HOLLYWOOD MEDIA CORP
Form 10-Q
November 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

|X| QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________________ to __________________

COMMISSION FILE NO. 0-22908

HOLLYWOOD MEDIA CORP.
(Exact name of registrant as specified in its charter)

FLORIDA	65-0385686
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2255 GLADES ROAD, SUITE 221A BOCA RATON, FLORIDA	33431
(Address of principal executive offices)	(zip code)

(561) 998-8000
(Registrant's telephone number)

Indicate by check 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 |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes |_| No |X|

As of November 11, 2003, the number of shares outstanding of the issuer's common stock, $.01 par value, was 21,911,267.

HOLLYWOOD MEDIA CORP.

TABLE OF CONTENTS

PAGE(S)

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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ITEM 1. FINANCIAL STATEMENTS

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(unaudited) September 30, 2003	December 31, 2002
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 434,130	$ 2,342,238
Receivables, net	1,319,747	1,845,063

Inventories, net	6,870,553	7,144,311
Prepaid expenses	1,435,817	1,026,454
Other receivables	930,934	510,532
Other current assets	50,148	247,532
Deferred advertising - CBS	315,587	924,780
Total current assets	11,356,916	14,040,910
RESTRICTED CASH	550,000	--
PROPERTY AND EQUIPMENT, net	2,591,876	3,563,569
INVESTMENTS IN AND ADVANCES TO EQUITY METHOD INVESTEES	772,234	610,172
IDENTIFIABLE INTANGIBLE ASSETS, net	1,811,940	2,342,807
GOODWILL, net	40,813,683	40,773,968
OTHER ASSETS	465,641	737,231
TOTAL ASSETS	$ 58,362,290	$ 62,068,657
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 2,101,478	$ 1,354,663
Accrued expenses and other	4,393,049	3,854,881
Notes payable	--	250,000
Loan from shareholder/officer	700,000	--
Accrued exit and retail closure costs	--	27,500
Deferred revenue	8,979,603	8,890,002
Current portion of capital lease obligations	189,421	340,083
Total current liabilities	16,363,551	14,717,129
CAPITAL LEASE OBLIGATIONS, less current portion	113,085	238,546
DEFERRED REVENUE	290,813	214,626
MINORITY INTEREST	29,046	--
OTHER DEFERRED LIABILITY	2,292,022	2,381,863
CONVERTIBLE DEBENTURES, NET	3,803,278	3,223,988
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred Stock, $.01 par value, 539,127 shares authorized; none outstanding	--	--
Common stock, $.01 par value, 100,000,000 shares authorized; 21,383,004 and 20,253,863 shares issued and outstanding at September 30, 2003 and December 31, 2002, respectively	213,830	202,539
Deferred compensation	(243,750)	--
Additional paid-in capital	278,734,767	277,261,293
Accumulated deficit	(243,234,352)	(236,171,327)
Total shareholders' equity	35,470,495	41,292,505
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 58,362,290	$ 62,068,657

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

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

	Nine Months Ended September 30,	
	2003	2002
NET REVENUES	$ 45,515,343	$ 41,450,495
COST OF REVENUES	32,984,812	28,504,839
Gross margin	12,530,531	12,945,656
OPERATING EXPENSES:		
General and administrative	5,487,291	4,582,735
Selling and marketing	729,814	1,686,298
Salaries and benefits	10,130,330	11,145,505
Amortization of CBS advertising	609,193	10,936,495
Impairment loss- CBS advertising	--	57,274,680
Write-off of prepaid trade credits	--	655,500
Exit and other retail closure costs	--	411,399
Depreciation and amortization	1,839,801	2,425,496
Total operating expenses	18,796,429	89,118,108
Operating loss	(6,265,898)	(76,172,452)
EQUITY IN EARNINGS - INVESTMENTS	797,730	367,597
OTHER INCOME (EXPENSE):		
Interest expense	(1,049,561)	(869,113)
Interest income	12,558	16,756
Other, net	(108,165)	7,034
Loss before minority interest	(6,613,336)	(76,650,178)
MINORITY INTEREST	(449,689)	(595,668)
NET LOSS	$ (7,063,025)	$(77,245,846)
Basic and diluted net loss per common share	$ (0.34)	$ (2.81)
Weighted average shares outstanding	20,689,747	27,521,885

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

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,063,025)	$(77,245
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,839,801	2,425
Amortization of discount on convertible debentures	579,290	346
Interest paid in stock	233,360	37
Interest non-cash	--	229
Equity in earnings of investments, net of return of invested capital	(162,062)	715
Issuance of compensatory stock, stock options and warrants for services rendered	304,649	673
Amortization of deferred compensation costs	121,429	1,710
Amortization of deferred financing costs	97,272	30
Provision for bad debts	178,950	164
Exit costs	--	411
Write-off of prepaid trade credits	--	655
Impairment loss - CBS advertising	--	57,274
Amortization of CBS advertising	609,193	10,936
Minority interest in loss of subsidiaries	449,689	595
Amortization of put/call option	(137,000)	
Changes in assets and liabilities:		
Receivables	346,366	(157
Prepaid expenses	(409,365)	(444
Other receivables	(420,402)	(61
Inventories	273,758	(715
Other current assets	197,384	(89
Other assets	174,318	(40
Accounts payable	746,815	223
Accrued liabilities	783,029	(740
Deferred revenue	165,788	(487
Other deferred liability	47,159	
Net cash used in operating activities	(1,043,604)	(3,551
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments pursuant to bond agreement	(550,000)	
Cash paid for acquisition	--	(10
Capital expenditures	(337,241)	(1,244
Net cash used in investing activities	(887,241)	(1,254
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from shareholder/officer loan	700,000	1,651
Payments of shareholder/officer loan	--	(2,101
Payments under note payable	60,041	(100
Net advances from factor	(119,248)	(191

Payments to repurchase common stock	--	(340
Proceeds from issuance of convertible debentures and warrants, less issuance costs	--	5,407
Proceeds received from exchange of advertising for common stock and warrants	--	2,000
Return of capital from Tekno Books to minority partner	(341,933)	(509
Payments under capital lease obligations	(276,123)	(548
Net cash provided by financing activities	22,737	5,268
Net (decrease) increase in cash and cash equivalents	(1,908,108)	462
CASH AND CASH EQUIVALENTS, beginning of period	2,342,238	1,980
CASH AND CASH EQUIVALENTS, end of period	$ 434,130	$ 2,443
SUPPLEMENTAL SCHEDULE OF CASH RELATED ACTIVITIES:		
Interest paid	$ 93,912	$ 92

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

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003
(Unaudited)

	Common Stock		
	Shares	Amount	Co
Balance - December 31, 2002	20,253,863	$ 202,539	$
Isssuance of stock options and warrants for services	--	--	
Other equity transaction	3,000	30	
Issuance of stock - 401 (k) employer match	155,783	1,558	
Interest payment on convertible debentures	257,675	2,577	
Purchase price adjustment	28,571	286	
Issuance of restricted stock and amortization of deferred compensation	279,762	2,798	
Settlement of guarantee with common stock	84,515	845	
Settlement of debt with common stock	319,835	3,197	
Net loss	--	--	

Balance - September 30, 2003	21,383,004	$ 213,830	$

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	Additional Paid-in Capital	Accumulated Deficit
Balance - December 31, 2002	$ 277,261,293	$(236,171,327)
Isssuance of stock options and warrants for services	145,866	--
Other equity transaction	2,970	--
Issuance of stock - 401 (k) employer match	154,225	--
Interest payment on convertible debentures	230,783	--
Purchase price adjustment	39,428	--
Issuance of restricted stock and amortization of deferred compensation	362,381	--
Settlement of guarantee with common stock	110,977	--
Settlement of debt with common stock	426,844	--
Net loss	--	(7,063,025)
Balance - September 30, 2003	$ 278,734,767	$(243,234,352)

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

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(1) BASIS OF PRESENTATION:

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared by Hollywood Media Corp. ("Hollywood Media") in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to those rules and regulations. However, management believes that the disclosures contained herein are adequate to make the information presented not misleading. The financial statements reflect, in the opinion of management, all material adjustments (which include only normal recurring adjustments) necessary to present fairly

Hollywood Media's financial position and results of operations. The results of operations for the three and nine months ended September 30, 2003 and cash flows for the nine months ended September 30, 2003 are not necessarily indicative of the results of operations or cash flows which may result for the remainder of 2003. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in Hollywood Media's Annual Report on Form 10-K for the year ended December 31, 2002, as filed with the Securities and Exchange Commission.

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(2) STOCK-BASED COMPENSATION:

As permitted under Statement of Financial Accounting Standard (SFAS) No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of SFAS 123" ("SFAS No. 148"), which amended SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), Hollywood Media has chosen to account for its Stock Plan under the intrinsic value method as allowed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations. Under APB No. 25, because the exercise price of Hollywood Media's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense was recorded. SFAS No. 148 requires disclosure of the estimated fair value of employee stock options granted and pro forma financial information assuming compensation expense was recorded using these fair values.

	Nine months ended September 30,		Three months
	2003	2002	2003
Reported net loss	$ (7,063,025)	$(77,245,846)	$ (2,320,16
Stock-based employee compensation expense under the fair value method	(1,845,609)	(3,034,443)	(700,43
Adjusted net loss	$ (8,908,634)	$(80,280,289)	$ (3,020,59
Reported net loss basic and diluted per share	$ (0.34)	$ (2.81)	$ (0.1
Adjusted net loss basic and diluted per share	$ (0.43)	$ (2.92)	$ (0.1
Number of ordinary shares used in computation basic and diluted	20,689,747	27,521,885	21,045,04

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The fair value of each option grant was determined using the Black-Scholes option-pricing model. The Black-Scholes model was not developed for use in valuing employee stock options, but was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, it requires the use of subjective assumptions including expectations of future dividends and stock price volatility. Such assumptions are only used for making the required fair value estimate and should not be considered as indicators of future dividend policy or stock price appreciation. Because changes in the subjective assumptions can materially affect the fair value estimate and because employee stock options have characteristics significantly different from those of traded options, the use of the Black-Scholes option-pricing model may not provide a reliable estimate of the fair value of employee stock options.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Per Share Amounts

Basic loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. There were 5,200,133 and 4,980,743 options and warrants to purchase common shares outstanding at September 30, 2003 and 2002, respectively, that could potentially dilute earnings per share in the future. In addition, the convertible debentures (Note 5) are convertible into 1,647,399 shares of common stock at a conversion price of $3.46 per share. The potential common shares underlying the options, warrants and convertible debentures have been excluded from the weighted average number of common shares outstanding for the three and nine months ended September 30, 2003 and 2002 because they are antidilutive for all periods presented.

Accounting Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect 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.

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Significant estimates and assumptions embodied in the accompanying unaudited financial statements include the adequacy of allowances relating to accounts receivables and litigation matters and Hollywood Media's ability to realize the carrying value of goodwill, intangible assets, investments in less than 50% owned companies and other long-lived assets.

Receivables

Receivables consist of amounts due from customers who (i) have advertised on Hollywood Media's web sites, (ii) have licensed data from Hollywood Media's syndication businesses, and (iii) have purchased live theater tickets, and publishers relating to signed contracts, to the extent that the earnings process is complete and amounts are realizable. Receivables are net of an allowance for doubtful accounts of $240,808 and $307,398 at September 30, 2003 and December 31, 2002, respectively.

