FIRST LOOK MEDIA INC
Form 10-Q
August 14, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2001

OR

__ 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 0-25308

FIRST LOOK MEDIA, INC.
(f/k/a Overseas Filmgroup, Inc.)
(Exact name of Registrant as Specified in Its Charter)

Delaware	13-3751702
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

8800 Sunset Blvd., Third Floor, Los Angeles, CA	90069
(Address of principal executive offices)	(zip code)

Registrant's Telephone Number, Including Area Code: (310) 855-1199

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 of common stock outstanding as of August 14, 2001 was 9,803,906.

FIRST LOOK MEDIA, INC.

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Part I - Financial Information

Part II - Other Information

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST LOOK MEDIA, INC.
(formerly known as Overseas Filmgroup, Inc.)

CONSOLIDATED BALANCE SHEETS

	June 30, 2001 (Unaudited) (in
ASSETS:	
Cash and cash equivalents	$ 839
Accounts receivable, net of allowance for doubtful accounts of $1,100,000	29,423
Film costs, net of accumulated amortization	15,148
Other assets	1,622
Total assets	$ 47,032
LIABILITIES AND SHAREHOLDERS' EQUITY:	
Accounts payable and accrued expenses	$ 1,529
Accrued interest payable	137
Deferred revenue	391
Payable to producers	24,164
Notes payable	11,450
Total liabilities	37,671
Shareholders' equity:	
Preferred stock, $.001 par value, 10,000,000 shares authorized; 904,971 shares issued and outstanding (Liquidation preference of $3,846,271)	1
Common stock, $.001 par value, 50,000,000 shares authorized; 9,848,906 shares issued; 9,803,906 shares outstanding	10
Additional paid in capital	30,675
Accumulated deficit	(21,238)
Treasury stock at cost, 45,000 shares	(87)
Total shareholders' equity	9,361
Total liabilities and shareholders' equity	$ 47,032

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

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FIRST LOOK MEDIA, INC.
(formerly known as Overseas Filmgroup, Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,	Six Months Ende

	2001	2000	2001	
		(in thousands except per sh		
Revenues	$ 9,759	$ 4,411	$ 20,001	$
Expenses:				
Film costs	7,219	3,352	14,580	
Distribution and marketing costs	1,261	795	2,151	
Selling, general and administrative	1,737	1,095	3,394	
Total expenses	10,217	5,242	20,125	
Loss from operations	(458)	(831)	(124)	
Other income (expense):				
Interest income	6	10	8	
Interest expense	(259)	(543)	(516)	
Other income	41	33	107	
Net other expense	(212)	(500)	(401)	
Loss before income taxes and cumulative effect of accounting changes	(670)	(1,331)	(525)	
Income taxes	3	19	19	
Loss before cumulative effect of accounting changes	(673)	(1,350)	(544)	
Cumulative effect of accounting changes	-	-	-	
Net loss	$ (673)	$ (1,350)	$ (544)	$
Basic and diluted loss per share:				
Loss before cumulative effect of accounting changes	(0.07)	(0.21)	(0.06)	
Cumulative effect of accounting changes	-	-	-	
Net loss	(0.07)	(0.21)	(0.06)	
Weighted average number of common share outstanding	9,804	6,565	9,804	

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

FIRST LOOK MEDIA, INC.
(formerly known as Overseas Filmgroup, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30, 2001	2000
	(in thousands)	
Cash flows used in operating activities:		
Net loss	$ (544)	$(16,031)
Adjustments to reconcile net loss to net cash used in operating activities:		
Cumulative effect of accounting changes	--	14,123
Film cost amortization	14,580	907
Additions to film costs	(4,101)	(2,377)
Payment to producers	(11,657)	--
Change in assets and liabilities:		
Accounts receivable	(2,840)	3,193
Other assets	(150)	(1,341)
Accounts payable and accrued expenses	81	(451)
Payable to producers	--	(1,596)
Deferred income taxes	--	(1,459)
Deferred revenue	304	(325)
Net cash used in operating activities	(4,327)	(2,165)
Cash flows from financing activities:		
Sale of securities, net of expenses	--	16,696
Net borrowings (pay down) under credit facility	4,500	(12,553)
Net pay down of subordinated note payable	(166)	(182)
Net pay down of note payable to related party	--	(650)
Restricted cash position	--	75
Net cash provided by financing activities	4,334	3,386
Net increase in cash and cash equivalents	7	1,221
Cash and cash equivalents at beginning of period	832	270
Cash and cash equivalents at end of period	$ 839	$ 1,491
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 567	$ 1,287
Income taxes	$ 6	$ 6
Foreign withholding taxes	$ 13	$ 86

