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UNITED NATIONAL FILM CORP
Form 10-Q
January 31, 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 December 31, 2000

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 December 31, 2000 was 6,626,983 shares.

UNITED NATIONAL FILM CORPORATION

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PART 1 FINANCIAL INFORMATION

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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)

	December 31, 2000	December 31, 1999
ASSETS		
CURRENT ASSETS:		
Cash	\$ 118	912
TOTAL CURRENT ASSETS	\$ 118	912
FILM COSTS AND PRODUCTION RIGHTS	64,500	64,500
Total	64,618	65,412
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	0	0
Accrued Expenses	\$ 10,400	5,000
Note payable	50,000	50,000
TOTAL CURRENT LIABILITIES	60,400	55,000
LOAN FROM SHAREHOLDER	8,000	1,500
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	1,000
Common stock - \$.001 par, 30,000,000 shares Authorized, 6,626,983 shares issued and outstanding	6,626	6,392
Paid in capital	205,313	133,538
Accumulated deficit	(209,372)	(132,018)
TOTAL STOCKHOLDERS' EQUITY	3,782	8,912
	\$ 64,618	65,412

See notes to financial statements

UNITED NATIONAL FILM CORP.
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months ended December 31, 2000	Three Months ended December 31, 1999
REVENUE	\$ 0	\$ 0
COST OF REVENUES	0	0
GROSS PROFIT	0	0
EXPENSES:		
General and Administrative	909	0
NET LOSS	909	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 December 31,

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	\$ (909)	0
Changes in operating assets and liabilities:		
Decrease (increase) in accounts	0	0
Total adjustments:	0	0
NET INCREASE (DECREASE) IN CASH	0	0
CASH AT BEGINNING OF PERIOD	1,027	1,823
CASH AT END OF PERIOD	\$ 118	1,823

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.

6. STOCK ISSUED.

100,000 shares of common stock were issued to Richard J. Hockert, Esq., in exchange for legal services.

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. 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 for one or more of its screenplays. In addition, the Company is continuing to seek funding for the distribution of its

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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. Funding for the Company is expected to take place during the year 2000.

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 anticipates 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

Exhibit 27.1 Financial Data Schedule, attached.

(b) Reports on Form 8-K.

None.

SIGNATURES

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: January 30, 2001

EX-27.1

FINANCIAL DATA SCHEDULE

ARTICLE 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2000 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2000 OF UNITED NATIONAL FILM CORPORATION, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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