During 2001, Hollywood Media entered into an agreement with a third party whereby a certain portion of its accounts receivable was monetized. Hollywood Media receives an initial advance of 85% of the invoice amount, with the remaining 15%, less fees, transferred to Hollywood Media upon payment by the customer to the third party. At September 30, 2003 and December 31, 2002, included in "accrued expenses and other" in the accompanying balance sheets is a liability of $218,230 and $337,478, respectively, which was recorded for advances that had been paid to Hollywood Media but remain payable by Hollywood Media's customers to the third party.

Recent Accounting Pronouncements

In May 2003, the Financial Accounting Standards Board (FASB) issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." The Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in Statement 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. Statement 149 amends certain other existing pronouncements. Those changes are designed to result in more consistent reporting of contracts that are derivatives in their entirety or that contain embedded derivatives that warrant separate accounting. Statement No. 149 is effective for contracts entered into or modified after June 30, 2003, with certain exceptions for hedging relationships designated after June 30, 2003. This statement did not have a material impact on the Company's financial position or results of operations for the periods presented.

In May 2003, FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity (SFAS No. 150). SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. In accordance with SFAS No. 150, financial instruments that embody obligations for the issuer are required to be classified as liabilities. SFAS No. 150 shall be effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003. There was no impact to the Hollywood Media's consolidated financial statements upon the adoption of the provisions of SFAS No. 150.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest entities, an interpretation of ARB No. 51 (FIN No. 46). FIN No. 46 requires companies to make certain disclosures about variable interest entities (VIEs) with which it has involvement, if it is reasonably possible that it will consolidate or disclose information about the variable interest entity when FIN No. 46 becomes effective in July 2003 or December 2003 if certain criteria are met. The disclosure requirements are effective to all financial statements issued after January 31, 2003. Hollywood Media is in the process of evaluating the impact of the adoption of FIN No. 46 will have on its financial position, result, and operations or cash flows.

(4) ACQUISITIONS AND OTHER CAPITAL TRANSACTIONS:

On January 14, 2002, Fountainhead Media Services ("FMS"), FilmTracker's parent company, acquired a 20% equity interest in our subsidiary that owns Baseline, Inc. ("Baseline"), a wholly owned subsidiary of Hollywood Media, for $4 million. Consideration consisted of a $2 million promissory note payable to Hollywood Media in installments over a five-year period with a final payment of approximately $1.2 million, and the contribution of the FilmTracker database, intellectual property rights, and all existing contracts with a stated value of $2 million. As of September 30, 2003, the amount of principal and interest past due to Hollywood Media is $214,656. The promissory note is secured by the 20% equity interest in Baseline held by FMS. FMS will have the right to convert its 20% equity interest in Baseline into common stock of Hollywood Media at any time during the two-year period following the payment in full of the promissory note based upon a multiple of Baseline's EBITDA (earnings before interest, taxes, depreciation and amortization) for the year preceding the conversion. For purposes of any such conversion, Hollywood Media's stock will be valued at the greater of (i) $7.50 per share, and (ii) the average closing price of the stock on the Nasdaq Stock Market for the 15 trading days preceding the notice of conversion. Hollywood Media will also have the right to cause the conversion of the equity interest in Baseline to Hollywood Media common stock at any time after the earlier of the payment in full of the promissory note and January 14, 2006. For accounting purposes this transaction is treated as an acquisition of the FilmTracker assets in exchange for:

- an issuance of a five year option on Baseline stock with a $2 million exercise price and
- the issuance of a put and call option on Hollywood Media common stock.

Pursuant to an appraisal by a third party completed in the third quarter of 2002, the value of the option in Baseline stock and the put and call options in Hollywood Media was determined to be $2,254,070 and was assigned to the FilmTracker assets. The purchase price of $2,254,070 was allocated as follows: 1) $1,072,000 to fixed assets (equipment, software, etc.) and 2) $1,182,070 to intangible assets (amortization period 5 years). During the nine months and three months ended September 30 2003, the value of the option was reduced by $137,000 and $30,000, respectively, and marked to market through earnings.

(5) DEBT:

In connection with the Theatre Direct NY, Inc. ("TDI") acquisition on September 15, 2000, Hollywood Media signed two promissory notes payable to the former owner. The first is an interest bearing note payable with a face value of $500,000, principal payable monthly. The note bears interest at Citibank, N.A. prime plus 1% per annum (5% at September 30, 2003). The second promissory note is a one-year non-interest bearing note with a face value of $250,000. An agreement was reached effective March 31, 2002 between Hollywood Media and the former owner of TDI that the remaining notes payable balance, plus interest, would be paid either in cash or in restricted common stock of Hollywood Media. Total balance as of December 31, 2002 was $320,000 for principal and interest. A guaranty was granted to the former owner in connection with the sale of the

former owner's shares obtained at acquisition. As a result of the guaranty, the Company recorded a liability of $50,000 which was included in "Accrued expenses and other" on the condensed consolidated balance sheet as of June 30, 2003. During the three months ended September 30, 2003, the Company issued 262,000 shares valued at $353,700 to the former owner as payment for the outstanding principal and interest balance of $320,000. In addition, 57,835 shares valued at $76,341 were issued to a third party as payment under the guaranty granted to the former owner. As a result, the additional consideration of $60,041 was recorded as additional other expense.

In the event that Hollywood Media requires additional funding, Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President, have committed to provide Hollywood Media, if required, with an amount not to exceed $3.5 million through January 1, 2004, if needed to enable Hollywood Media to meet its working capital requirements; provided, however, that the commitment will be reduced dollar for dollar to the extent Hollywood Media generates cash from financings, operational cash flow or proceeds from a sale of a division or subsidiary of Hollywood Media Corp. Advances bear interest at the prime rate plus one percent. There was $700,000 principal amount outstanding under this commitment at September 30, 2003, of which $500,000 is collateralized by Broadway Ticketing inventory and $200,000 is unsecured. No amounts were outstanding as of December 31, 2002 under this commitment.

On May 22, 2002, Hollywood Media issued an aggregate of $5.7 million in principal amount of 6% Senior Convertible Debentures due May 22, 2005 (the "Debentures") to a group of four institutional investors, including existing shareholders of Hollywood Media. Mitchell Rubenstein, the Chairman of the Board and Chief Executive Officer, and Laurie S. Silvers, the Vice Chairman and President of Hollywood Media, participated in the financing with a $500,000 cash investment upon the same terms as the other investors. The Debentures are convertible at the option of the investors at any time through May 22, 2005 into shares of Hollywood Media common stock, par value $0.01 per share, at a conversion price of $3.46 per share. In addition, Hollywood Media can elect at its option to convert up to 50% of the convertible debentures if the debentures are still outstanding at maturity, subject to certain conditions. Prior to conversion, the Debentures bear interest at 6% per annum, payable quarterly in common stock or cash at the option of Hollywood Media. The investors also received fully vested detachable warrants to acquire at any time through May 22, 2007 an aggregate of 576,590 shares of common stock at exercise prices ranging from $3.78 to $3.91 per share. If on May 22, 2003, an investor held at least seventy-five percent of such investor's shares of common stock issued or issuable to such investor under the Debentures, then the exercise price of the warrants held by such investor would decrease to $3.46 per share which equals the conversion price of the debenture. The Debentures and Warrants contain customary anti-dilution provisions as more fully described in the agreements. In addition, the investors had the right to purchase an aggregate of $1 million in principal amount of additional Debentures on the same terms at any time through May 22, 2003. The investors did not exercise the right and the option has expired. A total of $389,095 in debt issuance costs were incurred for the convertible debentures, including $161,695 in fees paid to a placement agent (including $130,000 in cash and a warrant valued at $31,695, with substantially the same terms as the warrants issued to the debenture holders.) During the three and nine months ended September 30, 2003, $32,424 and $97,272, respectively, were recognized as interest expense from the amortization of the debt issuance costs.

- 10 -

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The warrants granted to these investors were recorded at their relative fair value of $1,608,422 using a Black Scholes option valuation model. The assumptions used to calculate the value of the warrants using Black Scholes are as follows: a volatility of 83.7%, a 5 year expected life, exercise prices of $3.91 and $3.78 per share, a stock price of $3.27 per share and a risk free interest rate of 4%. The value of the beneficial conversion feature of the Debenture was $1,295,416. The value of the warrants and the beneficial conversion feature of the Debenture were recorded as a discount to the convertible debenture and included in additional paid-in capital. The value of the warrants and the beneficial conversion feature will be amortized to interest expense over 3 years, using the effective interest method. During the three and nine months ended September 30, 2003, Hollywood Media recorded $207,270 and $579,290, respectively, as interest expense for the accretion of the discount on the convertible debentures.

In 1999, Hollywood Media loaned approximately $1.7 million to the former owner ("borrower") of CinemaSource (currently an employee of CinemaSource) so that he could pay a portion of the taxes due resulting from the sale of CinemaSource to Hollywood Media. Hollywood Media was obligated to make this loan as part of the original purchase agreement to acquire CinemaSource. Hollywood Media sold the note to an independent third party in 2000 and guaranteed payment of the note. In April 2003, Hollywood Media entered into an agreement with the holder of the note to satisfy Hollywood Media's obligations under its guaranty of the note. Pursuant to such agreement, Hollywood Media agreed to pay the holder an aggregate of $462,269 in nine monthly installments commencing April 2003. During the three months ended September 30, 2003, the Company agreed to pay the holder half of any monthly payment, at the Company's election, in restricted stock. As a result, the Company recorded an additional liability of $89,215, which was included in "Accrued expenses and other" on the condensed consolidated balance sheet as of September 30, 2003 for the market premium of the common stock payments. During the third quarter, the Company issued 84,515 shares valued at $111,822. The outstanding balance of such loan at September 30, 2003 was $264,662.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS:

Effective January 1, 2002, Hollywood Media adopted SFAS No. 142, "Goodwill and other Intangible Assets." As prescribed by SFAS No. 142, the Company completed the transitional goodwill impairment test by the second quarter of 2002. As result of this test, no impairment charge was taken as the fair value of the reporting units exceeded the carrying amount. As of September 30, 2003, management believes there are no indicators that an impairment has occurred. The next impairment evaluation will occur as of October 1, 2003.

(7) COMMON STOCK:

On January 3, 2003, Hollywood Media issued 101,062 shares of common stock valued at $79,495 to the holders of the convertible debentures for interest due for the period October 1, 2002 to January 1, 2003.

On March 4, 2003, Hollywood Media issued 155,783 shares of common stock valued at $155,783 for payment of Hollywood Media's 401(k) employer match for calendar year 2002.

On April 2, 2003, Hollywood Media issued 91,836 shares of common stock valued at $76,078 to the holders of the convertible debentures for interest due for the period January 2, 2003 to March 31, 2003.

On May 16, 2003, Hollywood Media issued 28,571 shares of common stock valued at $39,714 to the previous owner of BroadwayTheater.com under the terms of an earn-out provision in the Asset Purchase Agreement. Pursuant to this provision the previous owner is entitled to additional consideration if specified gross profit targets are attained in each of the three years following the acquisition. This stock issuance represents the final pay-out under this provision. The value of the shares was recorded as additional goodwill.

On July 1, 2003, pursuant to the employment agreements for both Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President, Hollywood Media issued 250,000 shares of restricted common stock valued at $325,000. During the three and nine months ended September 30, 2003, $81,250 was recorded as compensation expense and $243,750 was included in "Deferred compensation" on the condensed consolidated balance sheet as of September 30, 2003.

On July 2, 2003, Hollywood Media issued 64,777 shares of common stock valued at $77,787 to the holders of the convertible debentures for interest due for the period April 1, 2003 to June 30, 2003.