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

FIRST LOOK MEDIA, INC.
(formerly known as Overseas Filmgroup, Inc.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended Ju	
	2001	2000	2001	
	(in thousands)		(in thousands	
Net loss	$ (673)	$ (1,350)	$ (544)	$
Unrealized holding loss on investment available-for-sale	-	(488)	-	
Total comprehensive loss	$ (673)	$ (1,838)	$ (544)	$

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

FIRST LOOK MEDIA, INC.
(formerly known as Overseas Filmgroup, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The accompanying unaudited consolidated financial statements of First Look Media, Inc. (formerly known as Overseas Filmgroup, Inc.) (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been reflected in these consolidated financial statements.

Operating results for the six months ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. Certain reclassifications have been made in the 2000 consolidated financial statements to conform to the 2001 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 Consolidated Financial Statements").

2. Film costs consist of the following:

	June 30, 2001	December 31
	(in thousands)	
Film costs in release net of accumulated amortization	$ 11,032	$ 11,7
Film costs not yet available for release	4,116	1,6
	$ 15,148	$ 13,3

3. In June 2000, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position 00-2, "Accounting by Producers or Distributors of Films" ("SOP 00-2"). SOP 00-2 establishes new accounting standards for producers or distributors of films, including changes in revenue recognition and accounting for advertising, development and overhead costs. Additionally, in June 2000, the Financial Accounting Standards Board ("FASB") issued Statement 139 ("SFAS 139") which rescinds FASB 53 on financial reporting by motion picture film producers or distributors. SFAS 139 requires public companies to follow the guidance provided by SOP 00-2. The Company adopted SOP 00-2 and, as a result, in the fiscal quarter ended June 30, 2000 recorded a one-time, pre-tax non-cash charge of $15,582,000 ($14,123,000 net of income taxes). This charge has been reflected in the Company's Consolidated Statements of Operations as a cumulative effect of accounting changes, effective January 1, 2000.

4. Segment Information

The Company manages its business in two operating segments: Motion Picture Distribution and Television Commercial Production. The segments were determined based upon the types of products and services provided and sold by each segment.

The Motion Picture Distribution segment licenses, distributes, sells and otherwise exploits distribution rights to motion pictures. Activities include direct theatrical, video and DVD distribution in the U.S. as well as licensing of rights to other theatrical, video and DVD distributors and to pay, basic and free television broadcasters

throughout the world. The Television Commercial Production segment produces commercials ("spots") for manufacturers and service providers who use the commercial to promote their products and services. The accounting policies of the segments are the same as those described above in the summary of significant accounting policies. There have been no inter-segment transactions during the reported period. The Company evaluates performance based on income or loss from operations before interest expense and taxes.

Financial information by operating segment is set forth below:

	Three Months Ended June 30, 2001			Three
	Motion Pictures	Television Commercial Production	Totals	Motion Pictures
	(in thousands)			(
Revenues to external customers	$ 9,759	$ -	$ 9,759	$ 4,411
Loss from operations before interest and taxes	(186)	(272)	(458)	(831)

	Six Months Ended and as of June 30, 2001			Six Months E
	(in thousands)			
	Motion Pictures	Television Commercial Production	Totals	Motion Pictures
Revenues to external customers	$ 20,001	$ -	$ 20,001	$ 10,460
Income (loss) from operations before interest and taxes	148	(272)	(124)	(852)
Total assets	46,900	132	47,032	48,272

