FIRST LOOK MEDIA INC
Form 10-Q
November 19, 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 September 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 November 16, 2001 was 11,613,848.

FIRST LOOK MEDIA, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

		September 30, 2001 (Unaudited) (in
ASSETS:		
Cash and cash equivalents	$	4
Accounts receivable, net of allowance for doubtful accounts and return reserve of $1,212,000 and $1,100,000, respectively		29,51
Film costs, net of accumulated amortization		19,38
Other assets		1,77
Total assets	$	50,72
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Accounts payable and accrued expenses	$	1,73
Accrued interest payable		19
Deferred revenue		1,12
Payable to producers		25,84
Notes payable		13,30
Total liabilities		42,19
Shareholders' equity:		
Preferred stock, $.001 par value, 10,000,000 shares authorized; 904,971 shares issued and outstanding (Liquidation preference of $3,846,271)		
Common stock, $.001 par value, 50,000,000 shares authorized; 9,848,906 shares issued; 9,803,906 shares outstanding		1
Additional paid in capital		30,67
Accumulated deficit		(22,07
Treasury stock at cost, 45,000 shares		(87
Total shareholders' equity		8,52
Total liabilities and shareholders' equity	$	50,72

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 September 30,		Nine Mo
	2001	2000	20
	(in thousands except per sha		
Revenues	$ 8,171	$ 4,767	$
Expenses:			
Film costs	4,592	3,583	
Distribution and marketing costs	2,677	630	
Selling, general and administrative	1,537	1,150	
Total expenses	8,806	5,363	
Loss from operations	(635)	(596)	
Other income (expense):			
Interest income	2	13	
Interest expense	(307)	(251)	
Other income	110	682	
Net other (expense) income	(195)	444	
Loss before income taxes and cumulative effect of accounting change	(830)	(152)	
Income taxes	5	13	
Loss before cumulative effect of accounting change	(835)	(165)	
Cumulative effect of accounting change	-	-	
Net loss	$ (835)	$ (165)	$
Basic and diluted loss per share:			
Loss before cumulative effect of accounting change	$ (0.09)	$ (0.02)	$
Cumulative effect of accounting change	-	-	
Net loss	$ (0.09)	$ (0.02)	$
Weighted average number of common share outstanding	9,804	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)

	Nine Months Ended September 3	
	2001	2000
	(in thousands)	
Cash flows used in operating activities:		
Net loss	$ (1,379)	$ (
Adjustments to reconcile net loss to net cash used in operating activities:		
Cumulative effect of accounting change	-	
Film cost amortization	19,171	
Additions to film costs	(8,889)	
Payment to producers	(14,017)	
Capital gain and other non-cash income	-	
Change in assets and liabilities:		
Accounts receivable	(2,932)	
Other assets	(306)	
Accounts payable and accrued expenses	342	
Deferred income taxes	-	
Deferred revenue	1,035	
Net cash used in operating activities	(6,975)	
Cash flows from investing activities:		
Sale of marketable securities	-	
Net cash provided by investing activities	-	
Cash flows from financing activities:		
Sale of securities, net of expenses	-	
Net borrowings (pay down) under credit facility	6,500	
Net pay down of subordinated note payable	(316)	
Net pay down of note payable to related party	-	
Restricted cash position	-	
Net cash provided by financing activities	6,184	
Net (decrease) increase in cash and cash equivalents	(791)	
Cash and cash equivalents at beginning of period	832	
Cash and cash equivalents at end of period	$ 41	$
Supplemental disclosure of cash flow information: Cash paid during the period for:		
Interest	$ 905	$
Income taxes	$ 9	$
Foreign withholding taxes	$ 16	$

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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 Septermber 30, 2001	Three Months Ended Septermber 30, 2000	Nine M Se 2001
	(in thousands)		(in
Net loss	$ (835)	$ (165)	$ (1,379
Unrealized holding loss on investment available for sale	-	-	-
Reversal of unrealized holding gain on investment available for sale	-	(460)	-
Total comprehensive loss	$ (835)	$ (625)	$ (1,379

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 nine months ended September 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:

	September 30, 2001	December 31, 2000
	(in thousands)	
Film costs in release net of accumulated amortization	$ 13,652	$ 11,702
Film costs not yet available for release	5,737	1,691
	$ 19,389	$ 13,393

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 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 change, 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 for manufacturers and service providers who use the commercial to promote their products and services. 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 September 30, 2001			Three Mon
	Motion Pictures	Television Commercial Production	Totals	Motion Pictures
	(in thousands)			
Revenues from external customers	$ 7,966	$ 205	$ 8,171	$ 4,767
Loss from operations before interest and taxes	(489)	(146)	(635)	(596)