On July 17, 2003 Hollywood Media issued 57,835 shares of common stock valued at $76,341 to a third party as payment under the guaranty (Note 5) granted to the former owner of TDI.

On July 25, 2003 Hollywood Media issued 29,151 shares of common stock valued at $37,313 as payment for a guaranty (Note 5) on a CinemaSource note sold to an independent third party in 2000.

On September 2, 2003 Hollywood Media issued 30,488 shares of common stock valued at $37,195 as payment on account of a guaranty (Note 5) on a CinemaSource note sold to an independent third party in 2000.

On September 24, 2003 Hollywood Media issued 24,876 shares of common stock valued at $37,314 as payment for a guaranty (Note 5) on a CinemaSource note sold to an independent third party in 2000.

On September 25, 2003 Hollywood Media issued 262,000 shares of restricted common stock valued at $353,700 to the former owner of TDI as payment for the outstanding principal and interest balance on a promissory note (Note 5) in connection with the TDI acquisition.

On September 25, 2003 Hollywood Media issued 29,762 shares of common stock valued at $40,179 as payment for a bonus pursuant to an employment agreement to a non-executive officer of Hollywood Media.

During the nine months ended September 30, 2003, Hollywood Media issued 97,500 warrants to independent third parties for services to be rendered. These warrants were issued with a performance based vesting requirement. No compensation expense has been recorded as of September 30, 2003 due to the low probability of the vesting event occurring.

(8) INVESTMENTS IN AND ADVANCES TO EQUITY METHOD INVESTEES:

Investments in and advances to equity method investees consist of the following:

	(unaudited) SEPTEMBER 30, 2003	DECEMBER 31, 2002
NetCo Partners (a)	$ 777,209	$ 615,147
MovieTickets.com (b)	(4,975)	(4,975)
	$ 772,234	$ 610,172

(a) NETCO PARTNERS

Hollywood Media owns a 50% interest in a joint venture called NetCo Partners. NetCo Partners is engaged in the development and licensing of Tom Clancy's Net Force. This investment is recorded under the equity method of accounting, recognizing 50% of NetCo Partners' income or loss as Equity in Earnings - Investments. The revenues, gross profit and net income of NetCo Partners for the nine and three months ended September 30, 2003 and 2002 are presented below:

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
Revenues	$2,069,191	$ 970,263	$ 38,266	$ 33,557
Gross Profit	1,721,518	742,477	(16,439)	27,315
Net Income	1,595,460	735,194	(16,792)	25,206
Hollywood Media's share of net income	797,730	367,597	(8,396)	12,603

Hollywood Media and C.P. Group are each 50% partners in NetCo Partners. Pursuant to the terms of the NetCo Partners Joint Venture Agreement, Hollywood

Media is responsible for developing, producing, manufacturing, advertising, promoting, marketing and distributing NetCo Partners' illustrated novels and related products and for advancing all costs incurred in connection therewith. All amounts advanced by Hollywood Media to fund NetCo Partners' operations are treated as capital contributions of Hollywood Media and Hollywood Media is entitled to a return of such capital contributions before distributions of profits are split equally between Hollywood Media and C.P. Group.

NetCo Partners has signed several significant licensing agreements for Tom Clancy's NetForce. These agreements include book licensing agreements for North American rights to a series of adult and young adult books, audio book agreements and licensing agreements with various foreign publishers for rights to publish Tom Clancy's NetForce books in different languages. These contracts typically provide for payment of non-refundable advances to NetCo Partners upon achievement of specific milestones, and for additional royalties based on sales of the various products at levels in excess of the levels implicit in the non-refundable advances. NetCo Partners recognizes revenue pursuant to these contracts when the earnings process has been completed based on performance of all services and delivery of completed manuscripts.

As of September 30, 2003, NetCo Partners had $1,421,375 of accounts receivable in comparison to $2,450,397 at December 31, 2002, and deferred revenues, consisting of cash advances received but not yet recognized as revenue, amounting to $145,168 as of September 30, 2003, compared to $1,510,936 at December 31, 2002. These accounts receivable and deferred revenue balances are not included in Hollywood Media's consolidated balance sheets.

As of September 30, 2003, Hollywood Media has received cumulative profit distributions from NetCo Partners since its formation totaling $9,088,026, in addition to reimbursement of substantially all amounts advanced by Hollywood Media to fund the operations of NetCo Partners.

(b) MOVIETICKETS.COM

Hollywood Media entered into a joint venture agreement on February 29, 2000 with the movie theater chains AMC Entertainment Inc. ("AMC") and National Amusements, Inc. to form MovieTickets.com, Inc. ("MovieTickets.com"). In August 2000, MovieTickets.com entered into an agreement in which the joint venture sold a five percent interest in MovieTickets.com for $25 million of advertising over 5 years to Viacom Inc. In addition to the Viacom advertising and promotion, MovieTickets.com is promoted through on-screen advertising on each participating exhibitor's movie screens. In March 2001, America Online Inc. ("AOL") purchased a non-interest bearing convertible preferred equity interest in MovieTickets.com for $8.5 million in cash, which can be converted into approximately 3% of the common stock of MovieTickets.com, Inc. In connection with this transaction, MovieTickets.com's ticket inventory is promoted through AOL's interactive properties and ticket inventory of AOL's Moviefone is available through MovieTickets.com.

Hollywood Media owns 26.4% of the equity in MovieTickets.com, Inc. at September 30, 2003. Excluding AOL's convertible preferred equity interest, Hollywood Media shares in 27.1% of the income or losses generated by the joint venture. This investment is recorded under the equity method of accounting, recognizing 27.1% of MovieTickets.com income or loss as Equity in Earnings - Investments. Since the investment has been reduced to zero, Hollywood Media is currently not providing for additional losses generated by MovieTickets.com as Hollywood Media has not committed to fund future losses, if any, generated by MovieTickets.com. Hollywood Media recorded income (losses) of $0 for the nine months ended September 30, 2003 and 2002 and $0 and $124,036 for the three months ended September 30, 2003 and 2002, respectively, in its investment in MovieTickets.com.

(9) BARTER TRANSACTION:

Hollywood Media recorded barter revenue and expense under an agreement with the National Association of Theater Owners ("NATO"), which agreement was acquired through the acquisition of hollywood.com, Inc. in 1999. In connection with the NATO contract, Hollywood Media also acquired rights and obligations under ancillary agreements with individual theaters that participate in the NATO organization. Pursuant to these agreements, Hollywood Media collected and compiled movie showtimes data for NATO member theaters and hosted web sites for certain theaters so as to display the movie showtimes and other information about the theater. In addition, Hollywood Media provided ongoing web site maintenance services for several of the theaters including providing promotional materials, movie and theater information, advertising and editorial content. In exchange, the theaters were obligated to promote the Hollywood.com web site to

movie audiences by airing movie trailers about Hollywood.com. Hollywood Media recorded revenue and expense from these activities measured at the fair value of the services exchanged in accordance with Accounting Principles Board Opinion ("APB") No. 29, "Accounting for Nonmonetary Transactions." The NATO contract is no longer in effect. Barter revenue recorded for the nine months ended September 30, 2003 and 2002, was $0 and $993,917 and $0 and $(344,871) for the three months ended September 30, 2003 and 2002, respectively.

(10) SEGMENT REPORTING:

Hollywood Media's reportable segments are Broadway Ticketing, Data Business, Internet Ad Sales and Other, and Intellectual Properties. The Broadway Ticketing segment sells tickets to live theater events for Broadway, Off-Broadway and London, online and offline, and to domestic and international travel professionals including travel agencies and tour operators, educational institutions and consumers. The Data Business segment licenses entertainment content and data and includes CinemaSource (which licenses movie showtimes and other movie content), EventSource (which licenses local listings of events around the country to media, wireless and Internet companies), AdSource (which creates exhibitor paid directory ads for insertion in newspapers around the country) and Baseline/Filmtracker (a flat fee and pay-per-use subscription web site geared towards professionals in the feature film and television industry). The Internet Ad Sales and Other segment sells advertising on Hollywood.com and Broadway.com and offers independent films to subscribers over the Internet. The Intellectual Properties segment owns or controls the exclusive rights to certain intellectual properties created by best-selling authors and media celebrities, which it licenses across all media. This segment also includes a 51% interest in

Tekno Books, a book development business.

Management evaluates performance based on a comparison of actual profit or loss from operations before income taxes, depreciation, interest, and nonrecurring gains and losses to budgeted amounts. There are no material intersegment sales or transfers.

HOLLYWOOD MEDIA CORP. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The following table illustrates financial information regarding Hollywood Media's reportable segments.

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTHS ENDED SEPTEMB	
	2003	2002	2003	20
NET REVENUES:				
Broadway Ticketing	$ 36,431,122	$ 31,626,407	$ 11,051,771	$ 10,03
Data Business	5,227,476	4,495,244	1,731,243	1,55
Internet Ad Sales and Other (a)	1,926,737	3,177,962	696,280	33
Intellectual Properties	1,930,008	2,150,882	496,119	70
	$ 45,515,343	$ 41,450,495	$ 13,975,413	$ 12,62
GROSS MARGIN:				
Broadway Ticketing	$ 4,718,807	$ 4,445,058	$ 2,107,608	$ 1,29
Data Business	4,972,828	4,295,500	1,646,260	1,47
Internet Ad Sales and Other	1,700,740	2,853,425	619,799	21
Intellectual Properties	1,138,156	1,351,673	213,077	43
	$ 12,530,531	$ 12,945,656	$ 4,586,744	$ 3,42
OPERATING INCOME (LOSS):				
Broadway Ticketing	$ 380,651	$ 1,030,377	$ 724,165	$ 5
Data Business (b)	501,512	(389,765)	166,407	(
Internet Ad Sales (c)	(2,862,310)	(70,498,565)	(926,201)	(59,57
Intellectual Properties	895,933	1,074,476	190,678	34
Corporate Overhead and Other	(5,181,684)	(7,388,975)	(1,926,694)	(3,12
	$ (6,265,898)	$(76,172,452)	$ (1,771,645)	$(62,30

SEGMENT ASSETS:	(unaudited) SEPTEMBER 30, 2003	DECEMBER 31, 2002
Broadway Ticketing	$ 8,655,633	$ 9,499,232
Data Business	2,471,148	3,049,655

Internet Ad Sales	3,049,039	3,599,136
Intellectual Properties	780,730	720,819
Corporate Overhead and Other	43,405,740	45,199,815
	$58,362,290	$62,068,657

(a) Includes non-cash barter revenue of $1,011,606 for the nine months ended September 30, 2002, and $(344,871) for three months ended September 30, 2002. During the three months ended September 30, 2002, Hollywood Media recorded an adjustment to non-cash barter revenue, which was recognized previously. This adjustment did not impact net loss for the period.

(b) Includes $261,399 in expenses for the nine months ended September 30, 2002 relating to the closure of the New York Baseline office. The Baseline operations were moved to the new Baseline office in California and consolidated with FilmTracker.

(c) Includes $609,193 and $10,936,495 in amortization of CBS advertising for the nine months ended September 30, 2003 and 2002, respectively, used to promote certain of the Company's businesses. The three and nine months ended September 30, 2002 includes an impairment loss of $57,274,680 related to CBS advertising pursuant to the termination of various agreements.