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

This Quarterly Report on Form 10-Q contains "forward-looking statements", including those within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate," "intend" or "continue" or the negative thereof or other variations thereon or comparable terminology. Please note that all forward-looking statements are necessarily speculative and there are risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements. These risks and uncertainties include, among other things, the highly speculative and inherently risky and competitive nature of the motion picture industry. There can be no assurance of the economic success of any motion picture since the revenues derived from the production and distribution of a motion picture (which do not necessarily bear a direct correlation to the production or distribution costs incurred) depend primarily upon its acceptance by the public, which cannot be predicted. The commercial success of a motion picture also depends upon the quality and acceptance of other competing films released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which can change and cannot be predicted with certainty. Therefore, there is a substantial risk that some or all of the motion pictures released, distributed, financed or produced by the Company will not be commercially successful, resulting in costs not being recouped or anticipated profits not being realized. The Company's results of operations for the period ended June 30, 2001 are not necessarily indicative of the results that may be expected in future periods. Due to quarterly fluctuations in the number of motion pictures in which the Company controls the distribution rights and which become available for distribution (and thus, for which revenue can first be recognized) and the number of motion pictures distributed by the Company, as well as the unpredictable nature of audience and sub-distributor response to motion pictures distributed by the Company, the Company's revenues, expenses and earnings fluctuate significantly from quarter to quarter and from year to year. In addition, for several reasons, including (i) the likelihood of continued industry-wide increases in acquisition, production and marketing costs and (ii) the Company's intent, based upon its ongoing strategy, to acquire rights to or produce films which have greater production values (often as a result of larger budgets), the Company's costs and expenses, and thus the capital required by the Company in its operations and the associated risks may increase in the future. Additional risks and uncertainties are discussed elsewhere in appropriate sections of this report and in other filings made by the Company with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for its fiscal year ended December 31, 2000. The risks highlighted above and elsewhere in this report should not be assumed to be the only things that could affect future performance of the Company. The Company does not have a policy of updating or revising forward-looking statements and thus it should not be assumed that silence by management of the Company over time means that actual events are bearing out as estimated in such forward-looking statements.

General

The operations of Overseas Filmgroup, Inc., a privately held Delaware corporation ("Overseas Private"), were established in February 1980. The Company was formed in December 1993 under the name "Entertainment/Media Acquisition Corporation" for the purpose of acquiring an operating business in the entertainment and media industry. The Company acquired Overseas Private through a merger in October 1996 and the Company was the surviving corporation in the merger. Immediately following the merger, the Company changed its name to "Overseas Filmgroup, Inc." and succeeded to the operations of Overseas Private. In January 2001, the Company changed its name to "First Look Media, Inc." in order to reflect the broadening of its operations beyond foreign distribution of independently produced feature films to additional areas such as theatrical and video distribution in the United States, television commercial production and Internet content development.

Today, the Company is principally involved in the acquisition and worldwide license or sale of distribution rights to independently produced motion pictures. The Company directly distributes certain motion pictures in the domestic theatrical market under the name "First Look Pictures" and in the domestic video market under the name "First Look Home Entertainment."

Results of Operations

Three Months Ended June 30, 2001 Compared to Three Months Ended June 30, 2000

Revenues increased by $5,348,000 (121.2%) to $9,759,000 for the quarter ended June 30, 2001 from $4,411,000 for the quarter ended June 30, 2000. The increase in revenues was primarily due to, (i) increased number of titles with revenues over $200,000 from foreign territories and U.S. television rights during the quarter ended June 30, 2001 (11 titles with an average of $670,000 each), compared to the quarter ended June 30, 2000 (five titles with an average of $619,000 each), (ii) three video releases with an average of $204,000 during the quarter ended June 30, 2001 compared to two video releases with an average of $62,000 during the quarter ended June 30, 2000, (iii) an increase of approximately $305,000 in airline and straight distribution revenues during the second quarter 2001 and, (iv) an increase of approximately $70,000 in theatrical revenue.

Film costs as a percentage of revenues decreased to 74.0% for the quarter ended June 30, 2001 compared to 76.0% for the quarter ended June 30, 2000. Film costs include amortization of capitalized production costs as well as accruals of participation cost for the current period. The decrease in film costs as a percentage of revenues was primarily due to higher negotiated fees on titles released during the quarter ended June 30, 2001 compared to quarter ended June 30, 2000.

Distribution and marketing expenses increased to $1,261,000 for the quarter ended June 30, 2001 compared to $795,000 for the quarter ended June 30, 2000, primarily due to the increased number of titles released on video and in theaters as well as titles with world wide distribution rights.

