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UNITED NATIONAL FILM CORP
Form 10-Q
April 12, 2001

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: _____

UNITED NATIONAL FILM CORPORATION

(Exact name of Small Business Issuer as specified in its charter)

Colorado 84-1092589
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

6363 Christie Avenue
Emeryville, CA 94608
(Address of Principal Executive Offices)

(510) 653-7020
(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by
Section 13 or 15(d) of the Securities Exchange Act of 1934 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

The number of shares outstanding of the issuer's Common Stock, \$.001 par
value, as of March 31, 2001 was 6,626,983 shares.

UNITED NATIONAL FILM CORPORATION

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The condensed consolidated interim financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures made are adequate to make the information disclosed not misleading. It is suggested that the condensed consolidated interim financial statements be read in conjunction with the consolidated financial statement and the notes thereto included in the Company Annual Report on Form 10-K for the year ended June 30, 2000.

The accompanying consolidated interim financial statements have been prepared, in all material respects, in conformity with the standards of accounting measurements set forth in Accounting Principles Board Opinion No. 28 and reflect, in the opinion of management, all adjustments, which are of a normal recurring nature, necessary to summarize fairly the financial position and results of operations for such periods. The results of operations for such interim periods are not necessarily indicative of the results to be expected for a full year.

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UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	March 31, 2001	March 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash	\$ 141	4,771
TOTAL CURRENT ASSETS	\$ 141	4,771
FILM COSTS AND PRODUCTION RIGHTS	64,500	64,500
Total	64,641	69,271
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	0	12,000
Accrued Expenses	\$ 10,400	5,000
Note payable	50,000	50,000
TOTAL CURRENT LIABILITIES	60,400	67,000
LOAN FROM SHAREHOLDER	8,750	3,500
PAYMENT OF EXPENSES BY SHAREHOLDER	3,652	0
STOCKHOLDERS' EQUITY:		
Preferred stock - \$.01 par, 3,000,000 shares authorized, 100,000 Series A shares issued and outstanding and 21,500 Series B issued and outstanding	1,215	1,215
Common stock - \$.001 par, 30,000,000 shares Authorized, 6,626,983 shares issued and outstanding	6,626	6,187
Paid in capital	205,313	205,313
Accumulated deficit	(221,315)	(203,793)
TOTAL STOCKHOLDERS' EQUITY	(8,161)	(10,187)
	\$ 64,641	69,271

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months ended March 31, 2001	Three Months ended March 31, 2000
REVENUE	\$ 0	\$ 0
COST OF REVENUES	0	0
GROSS PROFIT	0	0
EXPENSES:		
General and Administrative	4,379	0
NET LOSS	4,379	0
BASIC LOSS PER SHARE	0	0
WEIGHTED AVERAGE SHARES OUTSTANDING	6,626,983	6,391,983

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended March 31,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (4,379)	0
Changes in operating assets and liabilities:		
Decrease (increase) in accounts	0	0
Total adjustments:	0	0
NET INCREASE (DECREASE) IN CASH	23	3,859
CASH AT BEGINNING OF PERIOD	118	912
CASH AT END OF PERIOD	\$ 141	4,771

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND BUSINESS DESCRIPTION

United National Film Corp. ("the Company") is a Colorado corporation. The Company is engaged in the acquisition and development of properties for, and the production of, television series, television specials, made-for-home television motion pictures and feature length motion pictures for domestic and international distribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure 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 estimates.

B. Film Costs and Program Rights - Film costs and program rights ("project cost") which include acquisition and development costs such as story rights, scenario and scripts, direct production costs including salaries and costs of talent, production overhead and post-production costs are deferred and amortized by the "individual-film-forecast-computation method" as required by Statement of Financial Standards No. 53.

C. Fair Value of Financial Instruments - The carrying amounts reported in the balance sheet for cash, accounts and notes payable and accrued expenses approximate fair value based on the short term maturity of these instruments.

D. Cash Equivalents - The Company considers all highly liquid temporary cash investments, with an original maturity of three months or less when purchased, to be cash equivalents.

E. Revenue Recognition - The Company derived revenues primarily from providing production services to third parties and exploiting projects originally developed by the Company in which it retains an ownership interest. Revenues from being a provider of contract production services

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are recognized using the percentage of completion method, recognizing revenue relative to the proportionate progress on such contracts as measured by the ratio which project costs incurred by the Company to date bear to the total anticipated costs of each project. Amounts advanced under such contracts are deferred and not recognized as revenue until obligations under such contracts are performed.

3. RELATED PARTY TRANSACTIONS

None.

4. NOTES PAYABLE

Pursuant to the acquisition of the screenplay titled, "Molly and Lawless John", a note was issued for \$50,000 which was due on January 15, 1999. The payment date on this note has been indefinitely extended by the holder of the note.

5. LOANS DUE TO SHAREHOLDER

In April 1999, a non-interest bearing loan was made to the Company from the Chief Executive Officer in the amount of \$1,500. This note remains outstanding. In January 2001, the president of the company loaned the company \$750. The loan is non-interest bearing and is to be paid out of future revenues. The president of the company also paid the following costs on behalf of the company:

Office expense:	\$ 84.03
Telephone	233.64
Web site fee	134.85
Printing and mail	213.74
Advertising/Promo	47.16
Travel	3,097.38
Fees	525.38
Bank costs	45.05

6. STOCK ISSUED.

None.

7. GENERAL

Reference is made to the financial statements included in the Company's Annual Report (Form 10-K) filed with the Securities and Exchange Commission for the year ended June 30, 2000.

The Company began its operation in February 1998. The financial statements for the period ended December 31, 1999 are unaudited but include all adjustments which, in the opinion of management, are necessary for a fair presentation of the results of operations for the period then ended.

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All such adjustments are of a normal recurring nature. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for a full fiscal year.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is a development stage enterprise with no expenses incurred during the period. The Company is engaged in active negotiations with a potential funding source from Ireland for one or more of its screenplays. In addition, the Company is continuing to seek funding for the distribution of its children's animation film, "Snappy Sings", an educational short. The Company is exploring the licensing of film rights to Internet broadcasting companies and has discussed through third parties the suitability of several films in the Western genre to which the Company has access.

The company has been approached by a suitor company that is requesting a merger and reverse take-over of the company. A preliminary terms sheet has been issued by the suitor company. However, no terms sheet has been agreed upon or signed by the company. Active negotiations continue with the suitor company and any definitive agreement will be subject to shareholder approval.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company has initiated legal proceedings to cancel certain stock certificates. The basis of the lawsuit is the failure of the recipients of the stock certificates to deliver consideration for the shares. Settlement negotiations relating to the lawsuit are in progress. The company is hopeful that the lawsuit will be settled during the next fiscal year.

Item 2. Changes in Securities.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

none

(b) Reports on Form 8-K.

None.

SIGNATURES

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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.

UNITED NATIONAL FILM CORP.

By: /s/ Deno Paoli

President

Date: April 11, 2001