(11) COMMITMENTS AND CONTINGENCIES:

WATER GARDEN COMPANY LLC, AS PLAINTIFF, V. HOLLYWOOD MEDIA CORP., A FLORIDA CORPORATION; HOLLYWOOD.COM, INC., A CALIFORNIA CORPORATION (AND SUBSIDIARY OF HOLLYWOOD MEDIA CORP.); AND THE TRIBUNE COMPANY (AS SUCCESSOR IN INTEREST TO THE TIMES MIRROR COMPANY), AS DEFENDANTS; filed July 16, 2001 in the Superior Court of the State of California for the County of Los Angeles. Water Garden Company LLC filed suit against Hollywood Media, its subsidiary, hollywood.com, Inc., and The Tribune Company ("Tribune"), among others, claiming damages as a result of alleged defaults by hollywood.com, Inc. under a lease for office space entered into by hollywood.com, Inc., as lessee, and Water Garden Company LLC, as lessor. The stated lease term is from January 1999 through December 2003. Tribune guaranteed hollywood.com, Inc.'s lease obligations. Hollywood Media has certain contractual indemnification obligations to Tribune relating to Tribune's guaranty of the lease. The claims against Hollywood Media, but not hollywood.com, Inc., have been dismissed.

As previously reported in Hollywood Media's 2002 Form 10-K, on March 25, 2003, the court in this action (the "Water Garden Lawsuit") issued its Ruling on Motion for Summary Judgment and Summary Adjudication, in which it granted, before trial, the motion of plaintiff for summary judgment against defendants hollywood.com, Inc. and Tribune. This Ruling resulted in the court's entry of a money judgment in the Water Garden Lawsuit on April 29, 2003 against hollywood.com, Inc. and Tribune, jointly and severally, of $988,549, plus reasonable attorneys' fees and costs of suit in an amount to be subsequently determined. Interest would accrue on the judgment at the rate of ten percent per annum until paid. Subsequently, on September 9, 2003, the court granted a motion to add certain litigation costs and attorneys fees to the judgment, such that the current principal amount of the judgment, including costs and attorneys fees, is $1,097,761.

On May 7, 2003, hollywood.com Inc. and Tribune filed a Notice of Appeal with the court in the Water Garden Lawsuit, and also filed a Notice of Filing Undertaking for Stay of Enforcement of Judgment Pursuant to Appeal in order to stay enforcement of the judgment pending resolution of the appeal (this filing included an appeal bond obtained by Tribune (the "Appeal Bond") issued by a surety company in the amount of $1,482,823, which was the amount of the bond required by law to stay enforcement of the judgment). Upon the adding of certain costs and attorneys fees to the judgment, as described in the preceding paragraph, an application has been made to increase the amount of the Appeal Bond to $1,646,641, and it is expected that the increased undertaking will shortly be filed with the court. Based on the advice of our outside legal counsel, we believe that hollywood.com, Inc. has meritorious grounds for appeal, and a reasonable possibility exists of the appellate court reversing the trial court's summary judgment ruling. However, it is not possible at this time to estimate the probability of a favorable or unfavorable outcome of such an appeal, and accordingly we cannot and do not provide any such evaluation. If the appeal is successful, it is probable that the matter would then be remanded to the trial court for trial.

In April 2003, Tribune and Hollywood Media agreed that Tribune would obtain the Appeal Bond in exchange for specified advance payments by Hollywood Media to Tribune as collateral to secure Hollywood Media's indemnification obligation to Tribune described above. The advance payments consist of a $100,000 payment made upon commencement of the agreement on April 7, 2003, and monthly payments of $75,000 (or $100,000, for the last six months of 2003). The agreement allows Tribune the right to demand additional collateral, the form of which, cash or shares of Hollywood Media's common stock, to be determined by

Hollywood Media in its discretion, in the approximate amount of the initial judgment. Hollywood Media's obligation to make payments to Tribune under such agreement is limited to the amount of the initial judgment plus costs and/or attorney's fees that may be awarded and accrued interest. The advance payments and, if applicable, any other security, are to be returned to Hollywood Media if the appeal is successful (which would result in the bond no longer being required) or to the extent the payments ultimately exceed Hollywood Media's indemnification obligation to Tribune. Such payments made to Tribune may be used by Hollywood Media, in its discretion, to pay the judgment or a settlement in the Water Garden Lawsuit.

The judgment in the Water Garden Lawsuit is for rent accrued under the lease through February 13, 2003, however, the facial termination date of the lease is December 31, 2003. If the appeal of the Water Garden Lawsuit is unsuccessful, then, pursuant to a written stipulation between the parties to the lawsuit, the judgment will be modified to add rent accruing between February 13, 2003 and December 31, 2003, together with attorneys fees and costs. Should the appeal be unsuccessful, we anticipate that the amount of the judgment would increase, pursuant to such stipulation, by approximately $400,000.

Hollywood Media believes that hollywood.com, Inc. has valid grounds for appeal and defenses to the plaintiff's claims. Recognizing that the ultimate outcome of this case is uncertain, Hollywood Media has accrued on its books, as of September 30, 2003, an amount which it believes is adequate to account for potential liability for this matter, and we will continue to evaluate the matter as the litigation process proceeds.

In a separate matter, in November 2002 there was an arbitration action commenced by a third party against Hollywood Media regarding a contract dispute involving claims against Tribune Company and the hollywood.com, Inc. subsidiary of Hollywood Media, which dispute was settled in October 2003. Under the settlement, Hollywood Media made a $200,000 payment in October 2003, and agreed to purchase certain advertising to advertise Hollywood Media's exhibition-related businesses in a trade publication at a cost of $14,167 per month, at prevailing rates, over a six-month period commencing in December 2003.

In a separate matter, a lawsuit pertaining to an insertion order was filed against Hollywood Media in May 2003, seeking damages of $161,000 plus interest and costs. Hollywood Media does not believe any monies are owed and intends to defend this case vigorously. This proceeding is in its early stages and discovery has not yet commenced.

In addition to the legal proceedings described above, Hollywood Media is a party to various other legal proceedings including matters arising in the ordinary course of business. Hollywood Media does not expect such other legal proceedings to have a material adverse impact on Hollywood Media's financial condition or results of operations, however, there can be no assurance that such other matters, if determined adversely, will not have a material adverse effect.

(12) INTERIM ADJUSTMENTS

Ticketing net revenues included a charge of $0.6 million relating to an under accrual for Broadway Ticketing gift certificates for the year ended December 31, 2002. This adjustment was not material to the previously reported results for the year ended December 31, 2002.

Ticketing cost of revenues included a charge of $0.2 million relating to an under accrual for Broadway Ticketing ticket purchases for the three months ended March 31, 2003 and the year ended December 31, 2002. This adjustment was not material to the previously reported results for the three months ended March 31, 2003 or year ended December 31, 2002.

(13) RECLASSIFICATION:

Certain amounts in the 2002 financial statements have been reclassified to conform with the 2003 presentation.

(14) SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING

ACTIVITIES:

For The Nine Months Ended September 30, 2003:

- 155,783 shares of Hollywood Media common stock valued at $155,783 were issued as payment of Hollywood Media's 401(k) employer match for calendar year 2002.

- Hollywood Media issued 257,675 shares of common stock, valued at $233,360 for interest due to the holders of the convertible debentures.

- Options and warrants valued at $145,866, under Black Scholes, were granted for services rendered.

- Hollywood Media issued 28,571 shares of common stock valued at $39,714 under terms of an earn-out provision in connection with the acquisition of BroadwayTheater.com.

- Hollywood Media issued 279,762 shares of common stock valued at $365,179, of which $243,750 is deferred compensation, pursuant to employment agreements with Hollywood Media executives.

- Hollywood Media issued 84,515 shares of common stock valued at $111,822 pursuant to a guaranty agreement entered into with the purchaser of a CinemaSource note sold by Hollywood Media.

- Hollywood Media issued 319,835 shares of common stock valued at $430,041 as payment for debt in connection with the acquisition of TDI and a related guaranty granted to the former owner of TDI on Hollywood Media shares held by the former owner.

For The Nine Months Ended September 30, 2002:

- Capital lease transactions totaled $162,518.

- 54,392 shares of Hollywood Media common stock, valued at $293,095, were issued under the Hollywood Media 2000 Stock Incentive Plan.

- Hollywood Media issued 1,163 shares of common stock, valued at $6,390, to satisfy an outstanding obligation.

- 20,777 shares of Hollywood Media common stock, valued at $136,920 were issued as payment of Hollywood Media's 401(k) employer match for calendar year 2001.

- Hollywood Media issued 43,044 shares of common stock, valued at $187,217, for the extension of a promissory note guaranteed by Hollywood Media.

- 34,644 shares of Hollywood Media were issued for the net exercise of stock options and warrants during the first quarter of 2002.

- Options and warrants, valued at $412,195, under Black Scholes, were granted for services rendered.

- Hollywood Media issued 28,571 shares of common stock, valued at $110,284, under the terms of an earn-out provision in accordance with the acquisition of BroadwayTheater.com.

- Hollywood Media issued 21,969 shares of common stock, valued at $37,479 for interest due to the holders of the convertible debentures.

- Pursuant to the exercise of a warrant, Hollywood Media issued 218,009 shares of common stock.

- Prepaid trade credits of $655,500, relating to closed e-commerce business were written off.

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Item 2 or elsewhere in this Form 10-Q or that are otherwise made by us or on our behalf about our financial condition, results of operations and business constitute "forward-looking statements," within the meaning of federal securities laws. Hollywood Media Corp. ("Hollywood Media") cautions readers that certain important factors may affect Hollywood Media's actual results, levels of activity, performance or achievements and could cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements anticipated, expressed or implied by any forward-looking statements that may be deemed to have been made in this Form 10-Q or that are otherwise made by or on behalf of Hollywood Media. For this purpose, any statements contained in this Form 10-Q that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, "forward-looking statements" are typically phrased using words such as "may," "will," "should," "expect," "plans," "believe," "anticipate," "intend," "could," "estimate," "pro forma" or "continue" or the negative variations thereof or similar expressions or comparable terminology. Factors that may affect Hollywood Media's results and the market price of our common stock include, but are not limited to:

- our continuing operating losses,
- negative cash flows from operations and accumulated deficit,
- our limited operating history,
- the need for additional capital to finance our operations,
- the need to manage our growth and integrate new businesses into Hollywood Media,
- our ability to develop strategic relationships,
- our ability to compete with other companies,
- technology risks,
- future government regulation,
- dependence on our founders, and
- the volatility of our stock price.

Hollywood Media is also subject to other risks detailed herein or detailed in our Annual Report on Form 10-K for the year ended December 31, 2002 and in other filings made by Hollywood Media with the Securities and Exchange Commission.

Because these forward-looking statements are subject to risks and uncertainties, we caution you not to place undue reliance on these statements, which speak only as of the date of this Form 10-Q. We do not undertake any responsibility to review or confirm analysts' expectations or estimates or to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this Form 10-Q. As a result of the foregoing and other factors, no assurance can be given as to the future results, levels of activity or achievements and neither us nor any other person assumes responsibility for the accuracy and completeness of such statements.

- 21 -

OVERVIEW

Hollywood Media is a leading provider of news, information, data and other content, and ticketing to consumers and businesses covering the entertainment and media industries. Hollywood Media manages a number of business units focused on the entertainment industry. Hollywood Media derives a diverse stream of revenues from this array of business units, including revenue from individual and group Broadway ticket sales, data syndication, subscription fees, content licensing fees, advertising, and book development.

DATA SYNDICATION DIVISIONS

Hollywood Media's Data Business is a provider of integrated database information and complementary data services to the entertainment and media industries. The Data Business consists of two divisions, the Source Business and Baseline/FilmTracker.

The Source Business is comprised of three related lines of business: CinemaSource, EventSource and AdSource.

