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September 30, 2001	-	-	-	4,331
BALANCE, September 30, 2001	<u>520,000</u>	<u>520</u>	<u>5,480</u>	<u>111</u>
Net (loss) for the year ended September 30, 2002	-	-	-	(519)
BALANCE, September 30, 2002	<u>520,000</u>	<u>520</u>	<u>5,480</u>	<u>(408)</u>
Net (loss) for the year ended September 30, 2003	-	-	-	(24,427)
BALANCE, September 30, 2003	<u>520,000</u>	<u>\$ 520</u>	<u>\$ 5,480</u>	<u>\$ (24,835)</u>
Issuance of 225,000 shares of common stock for cash of \$45,000, or \$.20 per share, September 2004	225,000	225	44,775	-
Issuance of 25,000 shares of common stock for services valued at \$5,000, or \$.20 per share, September 2004	25,000	25	4,975	-
Net (loss) for the year ended September 30, 2004	-	-	-	(14,136)
BALANCE, September 30, 2004	<u>770,000</u>	<u>\$ 770</u>	<u>\$ 55,230</u>	<u>\$ (38,971)</u>

The accompanying notes are an integral part of this financial statement.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

STATEMENTS OF CASH FLOWS

	For the Year Ended September 30,		From Inception on June 26, 1998 Through September 30,
	2004	2003	2004
Cash Flows from Operating Activities:			
Net income (loss)	\$ (14,136)	\$ (24,427)	\$ (38,971)
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash expense for services rendered	5,000	-	5,000
Changes in assets and liabilities:			

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(Increase) decrease in income			
taxes receivable	-	(730)	(730)
(Increase) decrease in prepaid expenses	-	410	-
(Increase) decrease in deferred			
tax assets	-	750	-
Increase in accounts payable	649	1,060	1,709
Increase (decrease) in accrued expenses	-		
related party	(21,500)	16,500	-
Increase in accrued payroll taxes	2,994	-	2,994
Increase (decrease) in income			
taxes payable	-	(1,024)	-
Increase (decrease) in accrued expenses	-	(464)	-
Net Cash Provided (Used) by			
Operating Activities	(26,993)	(7,925)	(29,998)
Cash Flows from Investing Activities	-	-	-
Net Cash Provided by Investing			
Activities	-	-	-
Cash Flows from Financing Activities:			
Proceeds from issuance of common stock	45,000	-	51,000
Net Cash Provided by			
Financing Activities	45,000	-	51,000
Net Increase in Cash and Cash Equivalents	18,007	(7,925)	21,002
Cash and Cash Equivalents at			
Beginning of Period	2,995	10,920	-
Cash and Cash Equivalents at			
End of Period	\$ 21,002	\$ 2,995	\$ 21,002

Supplemental Disclosures of Cash Flow Information:

Cash paid during the period for:

Interest	\$ 25	\$ -	\$ 25
Income taxes	\$ -	\$ 1,024	\$ 1,024

Supplemental Schedule of Non-cash Investing and Financing Activities:

For the year ended September 30, 2004:

In September 2004, the Company issued 25,000 shares of common stock for services rendered valued at \$5,000.

For the year ended September 30, 2003:

None

The accompanying notes are an integral part of these financial statements.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Dolphin Productions, Inc. ("the Company") was organized under the laws of the State of Nevada on June 26, 1998. The Company provides musical and other performance services for concerts and other events. The Company has not yet generated significant revenues from its planned principal operations and is considered a development stage company as defined in Statement of Financial Accounting Standards No. 7. The Company, at the present time, has not paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

Fiscal Year - The Company's fiscal year-end is September 30th.

Cash and Cash Equivalents - The Company considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Accounts and Loans Receivable - The Company records accounts and loans receivable at the lower of cost or fair value. The Company determines the lower of cost or fair value of non-mortgage loans on an individual asset basis. The Company recognizes interest income on an account receivable based on the stated interest rate for past-due accounts over the period that the account is past due. The Company recognizes interest income on a loan receivable based on the stated interest rate over the term of the loan. The Company accumulates and defers fees and costs associated with establishing a receivable to be amortized over the estimated life of the related receivable. The Company estimates allowances for doubtful accounts and loan losses based on the aged receivable balances and historical losses. The Company records interest income on delinquent accounts and loans receivable only when payment is received. The Company first applies payments received on delinquent accounts and loans receivable to eliminate the outstanding principal. The Company charges off uncollectible accounts and loans receivable when management estimates no possibility of collecting the related receivable. The Company considers accounts and loans receivable to be past due or delinquent based on contractual terms.