Selling, general and administrative expenses, net of amounts capitalized to film costs, increased by $642,000 (58.6%) to $1,737,000 for the quarter ended June 30, 2001 from $1,095,000 for the quarter ended June 30, 2000. The increase was primarily due to increases in

- salary, payroll taxes and related expenses of $424,000 due to additional personnel;
- legal and consulting fees of $79,000;
- bad debt expense of $216,000;
- health insurance expense of $15,000;
- employee benefits of $11,000;
- rent expense of $18,000; and
- office and computer supplies of $56,000.

The above increases have been reduced by increased overhead capitalization of $190,000 due to the Company's increased involvement in production related activities.

Net other expense decreased by $288,000 to $212,000 for the quarter ended June 30, 2001 compared to net other expense of $500,000 for the quarter ended June 30, 2000. The decrease is primarily due to lower interest expense of $284,000 as a result of lower outstanding notes payable and lower interest rates during the quarter ended June 30, 2001, compared to the quarter ended June 30, 2000.

As a result of the above, the Company had a loss before income taxes of $670,000 for the quarter ended June 30, 2001, compared to a loss before income taxes of $1,331,000 for the quarter ended June 30, 2000.

The Company had a net loss of $673,000 for the quarter ended June 30, 2001 (reflecting foreign withholding taxes of $3,000), compared to a net loss of $1,350,000 for the quarter ended June 30, 2000.

Six Months Ended June 30, 2001 Compared to Six Months Ended June 30, 2000

Revenues increased by $9,541,000 (91.2%) to $20,001,000 for the six months ended June 30, 2001 from $10,460,000 for the six months ended June 30, 2000. The increase in revenues was primarily due to, (i) increased number of titles with revenues over $200,000 from foreign territories and U.S. television rights during the six months ended June 30, 2001 (15 titles with an average of $885,000 each), compared to the six months ended June 30, 2000 (8 titles with an average of $880,000 each), (ii) six video releases with an average of $200,000 each for the six months ended June 30, 2001 compared to five video releases with an average of $67,000 each for the six months ended June 30, 2000 and, (iii) an increase of approximately $1,203,000 in airline and straight distribution revenues during the six months ended June 30, 2001.

Film costs as a percentage of revenues decreased to 72.9% for the six months ended June 30, 2001 compared to 76.6% for the six months ended June 30, 2000. Film costs include amortization of capitalized production costs as well as accruals of participation cost for the current period. The decrease in film costs as a percentage of revenues was primarily due to higher negotiated fees on titles released during the six months ended June 30, 2001 compared to six months ended June 30, 2000.

In accordance with the new accounting standards established pursuant to SOP 00-2, the Company expenses all distribution and marketing expenses as incurred. Distribution and marketing expenses increased to $2,151,000 during the six months ended June 30, 2001 compared to $1,415,000 for the six months ended June 30, 2000, primarily due to the increased number of titles released on video and in theaters as well as titles with world wide distribution rights.

Selling, general and administrative expenses, net of amounts capitalized to film costs, increased by $1,505,000 (79.7%) to $3,394,000 for the six months ended June 30, 2001 from $1,889,000 for the six months ended June 30, 2000. The increase was primarily due to increases in:

- salary, payroll taxes and related expenses of $908,000 due to additional personnel;
- legal and consulting fees of $169,000;
- bad debt expense of $269,000;
- health insurance expense of $27,000;
- meals and entertainment expenses of $48,000;
- publicity expenses of $41,000;
- rent expense of $18,000;
- office and computer supplies of $87,000; and
- Shipping and messenger of $13,000.

The above increases were reduced by an increase in overhead capitalization of $73,000 due to the Company's increased involvement in production related activities.

Net other expense for the six months ended June 30, 2001 decreased by $563,000 to $401,000, compared to net other expense of $964,000 for the six months ended June 30, 2000. The decrease is primarily due to lower interest expense of $546,000 as a result of lower outstanding notes payable and lower interest rates during the six months ended June 30, 2001, compared to the quarter ended June 30, 2000.