CinemaSource. CinemaSource is the largest supplier of movie showtimes as measured by market share in the United States and Canada, and compiles movie showtimes data for over 33,000 movie screens. Since its start in 1995, CinemaSource has substantially increased its operations and currently provides movie showtime listings to more than 200 newspapers, wireless companies, Internet sites, and other media outlets, including newspapers such as The New York Times and The Washington Post, wireless companies including Sprint PCS, AT&T Wireless, Cingular Wireless, Verizon and Vindigo, Internet companies including AOL's Moviefone and Digital City, MSN, Yahoo! and Lycos, and other media outlets. CinemaSource also syndicates entertainment news, movie reviews, and celebrity biographies. CinemaSource's data is displayed by its customers in local newspapers, on websites and through cell phone services, to provide moviegoers with information for finding and choosing movies, theaters and showtimes. CinemaSource collects a majority of these movie listings through electronic mediums such as email and FTP files, and collects additional listings through traditional mediums such as faxes and phone calls. Through annual and multi-year contracts, CinemaSource generates recurring revenue from licensing fees paid by its customers.

EventSource. Hollywood Media launched the EventSource business in 1999 as an expansion of the operations of CinemaSource. EventSource compiles and syndicates detailed information on community events in cities around the country, including concerts and live music, sporting events, festivals, fairs and shows, touring companies, community playhouses and dinner theaters throughout North America and in London's West End. The EventSource database contains detailed information for over 12,000 venues, and the EventSource services are monitored by individual city editors specializing in their respective markets. Hollywood Media believes that EventSource is the largest (based on market share), and the only national, compiler and syndicator of detailed information on community and cultural events in North America. EventSource's unique and diversified information is a content source for AOL's Digital City, as to which EventSource entered into an agreement in April 2000 to provide event listings for 200 cities nationwide. In addition to Digital City, other EventSource customers include The New York Times, Vindigo, Earthlink and VoltDelta. Through annual and multi-year contracts, EventSource generates recurring revenues from licensing fees.

AdSource. Hollywood Media launched AdSource during the first quarter of 2002 as yet another expansion of the CinemaSource operations. AdSource leverages the movie theater showtimes from the CinemaSource data collection systems and our relationship with various movie exhibitors, to provide our movie-exhibitor customers with directory advertising for insertion in newspapers around the country. Our customers include AMC Theatres, a major theater chain that has expanded use of AdSource nationally. The types of ads created by AdSource include the large weekly movie ads typically carried in newspapers, which highlight a particular movie theater where the film is playing and the start times. Through a web-based data system, AdSource is able to create ads using showtimes data from the CinemaSource database, resulting in exhibitor ads that Hollywood Media believes are generally superior in quality and accuracy in comparison to ads developed by its competitors. These advertisements are delivered to the newspapers in one of several formats, ready for publication.

Baseline/FilmTracker ("Baseline"). Baseline is a comprehensive entertainment database, research service, and application service provider offering information to movie studios, production companies, movie and TV distributors, entertainment agents, managers, producers, screenwriters, news organizations, and financial analysts covering the entertainment industry. Baseline's film and television database contains over 14,000 celebrity biographies, credits for over 125,000 released feature films, television series, miniseries, TV movies and specials dating back nearly 100 years, over 15,000 film and television projects in every stage of development and production, over 1,900 movie reviews, box office grosses dating back nearly 20 years, over 17,000 company rosters and representation/contact information for over 19,000 entertainment professionals. Baseline provides applications that allow entertainment professionals to streamline workflow, increase efficiency, and expand market awareness. Baseline offers its data and application modules on an annual subscription basis, syndicates data to a number of leading information aggregators and publications, and also provides data on a pay per use basis. Baseline's customers include four major movie studios, numerous production companies, law firms, investment banks, news agencies, magazines, advertising agencies, consulting firms and other professionals in the entertainment industry. Baseline's customer base includes Bloomberg, Daily Variety, People Magazine, Lexis-Nexis, NBC, HBO, ABC, Showtime, the Directors Guild of America, DreamWorks SKG, Universal Studios, and other movie studios. The current Baseline/FilmTracker service resulted from our January 2002 acquisition of FilmTracker from Fountainhead Media Services ("Fountainhead"), a provider of information services in the feature film and television industries. Our previously existing Baseline service was integrated with FilmTracker in the first quarter of 2002, resulting in a combined service that incorporates Baseline's data into FilmTracker's content management system, data and interface. Since the integration with FilmTracker in the first quarter of 2002, the combined unit has signed multi-year licensing contracts with four major film studios. Pursuant to such acquisition, Fountainhead acquired 20% of the capital stock of our subsidiary that owns Baseline, in return for combining the FilmTracker assets with Baseline and Fountainhead's $2 million promissory note payable to Hollywood Media. See Note 4 -- Acquisitions and Other Capital Transactions, of the Notes to Hollywood Media's Financial Statements in Item 1 of this Form 10-Q, for additional information about the transaction pursuant to which FilmTracker was acquired.

BROADWAY TICKETING DIVISION

Broadway Ticketing: Theatre Direct International ("TDI"); Broadway.com and 1-800-BROADWAY (the foregoing Broadway ticketing businesses are collectively called "Broadway Ticketing").

TDI. We acquired TDI as of September 15, 2000. Founded in 1990, TDI is a live theater ticketing wholesaler that provides groups and individuals with access to theater tickets and knowledgeable service, covering shows on Broadway, off-Broadway, and in London's West End. TDI sells tickets directly to group buyers including travel agents and tour groups. TDI also manages a marketing cooperative that represents participating Broadway shows to the travel industry around the world. Recent Broadway shows marketed by this cooperative include Aida, Beauty and the Beast, Cabaret, Chicago, Fame, 42nd Street, Gypsy, Mamma Mia!, Movin' Out, Nine, Rent, The Boy from Oz, The Lion King, The Phantom of the Opera, Thoroughly Modern Millie, Urinetown and Wicked. In addition, TDI's education division, Broadway Classroom, markets group tickets and educational programs to schools across the country.

Broadway.com and 1-800-BROADWAY. We launched the Broadway.com website on May 1, 2000. Broadway.com offers the ability to purchase Broadway, off-Broadway and London's West End theater tickets online. In addition, the site provides a wide variety of editorial content about the theater business; feature stories, opening nights, star profiles, photo opportunities and a critical roundup of reviews. Our 1-800-BROADWAY toll-free number, acquired in October 2001, complements the online ticketing and information services available through Broadway.com.

The combined businesses, Broadway Ticketing, provide theater ticketing and related content for over 100 venues in multiple markets to consumer households and over 20,000 travel agencies, tour operators, corporations, educational institutions and affiliated websites. The consolidation of these businesses makes Broadway Ticketing one of the leading wholesalers of theater tickets worldwide. Broadway Ticketing employs a knowledgeable sales force that offers ticket buyers a concierge-style service that includes show recommendations, hotel packages and dinner choices.

In August 2003, Hollywood Media promoted Matt Kupchin to be the new President of our Broadway Ticketing division. He was the founder of BroadwayTheater.com, which Hollywood Media acquired in April 2000 and consolidated its operations into Broadway.com; BroadwayTheater.com's business included selling of Broadway tickets over the Internet. Mr. Kupchin has been a senior member of Broadway Ticketing's management since April 2000.

INTERNET DIVISIONS

Hollywood.com. Hollywood.com is a premier online entertainment destination and movie industry information and services website. Hollywood.com generates revenue by selling advertising on its website. Hollywood.com features in-depth movie information, including movie descriptions and reviews, movie showtimes listings, entertainment news and an extensive multimedia library containing hundreds of hours of celebrity interviews, premier coverage and behind the scenes footage as well as independent films. Hollywood.com provides premier content and online ticketing services for movies creating a "one-stop destination" for movie information. Some of the largest advertisers who have advertised on Hollywood.com include Walt Disney Studios, New Line Cinema, Sony Studios, General Motors, Universal Studios, Visa, Colgate, HBO, A&E, British Airways, MGM, US Army, AT&T, Chase, Ford, Kodak, Fox and Warner Bros.

As a result of its relationship with Hollywood Media's Data Business (CinemaSource and Baseline), Hollywood.com has access to a constantly updated database of information related to movies and entertainment. We believe these sources of content provide Hollywood.com with a competitive advantage over other entertainment-related websites that incur significant costs to create content of comparable quality and scope.

Hollywood.com has further established its presence in the wireless arena. Through relationships with major carriers (AT&T, Cingular, Sprint, and Verizon), Hollywood.com provides a movie and entertainment destination on a variety of mobile phones.

Broadway.com. We launched Broadway.com on May 1, 2000. Broadway.com features: the ability to purchase Broadway, off-Broadway and London's West End theater tickets online; theater showtimes; the latest theater news; interviews with stage actors and playwrights; opening-night coverage; original theater reviews; and video excerpts from selected shows. Broadway.com also offers current box office results, show synopses, cast and crew credits and biographies, digitized show previews, digitized showtunes, and an in-depth Tony Awards(R) area. Broadway.com generates revenue from the sale of both tickets and advertising, with its principal business purpose being to generate ticket sales.

Cable Network Initiatives. To further leverage our base of proprietary content, Hollywood Media launched two interactive digital cable television channels in 2002: "Totally Hollywood TV" and "Totally Broadway TV." Both cable channels utilize existing Hollywood Media content and are designed for distribution on digital tiers of cable TV systems. The cable TV channels complement Hollywood Media's existing business units. Totally Hollywood TV and Totally Broadway TV offer audiences interactive entertainment and information, with on-demand video content including premiers, movie previews, reviews, behind-the-scenes footage, interviews and more, as well as up-to-date showtimes for the latest movies and current Broadway shows. Both networks use Hollywood Media's content, news and information covering the entertainment industry, and were available initially to Cablevision System Corporation's iO: Interactive Optimumsm subscribers in the Long Island, Warwick Valley, New York, and Morris County, New Jersey, markets. During the fourth quarter of 2002, Hollywood Media Corp. extended its cable television initiative to a second major cable operator, Cox Communications. Cox, which added Totally Hollywood TV to its video-on-demand ("VOD") service in the San Diego, California market. Subscribers to Cox Cable San Diego's digital TV service are now able to view, on Totally Hollywood TV, movie previews and related content for the newest movies in theaters.

INTELLECTUAL PROPERTIES BUSINESS

Book Development and Book Licensing. Our Intellectual Properties division includes a book development and book licensing business owned and operated by our 51% owned subsidiary, Tekno Books, which develops and executes book projects, typically with best-selling authors. Tekno Books has worked with over 60 New York Times best-selling authors, including Isaac Asimov, Tom Clancy, Tony Hillerman, John Jakes, Jonathan Kellerman, Dean Koontz, Robert Ludlum, Nora

Roberts and Scott Turow, and has also worked with numerous media celebrities, including Louis Rukeyser and Leonard Nimoy. Our intellectual properties division has licensed books for publication with more than 100 domestic book publishers,

including Random House (Bertelsmann), Penguin Publishing Group (Pearson), Simon & Schuster (Viacom), HarperCollins (News Corp.), St. Martin's Press (Holtzbrink of Germany), Warner Books (AOL Time Warner) and the publishing division of Barnes & Noble. Tekno Books has also produced numerous books under license from such entertainment companies as Universal Studios, New Line Cinema, CBS Television, DC Comics (AOL Time Warner), and MGM Studios. Since 1980, Tekno Books has developed over 1,510 books that have been published. Another 3,143 foreign, audio, paperback, electronic, and other editions of these books have been sold to hundreds of publishers around the world, and published in 33 languages. Tekno's books have been finalists for, or winners of, over 100 awards, including the The Edgar Allan Poe Award, The Agatha Christie Award (Mystery), The Hugo Award (Science Fiction), The Nebula Award (Fantasy), The International Horror Guild Award (Horror) and The Sapphire Award (Romance). Tekno Books' current backlog and anticipated books for future publishing include more than 270 books under contract or in final negotiations, including over 70 books by New York Times best-selling authors. We are expanding into one of the largest areas of publishing, which is romance fiction, and one of the fastest growing areas of publishing, which is the Christian book market. In January 2003, Tekno Books was engaged to create two new spin-off series based on the best-selling Left Behind series. The Chief Executive Officer and founder of Tekno Books, Dr. Martin H. Greenberg, is the owner of the remaining 49% interest in Tekno Books.