Revenue Recognition - The Company recognizes revenue from providing musical and other performances for concerts and other events for a negotiated fee in the period when the services are provided. The Company records only its fee from a concert performance and reflects the Company's expenses related to the performance as general and administrative expense. The Company recognizes revenue from the sale of compact discs when the product is delivered.

Advertising Costs - Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. During the years ended September 30, 2004 and 2003, advertising costs amounted to \$0 and \$0, respectively.

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Income Taxes - The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" [See Note 4].

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]

Loss Per Share - The computation of loss per share is based on the weighted average number of shares outstanding during the period presented in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" [See Note 6].

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated by management.

Recently Enacted Accounting Standards - Statement of Financial Accounting Standards ("SFAS") No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", and SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", were recently issued. SFAS No. 149 and 150 have no current applicability to the Company or their effect on the financial statements would not have been significant.

Restatement - On January 15, 1999, the Company effected a 5-for-2 forward stock split. The financial statements have been restated, for all periods presented, to reflect the stock split [See Note 2].

Reclassification - The financial statements for years prior to September 30, 2004 have been reclassified to conform to the headings and classifications used in the September 30, 2004 financial statements.

NOTE 2 - CAPITAL STOCK

Common Stock - During September 2004, the Company issued 225,000 shares of its previously authorized but unissued common stock for cash of \$45,000 (or \$.20 per share).

During September 2004, the Company issued 25,000 shares of its previously authorized but unissued common stock for services rendered valued at \$5,000 (or \$.20 per share).

During January 1999, the Company issued 20,000 shares of its

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previously authorized but unissued common stock for cash of \$4,000 (or \$.20 per share).

During June 1998, the Company issued 500,000 shares of its previously authorized but unissued common stock for cash of \$2,000 (or \$.004 per share).

Stock Split - On January 15, 1999, the Company effected a five for two common stock split. The financial statements, for all periods presented, have been restated to reflect the stock split.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS

Management Compensation and Accrued Expenses - Salary expense to the Company's President for the years ended September 30, 2004 and 2003 amounted to \$2,320 and \$1,500, respectively. At September 30, 2004, the Company owes a total of \$0 in accrued salary to the Company's President.

Legal Services and Accrued Expenses - During the years ended September 30, 2004 and 2003, respectively, the Company's President provided legal services of \$0 and \$15,000 to the Company. At September 30, 2004, the Company owes a total of \$0 in accrued legal fees to the Company's President.

NOTE 4 - INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". SFAS No. 109 requires the Company to provide a net deferred tax asset/liability equal to the expected future tax benefit/expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carryforwards. At September 30, 2004, the Company has available unused operating loss carryforwards of approximately \$38,700, which may be applied against future taxable income and which expire in 2024.

The amount of and ultimate realization of the benefits from the deferred tax assets for income tax purposes is dependent, in part, upon the tax laws in effect, the future earnings of the Company, and other future events, the effects of which cannot be determined. Because of the uncertainty surrounding the realization of the deferred tax assets, the Company has established a valuation allowance equal to their tax effect and, therefore, no deferred tax asset has been recognized for the deferred tax assets. The net deferred tax assets, which consist mainly of accrued compensation and net operating loss carryforward, are approximately \$5,800 and \$3,700 as of September 30, 2004 and 2003, respectively, with an offsetting valuation

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allowance of the same amount, resulting in a change in the valuation allowance of approximately \$2,100 during the year ended September 30, 2004.

NOTE 5 - GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America which contemplate continuation of the Company as a going concern. However, the Company has not yet been successful in establishing profitable operations. These factors raise substantial doubt about the ability of the Company to continue as a going concern. In this regard, management is proposing to raise any necessary additional funds through loans or through additional sales of its common stock or through the possible acquisition of other companies. There is no assurance that the Company will be successful in raising this additional capital or in achieving profitable operations.

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DOLPHIN PRODUCTIONS, INC.
[A Development Stage Company]

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LOSS PER SHARE

The following data show the amounts used in computing loss per share:

	For the Year Ended September 30,		From Inception on June 26, 1998 Through September 30, 2004
	2004	2003	
Net loss available to common shareholders (numerator)	\$ (14,136)	\$ (24,427)	\$ (38,971)
Weighted average number of common shares outstanding used in loss per share for the period (denominator)	522,049	520,000	518,553

Dilutive loss per share was not presented, as the Company had no common stock equivalent shares for all periods presented that would affect the computation of diluted loss per share.

NOTE 9 - SUBSEQUENT EVENT

In November 2004, a shareholder of the Company advanced the Company \$2,995 to pay expenses.

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