As a result of the above, the Company had a loss before income taxes and cumulative effect of accounting changes of $525,000 for the six months ended June 30, 2001, compared to a loss before income taxes and cumulative effect of accounting changes of $1,908,000 for the six months ended June 30, 2000.

The Company reported a cumulative effect of accounting changes of $14,123,000, net of income tax benefit of $1,459,000 effective January 1, 2000, relating to its adoption of SOP 00-2.

The Company had a net loss of $544,000 for the six months ended June 30, 2001 (reflecting foreign withholding taxes of $19,000), compared to a net loss of $16,031,000 (including a one-time charge of cumulative effect of accounting changes of $14,123,000) for the six months ended June 30, 2000.

Liquidity and Capital Resources

The Company requires substantial capital for the acquisition of film rights, the funding of distribution costs and expenses, the payment of ongoing overhead costs and the repayment of debt. The principal sources of funds for the Company's operations have been cash flow from operations, bank borrowings and equity financings.

June 2000 Private Placement

In June 2000, the Company consummated a private placement with Rosemary Street Productions, LLC ("Rosemary Street"), in which the Company sold to Rosemary Street for an aggregate cash purchase price of $17,000,000:

- 5,097,413 shares of common stock;
- 904,971 shares of Series A preferred stock, each share of which is convertible into two shares of common stock and votes with the common stock on an as-converted basis; and
- five-year warrants to purchase up to 2,313,810 shares of common stock at an exercise price of $3.40 per share.

As of June 30, 2001, Rosemary Street owned approximately 53.5% of the Company's voting securities.

Chase Facility

Concurrently with the consummation of the June 2000 private placement with Rosemary Street, the Company entered into a $40 million credit facility with The Chase Manhattan Bank, of which $33,000,000 had been committed through June 6, 2001. On June 6, 2001, total commitment was increased to $40,000,000 as a result of a new bank joining Chase and the other commercial banks and financial institutions. A portion of the proceeds from this new credit facility was used to refinance outstanding loans and accrued interest under the Company's previous credit facility with Coutts & Co. and Bankgesellschaft Berlin A.G. The remaining proceeds will be available to finance the Company's production, acquisition, distribution and exploitation of feature length motion pictures, television programming, video products and, for working capital and general corporate purposes including the Company's expansion into television commercial production.

Under the Chase facility, the Company borrows funds through loans evidenced by promissory notes. The loans are made available through a revolving line of credit which, may be reduced, partially or in whole, at any time and is to be fully paid on June 20, 2005. The Chase facility also provides for letters of credit to be issued from time to time upon the Company's request. At June 30, 2001, the Company had borrowed an aggregate of $11,000,000 under the Chase facility.

The amounts drawn down under the Chase facility bear interest, as the Company may select, at rates based on either LIBOR plus 2% or a rate per annum equal to the greater of (a) the Prime Rate plus 1%, (b) the Base CD Rate plus 2% or (c) the Federal Funds Effective Rate plus 1.5% (as these terms are defined in the credit agreement). In addition to an annual management fee of $125,000, the

Company pays a commitment fee on the daily average unused portion of the Chase facility at an annual rate of 0.5%. The Company has also paid a one-time fee of approximately $890,000 as a cost of acquiring the Chase facility. The Chase facility also restricts the creation or incurrence of indebtedness or issuance of additional securities. The Chase facility is collateralized by all tangible and intangible assets and future revenues of the Company.

In May 2001, the Company entered into an amendment to the Chase facility, pursuant to which the requisite lenders agreed, effective as of the date of the amendment, to:

- permit the Company to obtain financing for one film from another lender;
- increase the Company's overhead allowance from $5 million to $7.25 million excluding bad debt expense; and
- reduce the minimum level of Consolidated Net Worth (as defined in the credit agreement) that the Company is required to maintain from $28 million to $22 million.

Other Loans

In addition to the amounts outstanding under the Chase facility, during 1998 the Company borrowed $2,000,000 from another lender, the proceeds of which were used to acquire rights to a particular film. This subordinated note bears interest at the Prime Rate plus 1.5% and is collateralized by amounts due under distribution agreements from the specific film. The subordinated note matures on May 29, 2002. As of June 30, 2001, $450,000 was outstanding under the subordinated note.