Intellectual Properties. Our Intellectual Properties division also owns the exclusive rights to intellectual properties that are complete stories and ideas for stories, created by best-selling authors and media celebrities. Some examples of our intellectual properties are Anne McCaffrey's Acorna the Unicorn Girl, Leonard Nimoy's Primortals, and Mickey Spillane's Mike Danger. We license rights to our intellectual properties for use by licensees in developing projects in various media forms. We generally obtain the exclusive rights to the intellectual properties and the right to use the creator's name in the titles of the intellectual properties (e.g., Mickey Spillane's Mike Danger and Leonard Nimoy's Primortals).

NetCo Partners. In June 1995, Hollywood Media and C.P. Group Inc. ("C.P. Group"), entered into an agreement to form NetCo Partners. NetCo Partners owns Tom Clancy's NetForce. Hollywood Media and C.P. Group are each 50% partners in NetCo Partners. Tom Clancy is a shareholder of C.P. Group. At the inception of the partnership, C.P. Group contributed to NetCo Partners all rights to Tom Clancy's NetForce, and Hollywood Media contributed to NetCo Partners all rights to Tad Williams' MirrorWorld, Arthur C. Clarke's Worlds of Alexander, Neil Gaiman's Lifers, and Anne McCaffrey's Saraband. In 1997, NetCo Partners licensed to Putnam Berkley the rights to publish the first six Tom Clancy's NetForce books in North America for advance payments of $14 million. This agreement was subsequently renewed in December 2001 for four more books with guaranteed advances for North American book rights of $2 million per book for the first two books with the amount of the advance payable as to the next two books to be negotiated at a later date. Each of the published titles has been on The New York Times Bestseller list. The first book in the series was adapted as a 4-hour mini-series on ABC. NetForce books have so far been published in mass market paperback format with the potential to produce forthcoming books in the higher priced hard cover format. NetCo owns all rights in all media to the NetForce property including film, television, video and games. NetCo licenses NetForce book rights to publishers in various foreign countries. Through its interest in NetCo Partners, Hollywood Media receives distributions of its share of proceeds generated from the rights to the NetForce series.

For additional information about Netco Partners, see Management's Discussion and Analysis of Financial Condition and Results of Operations - Equity in Earnings of Investments, and Note 8 -- Investments In And Advances To Equity Method Investees, of the unaudited Notes to Hollywood Media's Condensed Consolidated Financial Statements in Item 1 of this Form 10-Q.

MOVIETICKETS.COM

MovieTickets.com is one of the three leading destinations for the purchase of movie tickets through the Internet; our two competitors (other than some theatres that may conduct their own internet ticket sales) are Fandango and AOL Moviefone. Hollywood Media launched the MovieTickets.com web site in May 2000 with several major theatre exhibitors. Hollywood Media currently owns 26.4% of the equity of MovieTickets.com, Inc. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Equity in Earnings of Investments, for additional information about our equity interest in MovieTickets.com, Inc. MovieTickets.com, Inc. entered into an agreement with Viacom Inc. effective August 2000 whereby Viacom Inc. acquired a five percent interest in MovieTickets.com, Inc. for $25 million of advertising and promotion over five years. In addition to the Viacom advertising and promotion, MovieTickets.com is promoted through on-screen advertising in most participating exhibitors' movie screens. In March 2001, AOL purchased a non-interest bearing convertible preferred equity interest in MovieTickets.com, Inc. for $8.5 million in cash, which can be converted into approximately 3% of the common stock of MovieTickets.com, Inc. In connection with that transaction, MovieTickets.com's ticket inventory is promoted throughout America Online's interactive properties and ticket inventory of AOL's Moviefone is available through MovieTickets.com. MovieTickets.com has been selected by Yahoo!, MSN Network, Lycos Entertainment and several other premier online destinations as the exclusive provider for online movie ticketing services. MovieTickets.com continues to experience strong growth in ticket sales, with approximately 1.6 million tickets sold in the third quarter 2003, an increase of 21.2% over its ticket sales in the third quarter 2002. Movietickets.com has sold over $19.0 million tickets to date.

MovieTickets.com, Inc.'s current participating exhibitors include AMC Entertainment Inc., National Amusements, Inc., Famous Players Inc., Hoyts Cinemas, Marcus Theatres, Consolidated Theatres, Crown Theatres, Krikorian Premiere Theatres, Metropolitan Theatres, Rave Motion Pictures, and Spotlight Theatres. Ritz Theatres and Warren Theatres are in the process of being launched on MovieTickets.com. MovieTickets.com exhibitors operate theaters located in all of the top 20 markets and approximately 70% of the top 50 markets in the United States and Canada and represent approximately 50% of the top 50 grossing theaters in North America. The MovieTickets.com web site allows users to purchase movie tickets and retrieve them at "will call" windows or kiosks at theaters. The web site also features bar coded tickets that can be printed at home and presented directly to the ticket taker at participating theaters. The web site contains movie content from Hollywood Media's various divisions for all current and future release movies, movie reviews and synopses, digitized movie trailers and photos, and box office results. The web site generates revenues from service fees charged to users for the purchase of tickets and the sale of advertising which includes ads on the "print-at-home" ticket.

RESULTS OF OPERATIONS

The following table summarizes Hollywood Media's revenues, cost of revenues and gross margin by reportable segment for the nine months ended September 30, 2003 ("Y3-03") and 2002 ("Y3-02"), and the three months ended September 30, 2003 ("Q3-03") and 2002 ("Q3-02"), respectively:

	BROADWAY TICKETING	DATA BUSINESS	INTERNET AD SALES AND OTHER (A)	INTELLECTUAL PROPERTIES (B)	TOTAL
Y3-03					
Net Revenues	$36,431,122	$ 5,227,476	$ 1,926,737	$ 1,930,008	$45,515,34
Cost of Revenues	31,712,315	254,648	225,997	791,852	32,984,81
Gross Margin	$ 4,718,807	$ 4,972,828	$ 1,700,740	$ 1,138,156	$12,530,53
Y3-02					
Net Revenues	$31,626,407	$ 4,495,244	$ 3,177,962	$ 2,150,882	$41,450,49
Cost of Revenues	27,181,349	199,744	324,537	799,209	28,504,83
Gross Margin	$ 4,445,058	$ 4,295,500	$ 2,853,425	$ 1,351,673	$12,945,65
Q3-03					
Net Revenues	$11,051,771	$ 1,731,243	$ 696,280	$ 496,119	$13,975,41
Cost of Revenues	8,944,163	84,983	76,481	283,042	9,388,66
Gross Margin	$ 2,107,608	$ 1,646,260	$ 619,799	$ 213,077	$ 4,586,74
Q3-02					
Net Revenues	$10,035,322	$ 1,554,396	$ 331,342	$ 708,277	$12,629,33
Cost of Revenues	8,737,878	83,878	114,419	271,431	9,207,60
Gross Margin	$ 1,297,444	$ 1,470,518	$ 216,923	$ 436,846	$ 3,421,73

(a) Net Revenues include barter revenue of $1,011,606 and $(344,871) for Y3-02 and Q3-02, respectively, which, when removed from these amounts, reduces and increases gross margin, respectively.

(b) Does not include Hollywood Media's 50% interest in NetCo Partners which is accounted for under the equity method of accounting and Hollywood Media's share of the income (loss) is reported as equity in earnings of investments.

COMPOSITION OF OUR SEGMENTS IS AS FOLLOWS:

o BROADWAY TICKETING - Includes our TDI ticketing business as well as our Broadway.com online ticketing operations and ticket sales through

1-800-BROADWAY.

- DATA BUSINESS - Includes our CinemaSource, EventSource, AdSource, and Baseline/FilmTracker operations.

- INTERNET AD SALES AND OTHER - Includes advertising sold on the web sites Hollywood.com and Broadway.com, the AlwaysI subscription service (now discontinued) which offered films to subscribers over the Internet, and barter revenues derived from the collection and compilation of movie showtimes data and the hosting of web sites for movie theaters in exchange for advertising services from the theaters.

- INTELLECTUAL PROPERTIES - Includes our book development and book licensing operation through our 51% owned subsidiary Tekno Books. This segment does not include our 50% interest in NetCo Partners.

NET REVENUES

Total net revenues were $45,515,343 for Y3-03 as compared to $41,450,495 for Y3-02, an increase of $4,064,848 or 10% and $13,975,413 for Q3-03 compared to $12,629,337 for Q3-02, an increase of $1,346,076 or 11%. The increase in revenue was primarily due to an increase in Broadway Ticketing and Data Business revenues, which was partially offset by a decrease in Internet Ad Sales and Other revenues which was caused in part by the elimination of non-cash barter revenue in 2003. Non-cash barter revenue was $0 and $1,011,606 for Y3-03 and Y3-02, and $0 and $(344,871) for Q3-03 and Q3-02, respectively. Barter revenue as a percentage of total net revenue was 0% and 2% for Y3-03 and Y3-02, respectively, and 0% for Q3-03 compared to 3% for Q3-02. In Y3-03 net revenues were derived 80% from Broadway Ticketing, 12% from Data Business, 4% from Internet Ad Sales and Other and 4% from Intellectual Properties.

Broadway Ticketing revenues were $36,431,122 and $31,626,407 for Y3-03 and Y3-02, respectively, an increase of $4,804,715 or 15% and $11,051,771 for Q3-03 compared to $10,035,322 for Q3-02 for an increase of $1,016,449 or 10%. Broadway Ticketing revenues increased due to increased ticket sales and an increase in the service charge on individual tickets. Broadway Ticketing revenue is generated from the sale of live theater tickets for Broadway, off-Broadway and London through Broadway.com and the 1-800-BROADWAY telephone number, and to domestic and international travel professionals, traveling consumers, business organizations, schools and New York area theater patrons. Broadway Ticketing revenue is recognized on the date of performance of the show.

Data Business revenues (which includes our Source businesses, CinemaSource, EventSource, AdSource and Baseline/FilmTracker) were $5,227,476 for Y3-03 as compared to $4,495,244 for Y2-02, an increase of $732,232 or 16% and $1,731,243 for Q3-03 compared to $1,554,396 for an increase of $176,847 or 11%. Our Source business revenues increased approximately $312,237 in Y3-03 as compared to Y3-02 and our Baseline business revenues increased approximately $419,995 in Y3-03 as compared to Y3-02. The Source business revenues increased $64,172 for Q3-03 compared to Q3-02 and the Baseline business increased $112,675 for Q3-03 over Q3-02. Revenue for CinemaSource and EventSource is generated by the licensing of movie, event and theater showtimes and other information to

other media outlets and Internet companies including newspapers such as The New York Times and The Washington Post, Internet companies including AOL's Digital City, Lycos, and Yahoo! and wireless providers such as AT&T Wireless, Sprint PCS and Verizon. Revenue for AdSource is generated by creating exhibitor paid directory ads for insertion in newspapers around the country. Baseline is a film and television database, licensing its data to businesses and professionals in the entertainment industry and generates revenues from the syndication of its data as well as subscription revenue.