	Nine Months Ended and as of September 30, 2001 (in thousands)			Nine Months
	Motion Pictures	Television Commercial Production	Totals	Motion Pictures
Revenues from external customers	$ 27,967	$ 205	$ 28,172	$ 15,228
Loss from operations before interest and taxes	(341)	(418)	(759)	(1,448)
Total assets	50,591	132	50,723	46,400

5. Subsequent Events:

On October 15, 2001, pursuant to the terms of the Certificate of Designations, Preferences and Rights of Series A Preferred Stock, 904,971 shares of outstanding Series A Preferred Stock automatically converted into 1,809,942 shares of common stock.

On November 8, 2001, the Company commenced a tender offer for 321,429 shares of the Company's common stock in exchange for outstanding warrants issued in connection with the Company's initial public offering in February 1995. Pursuant to the exchange offer, the Company will exchange .0714 of a share of the Company's common stock for every one of the Company's warrants tendered and accepted by the Company for exchange.

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 September 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 and television commercial production.

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

Revenues increased by $3,404,000 (71.4%) to $8,171,000 for the quarter ended September 30, 2001 from $4,767,000 for the quarter ended September 30, 2000. The increase in revenues was primarily due to, (i) five titles generating approximately $4,463,000 in revenue from foreign territories and U.S. television rights during the quarter ended September 30, 2001, compared to three titles generating $2,468,000 during the quarter ended September 30, 2000, (ii) six video releases generated $864,000 in revenue during the quarter ended September 30, 2001 compared to $653,000 generated by three video releases during the quarter ended September 30, 2000 and, (iii) an increase of approximately $1,178,000 in domestic theatrical and airline revenues.

Film costs as a percentage of revenues decreased to 56.2% for the quarter ended September 30, 2001 compared to 75.2% for the quarter ended September 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 distribution fees on titles released during the quarter ended September 30, 2001 compared to the quarter ended September 30, 2000.

Distribution and marketing expenses increased to $2,677,000 for the quarter ended September 30, 2001 compared to $630,000 for the quarter ended September 30, 2000, primarily due to the increase in advertising and marketing expense as a result of increased number of video releases and expanded marketing campaigns on theatrical releases.

Selling, general and administrative expenses increased by $387,000 (33.7%) to $1,537,000 for the quarter ended September 30, 2001 from $1,150,000 for the quarter ended September 30, 2000. The increase was primarily due to increases in:

- salary, payroll taxes and related expenses of $293,000 due to additional personnel;
- legal and consulting fees of $27,000;
- bad debt expense of $52,000;
- health insurance expense of $13,000;
- rent expense of $27,000; and
- office and computer supplies of $34,000.

The above increases have been offset by increased overhead capitalization of $60,000 due to the Company's increased involvement in production related activities.

Net other income (expense) for the three-month period ended September 30, 2001 amounted to net other expense of $195,000, a decrease of $639,000 from $444,000 net other income recorded for the quarter ended September 30, 2000. The decrease is primarily due to recognizing a non-recurring capital gain of $625,000 on the sale of securities during the quarter ended September 30, 2000, and a net increase of $14,000 in interest expense and other income (expense) during the quarter ended September 30, 2001 compared to the quarter ended September 30, 2000.

The Company had a net loss of $835,000 for the quarter ended September 30, 2001 (reflecting foreign withholding and state taxes of $5,000), compared to a net loss of $165,000 for the quarter ended September 30, 2000.

Nine Months Ended September 30, 2001 Compared to Nine Months Ended September 30, 2000

Revenues increased by $12,944,000 (85.0%) to $28,172,000 for the nine months ended September 30, 2001 from $15,228,000 for the nine months ended September 30, 2000. The increase in revenues was primarily due to, (i) fourteen titles generating approximately $14,714,000 from foreign territories and U.S. television rights during the nine months ended September 30, 2001 compared to nine titles generating approximately $5,462,000 during the nine months ended September 30, 2000, (ii) fourteen video releases generated $2,221,000 for the nine months ended September 30, 2001 compared to nine video releases which generated $994,000 for the nine months ended September 30, 2000 and, (iii) an increase of $1,078,000 in domestic theatrical revenue and (iv) an increase of approximately $1,290,000 in airline and distribution revenues during the nine months ended September 30, 2001.

Film costs as a percentage of revenues decreased to 68.0% for the nine months ended September 30, 2001 compared to 76.1% for the nine months ended September 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 distribution fees on titles released during the nine months ended September 30, 2001 compared to the nine months ended September 30, 2000.