Note and Debt Contributions

Concurrently with the June 2000 private placement with Rosemary Street, the Company entered into a note and debt contribution agreement with Robert B. Little and Ellen Dinerman Little (collectively, the "Littles"). Pursuant to the agreement, the Littles forgave:

- $1,339,037 of aggregate outstanding principal amount and $480,709 of accrued but unpaid interest on a note issued by the Company to the Littles as part of the consideration given relating to the merger of the Company with Overseas Private in October 1996;

- $78,101 of accrued and unpaid interest on loans in the aggregate principal amount of $400,000 ("P&A Loans") made by the Littles to the Company in December 1997 and February 1998, which were used to provide a portion of the funds required by the Company for the print and advertising costs associated with the domestic theatrical release of Mrs. Dalloway; and

- $125,131 of accrued salaries that the Company owed to them.

The Littles also contributed $130,000 in cash and 1,588,812 of their shares of the Company's common stock to the Company's capital and the Company paid the Littles $1,430,000 calculated as:

- $135,476 for various reimbursable expenses as provided in their employment agreements with the Company;
- $130,000 of the remaining principal balance on the note issued in connection with the Company's merger with Overseas Private;
- $400,000 representing the aggregate principal amount owed by the Company to the Littles under the P&A Loans;

- $564,524 of accrued salaries; and
- $200,000 representing the amount owed by the Company to the Littles under a tax reimbursement agreement between the Company and the Littles entered into in connection with the Company's merger with Overseas Private.

Yahoo! Stock Sale

In July and September 2000, the Company sold for approximately $2,056,000 all 17,454 shares of common stock of Yahoo!, Inc. that the Company received in July 1999 as part of a share-for-share exchange with broadcast.com, which was subsequently acquired by Yahoo!, Inc.

Resources

At June 30, 2001, the Company had cash and cash equivalents of $839,000, compared to cash and cash equivalents of $832,000 as of December 31, 2000. At June 30, 2001, $5,372,000 was available for the Company to draw down under the Chase facility.

The Company believes that its existing capital, funds from the Chase facility, funds from its operations and other available sources of capital will be sufficient to fund its operations for at least the next twelve months.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to changes in interest rates. The Company does not use derivative financial instruments. Because very few of the Company's revenues are denominated in foreign currency, the Company does not believe there is a significant risk imposed on the Company due to the fluctuations in foreign currency exchange rates. The table below provides information about the Company's debt obligations as of June 30, 2001, including principal cash flows and related weighted average interest rates by expected maturity dates:

Liabilities	2001	2002	2003	2004	2005
			Expected Maturity Date (in thousands)		
Variable rate:					
Chase Credit Facility					$ 11,00
Average interest rate	5.6%	5.6%	5.6%	5.6%	5.6%
Subordinated note payable		$ 450			
Average interest rate		8.25%			

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is engaged in legal proceedings incidental to its normal business activities. In the opinion of management, none of these proceedings are material in relation to the Company's financial position.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

During the six months ended June 30, 2001, the Company did not make any sales of unregistered securities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 Amendment No. 1, dated May 16, 2001 to the Credit, Security, Guaranty and Pledge Agreement, dated as of June 20, 2000, among the Company, as Borrower, the Guarantors named therein and the Lenders named therein, with The Chase Manhattan Bank, as Administrative Agent, and the Chase Manhattan Bank, as Issuing Bank. Incorporated by reference to Exhibit 10.28 to the Company's Report on Form 10-Q, filed with the SEC on May 23, 2001.

(b) Reports on Form 8-K

None.

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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.

August 14, 2001

FIRST LOOK MEDIA, INC.

By: /s/ William F. Lischak

William F. Lischak
Chief Financial Officer, Chief Operating Officer and Secretary

EXHIBIT INDEX

Exhibit Number	Description
10.1	Amendment No. 1, dated May 16, 2001 to the Credit, Security, Guaranty and Pledge Agreement, dated as of June 20, 2000, among the Company, as Borrower, the Guarantors named therein and the Lenders named therein, with The Chase Manhattan Bank, as Administrative Agent, and the Chase Manhattan Bank, as Issuing Bank. Incorporated by reference to Exhibit 10.28 to the Company's Report on Form 10-Q, filed with the SEC on May 23, 2001.