The composition of Internet Ad Sales and Other revenues was as follows:

	Nine Months Ended		Three Months Ended	
	2003	2002	2003	2002
Revenue - Non-barter	$1,926,737	$2,166,356	$ 696,280	$ 676,213
Revenue - NATO barter	--	993,917	--	(344,871)
Revenue - Barter	--	17,689	--	--
	$1,926,737	$3,177,962	$ 696,280	$ 331,342

Internet Ad Sales and Other revenue was $1,926,737 for Y3-03 as compared to $3,177,962 for Y3-02, a decrease of $1,251,225 or 39% and Q3-03 was $696,280 compared to $331,342 for Q3-02, an increase of $364,938 or 110%. The decrease in Y3-03 revenues was in part attributable to no barter revenue being recognized during Y3-03 and CBS advertising which was eliminated after the Viacom Exchange Agreement in 2002. Internet Ad Sales revenue is generated from the sale of sponsorships and banner advertisements on Hollywood.com and Broadway.com. Included in Internet Ad Sales and Other revenue were non-cash barter revenues of $0 and $1,011,606 for Y3-03 and Y3-02, respectively and $0 and $(344,871) for Q3-03 and Q3-02, respectively. As a percentage of Internet Ad Sales and Other revenue, barter revenues comprised 0% and 32% for Y3-03 and Y3-02, respectively and 0% and 104% for Q3-03 and Q3-02, respectively. Hollywood Media records two types of barter revenue related to Internet advertising as more fully described below.

Hollywood Media recorded barter revenue and an equal amount of expense earned under an agreement with NATO, which agreement Hollywood Media acquired through its acquisition of hollywood.com, Inc. on May 20, 1999. This income is included in Internet Ad Sales revenue. This contract is no longer in effect and thus Hollywood Media recorded $0 in promotional non-cash revenue and non-cash expense for Y3-03 in comparison to $993,917 in Y3-02. Hollywood Media recorded $0 and $(344,871) in barter revenue under the NATO contract for Q3-03 and Q3-02 respectively.

Revenues from our Intellectual Properties division were $1,930,008 for Y3-03 as compared to $2,150,882 for Y3-02, a decrease of $220,874 or 10% and $496,119 and $708,277 for Q3-03 and Q3-02, a decrease of $212,158 or 30%. The Intellectual Properties division generates revenues from several different activities including book development and licensing and intellectual property licensing. Revenues vary quarter to quarter dependent on the timing of the delivery of the manuscripts to the publishers. Revenues are recognized when the earnings process is complete and ultimate collection of such revenues is no

longer subject to contingencies which makes comparison between quarters an inaccurate indicator of future cash flows. The Intellectual Properties division just experienced its 36th consecutive profitable quarter. The Intellectual Properties division revenues do not include our 50% interest in NetCo Partners, which is accounted for under the equity method of accounting and under which, Hollywood Media's share of the income (loss) is reported as equity in earnings of investments.

COST OF REVENUES

Cost of revenues was $32,984,812 for Y3-03 as compared to $28,504,839 for Y3-02, an increase of $4,479,973 or 16%, and $9,388,669 for Q3-03 compared to $9,207,606 for Q3-02, an increase of $181,063 or 2%. As a percentage of net revenues, cost of revenues was 72% and 69% for Y3-03 and Y3-02, respectively and 67% and 73% for Q3-03 and Q3-02, respectively. The increase in the cost of revenues is primarily the result of an increase in Broadway ticketing revenues. The Broadway Ticketing segment accounted for 96% of the cost of revenues for Y3-03 and 95% for Y3-02, and 95% for both Q3-03 and Q3-02, reflecting the greater proportion of revenue attributable to Broadway Ticketing. Cost of revenue consists primarily of the cost of tickets and credit card fees for the Broadway ticketing segment; commissions due to advertising agencies, advertising rep firms and other third parties for revenue generated from the Data business and Internet ad sales and other segments; and fees and royalties paid to authors and co-editors for the Intellectual Properties segment.

GROSS MARGIN

Gross margin was $12,530,531 for Y3-03 as compared to $12,945,656 for Y3-02, a decrease of $415,125 or 3%, and $4,586,744 for Q3-03 as compared to $3,421,731 for Q3-02, an increase of $1,165,013 or 34%. As a percentage of net revenue, gross margin in Y3-03 was 28% compared to 31% in Y3-02, and Q3-03 was 33% compared to 27% in Q3-02. The percentage decrease for Y3-03 was due in part to an increased percentage of revenues from our Broadway Ticketing segment which has lower gross margin than our other business segments.

EQUITY IN EARNINGS OF INVESTMENTS

Equity in earnings of investments consisted of the following:

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2003	2002	2003	2002
NetCo Partners (a)	$ 797,730	$ 367,597	$ (8,396)	$ 12,603
MovieTickets.com (b)	--	--	--	124,036
	$ 797,730	$ 367,597	$ (8,396)	$ 136,639

(a) NetCo Partners

NetCo Partners owns Tom Clancy's NetForce and is primarily engaged in the development and licensing of Tom Clancy's NetForce. NetCo Partners recognizes revenues when the earnings process has been completed based on the terms of the various agreements, generally upon the delivery of the manuscript to the publisher and at the point where ultimate collection is substantially assured. When advances are received prior to completion of the earnings process, NetCo Partners defers recognition of revenue until the earnings process has been completed. Hollywood Media owns 50% of NetCo Partners and accounts for its investment under the equity method of accounting. Hollywood Media's 50% share of earnings was $797,730 for Y3-03 as compared to $367,597 for Y3-02. Revenues vary quarter-to-quarter dependent on timing of deliveries of various manuscripts to the publisher although, notwithstanding the timing of manuscript deliveries, one NetForce book is typically published each year in North America.

(b) MovieTickets.com

Hollywood Media owns 26.4% of the total equity in MovieTickets.com, Inc. joint venture at September 30, 2003. Hollywood Media records its investment in MovieTickets.com, Inc. under the equity method of accounting, recognizing its percentage of ownership of MovieTickets.com income or loss as equity in earnings of investments. Excluding AOL's three percent convertible preferred equity interest, Hollywood Media shares in 27.1% of the losses or income generated by the joint venture. We recorded income (losses) of $0 and $0 in Y3-03 and Y3-02, respectively in our investment in MovieTickets.com. Since the investment has been reduced to zero, Hollywood Media is currently not providing for additional losses, if any, generated by MovieTickets.com as Hollywood Media had not guaranteed to fund future losses, if any, generated by MovieTickets.com. The web site generates revenues from service fees charged to users for the purchase of tickets and the sale of advertising.

OPERATING EXPENSES

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses increased $904,556 or 20% to $5,487,291 for Y3-03 from $4,582,735 for Y3-02, and increased $182,008 or 10% to $1,928,481 for Q3-03 from $1,746,473 for Q3-02. General and administrative expenses consist of occupancy costs, production costs, human resources and administrative expenses, professional and consulting fees, telecommunication costs, provision for doubtful accounts receivable and business insurance costs. The increase is primarily due to rising accounting costs, and increased legal costs due to the activity disclosed in Note 11 to the Consolidated Financial Statements included in this 10-Q Report and similar matters. As a percentage of revenue, general and administrative expenses increased to 12% for Y3-03 from 11% for Y3-02 and remained the same at 14% for Q3-03 and Q3-02.

SELLING AND MARKETING EXPENSES. Selling and marketing expenses decreased $956,484 or 57% to $729,814 for Y3-03 from $1,686,298 for Y3-02, and increased $362,995 or 358% to $261,582 for Q3-03 from $(101,413) for Q3-02. The decrease from Y3-02 to Y3-03 is due primarily to no barter transactions and therefore, no barter expense in 2003 compared to $1,011,606 in barter expense for Y3-02. The increase from Q3-02 to Q3-03 is due primarily to the negative non-cash barter revenue of $(344,871) representing an adjustment to NATO barter revenue booked in Q3-02. Selling and marketing expense includes advertising, marketing, promotional, business development and public relations expenses. As a percentage of revenue, selling and marketing expenses decreased to 2% for Y3-03 from 4% for Y3-02, and increased to 2% for Q3-03 from 1% for Q3-02.

SALARIES AND BENEFITS. Salaries and benefits decreased $1,015,175 or 9% to $10,130,330 for Y3-03 from $11,145,505 for Y3-02 and decreased $611,964 or 15% to $3,480,454 for Q3-03 from $4,092,418 for Q3-02. As a percentage of revenue, salaries and benefits decreased to 22% for Y3-03 from 27% for Y3-02 and decreased to 25% for Q3-03 from 32% in Q3-02. This decrease is primarily attributable to a decrease in administrative salaries resulting in part from continued streamlining of the business in 2002 and early 2003, which was partially offset by various expense increases including additional payroll costs in our Broadway Ticketing division for extra labor needed to handle customer calls including re-bookings as a result of the closure of most Broadway shows due to a musicians' strike during March 2003.

AMORTIZATION OF CBS ADVERTISING AND IMPAIRMENT LOSS RELATING TO CBS ADVERTISING. Amortization of CBS advertising related to the agreement with Viacom was $609,193 and $10,936,495 for Y3-03 and Y3-02, respectively, and $102,464 and $1,333,752 for Q3-03 and Q3-02, respectively. Under the agreement we had with Viacom, Hollywood Media issued shares of common stock and warrants in exchange for cash and CBS's advertising and promotional efforts over seven years across its full range of media properties. The fair value of the common stock and warrants issued to Viacom has been recorded in the balance sheet as deferred advertising and is being amortized as the advertising is used each related contract year.

On August 28, 2002, an Exchange Agreement ("Exchange Agreement") was entered into among Hollywood Media, its wholly owned subsidiaries, hollywood.com, Inc. and Broadway.com, Inc., and Viacom Inc. Pursuant to the Exchange Agreement, Viacom reconveyed to Hollywood Media an aggregate of 8,614,687 shares of Hollywood Media's common stock, $.01 par value per share, and warrants held by Viacom to purchase 262,973 shares of Hollywood Media's common stock were cancelled. The common stock and warrants had a fair value of $10,656,657 at the time of the Exchange Agreement. Viacom also paid Hollywood Media $2.0 million in cash and Hollywood Media retained $5.0 million in non-cash advertising and promotion across CBS properties for use through December 31, 2003. Each of the Advertising and Promotion Agreement and Content License Agreement, dated as of January 3, 2000, between hollywood.com, Inc. and Viacom, including hollywood.com, Inc.'s right to air additional advertising and promotion on CBS properties was terminated. The remaining recorded value of the terminated advertising and promotion under the Advertising and Promotion Agreement and Content License Agreement at the time of the Exchange Agreement was $70,998,003 (representing approximately $49 million in actual advertising). Hollywood Media recorded a non-cash impairment loss of $58,341,346 in August 2002, the difference between the advertising cancelled and the fair value of the common stock and warrants returned by Viacom, plus the $2.0 million in cash paid by Viacom. In addition, during 2001 Viacom had prepaid to Hollywood Media, in cash for advertising to be delivered in 2002 and 2003. At August 28, 2002, the value of the deferred advertising revenue remaining on Hollywood Media's balance sheet was $1,066,666. This balance reduced the impairment loss recorded. The aggregate impairment loss recorded in August 2002 was $57,274,680.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was $1,839,801 for Y3-03 and $2,425,496 for Y3-02, representing a decrease of $585,695 or 24%, and $585,409 for Q3-03, and $577,760 for Q3-02, representing a decrease of $7,649 or 1%. The decrease was primarily attributable to certain intangible assets that became fully amortized during 2002.