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Distribution and marketing expenses increased to $4,829,000 during the nine months ended September 30, 2001 compared to $2,046,000 for the nine months ended September 30, 2000, primarily due to increased number of video releases and expanded advertising campaigns on theatrical releases.

Selling, general and administrative expenses increased by $1,892,000 (62.3%) to $4,931,000 for the nine months ended September 30, 2001 from $3,039,000 for the nine months ended September 30, 2000. The increase was primarily due to increases in:

- salary, payroll taxes and related expenses of $1,212,000 due to additional personnel;
- legal and consulting fees of $209,000;
- bad debt expense of $320,000;
- health insurance expense of $40,000;
- meals and entertainment expenses of $42,000;
- publicity expenses of $41,000;
- rent expense of $45,000; and

- office and computer supplies of $114,000.

The above increases were offset by an increase in overhead capitalization of $133,000 due to the Company's increased involvement in production related activities.

Net other expense for the nine months ended September 30, 2001 increased by $75,000 to $595,000, from $520,000 for the nine months ended September 30, 2000. The increase is primarily due to recognizing a non-recurring capital gain of $625,000 on the sale of securities during the nine months ended September 30, 2000, and a $478,000 decrease in interest expense as a result of maintaining lower outstanding notes payable and lower interest rates during the nine months ended September 30, 2001, compared to the nine months ended September 30, 2000.

As a result of the above, the Company had a loss before income taxes and cumulative effect of accounting change of $1,354,000 for the nine months ended September 30, 2001, compared to a loss before income taxes and cumulative effect of accounting change of $1,968,000 for the nine months ended September 30, 2000.

The Company reported a cumulative effect of accounting change 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 $1,379,000 for the nine months ended September 30, 2001 (reflecting foreign withholding and state taxes of $25,000), compared to a net loss of $16,196,000 (including a one-time charge relating to the cumulative effect of accounting change of $14,123,000) for the nine months ended September 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 ("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.

On October 15, 2001, pursuant to the terms of the Certificate of Designations, Preferences and Rights of Series A Preferred Stock each share of outstanding Series A Preferred Stock automatically converted into two shares of common stock.

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. 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 September 30, 2001, the Company had borrowed an aggregate of $13,000,000 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 September 30, 2001, $300,000 was outstanding under the subordinated note.

Resources

At September 30, 2001, the Company had cash and cash equivalents of $41,000, compared to cash and cash equivalents of $832,000 as of December 31, 2000. At September 30, 2001, $6,024,000 was available for the Company to draw down under the Chase facility.

The Company believes that its existing cash funds from the Chase facility, funds from its operations and other available sources of cash 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 September 30, 2001, including principal cash flows and related weighted average interest rates by expected maturity dates:

	Expected Maturity Date (in thousands)					
Liabilities	2001	2002	2003	2004	2005	Thereafter
Variable rate:						
Chase Credit Facility	-	-	-	-	$ 13,000	-
Average interest rate	5.8%	5.8%	5.8%	5.8%	5.8%	-
Subordinated note payable	-	$ 300	-	-	-	-
Average interest rate	-	7.0%	-	-	-	-

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

Preferred Stock Conversion

Pursuant to a securities purchase agreement dated May 3, 2000 between the Company and Rosemary Street, Rosemary Street purchased from the Company 904,971 shares of Series A Preferred Stock, each share of which automatically converted into two shares of common stock on October 15, 2001. The shares were issued pursuant to an exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2).

Warrant Exchange

On November 8, 2001, the Company commenced a tender offer whereby approximately 321,429 shares of the Company's common stock were offered in exchange for the outstanding warrants that were issued in connection with the Company's initial public offering in February 1995. In the exchange offer, the Company will exchange .0714 of a share of the Company's common stock for every one of the Company's outstanding warrants tendered and accepted by the Company for exchange. No fractional shares of common stock will be issued in the exchange offer. Fractional shares will be rounded up to the nearest whole share based upon the aggregate number of warrants tendered by the holder or its agent in the exchange offer. The exchange offer will expire on December 18, 2001, unless extended by the Company. The issuance of shares of common stock upon exchange of the warrants pursuant to the exchange offer are being issued pursuant to Section 3(a)(9) of the securities Act of 1933 and are, therefore, exempt from registration thereunder.

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

None.

(b) Reports on Form 8-K

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.

November 19, 2001

FIRST LOOK MEDIA, INC.

By: /s/ William F. Lischak

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