INTEREST EXPENSE. Interest expense was $1,049,561 for Y3-03 as compared to $869,113 for Y3-02, an increase of $180,448 or 21% and $373,874 for Q3-03, as compared to $413,785 for Q3-02, a decrease of $39,911 or 10%. The increase for Y3-03 was primarily attributable to the amortization of the beneficial conversion feature related to the convertible debentures issued in May 2002.

INTEREST INCOME. Interest income was $12,558 for Y3-03 as compared to $16,756 for Y3-02, a decrease of $4,198 or 25% and $911 for Q3-03 compared to $6,525 for Q3-02, a decrease of $5,614 or 86%.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2003, we had cash and cash equivalents of $434,130 compared to cash and cash equivalents of $2,342,238 at December 31, 2002. There is $2,800,000 remaining available to be drawn by Hollywood Media on a line of credit commitment through January 1, 2004 provided by Hollywood Media's Chairman of the Board and Vice Chairman to satisfy working capital requirements, if necessary (such line of credit is further described below and in Note 5 to the Consolidated Financial Statements included in this Form 10-Q Report). Our working capital deficit (defined as current assets less current liabilities) at September 30, 2003, which included $315,587 in deferred CBS advertising, was

$5,006,635 as compared to working capital deficit of $676,219 at December 31, 2002. During the nine months ended September 30, 2003, net cash used in operating activities was $1,043,604, net cash used in investing activities was $887,241 comprised primarily of payments made pursuant to a bond agreement (Note 11 to the Consolidated Financial Statements included in this Form 10-Q report) and net cash provided by financing activities was $22,737. As a result of the above, cash and cash equivalents decreased by $1,908,108 for the nine months ended September 30, 2003. In comparison, during the nine months ended September 30, 2002, net cash used in operating activities was $3,551,497, net cash used in investing activities was $1,254,567, and $5,268,866 in cash was provided by financing activities. Net cash used in operating activities improved by $2,507,893 or 71% from $3,551,497 for Y3-02 to $1,043,604 for Y3-03. The improvement is primarily attributable to a significant decrease in Broadway ticketing inventories with a corresponding increase in accrued expenses attributable to the Water Garden litigation (discussed in Note 11 to the Consolidated Financial Statements included in the Form 10-Q) and the guaranty relating to the Cinema Source acquisition (discussed in Note 5 to the Consolidated Financial Statements included in this 10-Q).

On May 22, 2002, Hollywood Media issued an aggregate of $5.7 million in principal amount of 6% Senior Convertible Debentures due May 22, 2005 (the "Debentures") to a group of four institutional investors, including existing shareholders of Hollywood Media. Mitchell Rubenstein, the Chairman of the Board and Chief Executive Officer, and Laurie S. Silvers, the Vice Chairman and President of Hollywood Media, participated in the financing with a $500,000 cash investment upon the same terms as the other investors. The Debentures are convertible at the option of the investors at any time through May 22, 2005 into shares of Hollywood Media common stock, par value $0.01 per share, at a conversion price of $3.46 per share. In addition, Hollywood Media can elect at its option to convert up to 50% of the convertible debentures if the debentures are still outstanding at maturity, subject to certain conditions. Prior to conversion, the Debentures bear interest at 6% per annum, payable quarterly in common stock or cash at the option of Hollywood Media. The investors also received fully vested detachable warrants to acquire at any time through May 22, 2007 an aggregate of 576,590 shares of common stock at exercise prices ranging from $3.78 per share to $3.91 per share. If on May 22, 2003, an investor held at least seventy-five percent of such investor's shares of common stock issued or issuable to such investor under the Debentures, then the exercise price of the warrants held by such investor would decrease to $3.46 per share which equals the conversion price of the debenture. The Debentures and Warrants contain customary anti-dilution provisions as more fully described in the agreements. In addition, the investors had the right to purchase an aggregate of $1 million in principal amount of additional Debentures on the same terms at any time through May 22, 2003. The investors did not exercise the right and the option has expired. A total of $389,095 in debt issuance costs were incurred for the convertible debentures, including $161,695 in fees paid to a placement agent (including $130,000 in cash and a warrant valued at $31,695, with substantially the same terms as the warrants issued to the debenture holders.) During the three and nine months ended September 30, 2003, $32,424 and $97,232, respectively, were recognized as interest expense from the amortization of the debt issuance costs.

In 2001, Hollywood Media entered into an agreement with a third party whereby we monetized a certain portion of our accounts receivable. Hollywood Media receives an initial advance of 85% of the invoice amount, with the remaining 15%, less fees, transferred to Hollywood Media upon payment by the customer to the third party. At September 30, 2003 and December 31, 2002, a liability of $218,230 and $337,478, respectively, was recorded for advances that had been paid to Hollywood Media but remain payable by Hollywood Media's customers to the third party.

In the event that Hollywood Media requires additional funding and cannot secure additional funding, Hollywood Media's Chairman of the Board and Chief Executive Officer and Hollywood Media's Vice Chairman and President, have committed to provide to Hollywood Media, if required, with an amount not to exceed $3.5 million through January 1, 2004, in order to enable Hollywood Media to meet its working capital requirements; provided, however, that the commitment will be reduced dollar for dollar to the extent Hollywood Media generates cash from financings, operational cash flow or a sale of a division or subsidiary of Hollywood Media Corp. Advances bear interest at the prime rate based on published bank rates plus one percent. There was $700,000 principal amount outstanding under this commitment at September 30, 2003, of which $500,000 is collateralized by Broadway Ticketing inventory and $200,000 is unsecured.

CRITICAL ACCOUNTING POLICIES

In response to the Security and Exchange Commission (SEC) Release Number 33-8040 "Cautionary Advice Regarding Disclosure About Critical Accounting Policies" and SEC Release Number 33-8056, "Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations," we have identified the following critical accounting policies that affect the more significant judgments and estimates used in the preparation of the consolidated financial statements. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires that we make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, we will evaluate our estimates, including those related to asset impairment, accruals for compensation and related benefits, revenue recognition, allowance for doubtful accounts, and contingencies and litigation. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could vary from those estimates under different assumptions or conditions. For a summary of all our significant accounting policies, including the critical accounting policies discussed below, see Note 3 to the accompanying condensed Consolidated Financial Statements.

Ticketing Revenue Recognition

Ticket revenue is derived from the sale of live theater tickets for Broadway, off-Broadway and London shows to individuals, groups, travel agencies, tour groups and educational facilities. Revenue recognition is deferred on ticket sales until performance has taken place. Ticket revenue and cost of revenue are recorded on a gross basis.

Advertising Costs

Hollywood Media expenses the cost of advertising as incurred or when such advertising initially takes place. In the first quarter of 2000, Hollywood Media issued common stock and warrants to CBS with a fair value of approximately $137 million in exchange for approximately $105 million of advertising on CBS properties to be received over a period of seven years. Hollywood Media was entitled to utilize a specified portion of this advertising each contract year. The deferred advertising is carried on Hollywood Media's balance sheet as a deferred asset and is being amortized over the contract period as the advertising is utilized. Advertising expense recorded related to CBS advertising for the nine months ended September 30, 2003 and 2002 was $609,193 and

$10,936,495 respectively, and $102,464 for Q3-03 compared to $1,333,752 for Q3-02. This is separately reported in the accompanying consolidated statements of operations under the caption "Amortization of CBS Advertising."

On August 28, 2002, Hollywood Media entered into an Exchange Agreement with Viacom which terminated various agreements with CBS. Refer to "Amortization of CBS Advertising and Impairment Loss Relating to CBS Advertising" above.

Barter Transactions

Hollywood Media recorded barter revenue and expense under its contract with NATO described under "Net Revenue" above. In connection with the NATO contract, Hollywood Media also acquired rights and obligations under ancillary agreements with individual theaters that participate in the NATO organization. Pursuant to these agreements, Hollywood Media collected and compiled movie showtimes data for NATO member theaters and hosted web sites for certain theaters so as to display the movie showtimes and other information about the theater. In addition, Hollywood Media provided ongoing web site maintenance services for certain theaters including providing promotional materials, movie and theater information, advertising and editorial content. In exchange, the theaters were to promote the Hollywood.com web site to movie audiences by airing movie trailers about Hollywood.com. Hollywood Media recorded revenue and expense from these activities measured at the fair value of the services exchanged in accordance with Accounting Principles Board Opinion ("APB") No. 29, "Accounting for Nonmonetary Transactions." In Q3-03 and Q3-02 we recorded $0 and $(344,871), respectively, and for Y3-03 and Y3-02, $0 and $993,917 respectively, in revenue and expense under the NATO contract. Additionally in Q3-03 and Q3-02 we recorded $0 and $0, and for Y3-03 and Y3-02, $0 and $17,689, respectively, in other non-cash Internet barter transactions. The NATO contract is no longer in effect.

Stock Based Compensation

As permitted under Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transaction and Disclosure - an amendment of SFAS 123" ("SFAS No. 148"), which amended Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation ("SFAS No. 123"), we have chosen to account for our Stock Plan under the intrinsic value method as allowed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related interpretations. Under APB No. 25, because the exercise price of our employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded. SFAS No. 148 requires disclosure of the estimated fair value of our employee stock options granted and pro forma financial information assuming compensation expense was recorded using these fair values.

Impairment of Long-Lived Assets

Effective December 31, 2001, Hollywood Media adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144"). SFAS No. 144 superseded Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" ("SFAS No. 121") and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," ("APB No. 30") for the disposal of a segment of a business. Consistent with SFAS No. 121, SFAS No. 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount.

We evaluate the recoverability of long-lived assets not held for sale by comparing the carrying amount of the assets to the estimated undiscounted future cash flows associated with them. At the time such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying values of such assets, the assets are adjusted to their fair values. We determined fair value as the net present value of future cash flows. As of September 30, 2003, we believe there are no indications that an impairment has occurred. The next impairment evaluation will occur as of October 1, 2003.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and intangible assets acquired after June 30, 2001 were no longer subject to amortization. Goodwill and intangibles with indefinite lives acquired prior to June 30, 2001 ceased to be amortized beginning January 1, 2002. In addition, SFAS 142 changed the way we evaluated goodwill and intangibles for impairment. Beginning January 1, 2002, goodwill and certain intangibles are no longer amortized; however, they are subject to evaluation for impairment at least annually using a fair value based test. The fair value based test is a two-step test. The first step involved comparing the fair value of each of our reporting units to the carrying value of those reporting units. If the carrying value of a reporting unit exceeds the fair value of the reporting unit, we are required to proceed to the second step. In the second step, the fair value of the reporting unit would be allocated to the assets (including unrecognized intangibles) and liabilities of the reporting unit, with any residual representing the implied fair value of goodwill. An impairment loss would be recognized if and to the extent that the carrying value of goodwill exceeded the implied value.

We completed step one of the test for each of our reporting units using an outside appraisal firm. For all of our reporting units, no impairment existed as the fair value of those reporting units were determined to be in excess of their carrying values as of January 1, 2002. We performed an additional impairment test on Hollywood.com as of October 1, 2002 using an outside appraisal firm, in which we found no impairment to exist. Effective January 1, 2002, we ceased to amortize approximately $40.7 million of goodwill. We believe the provisions of SFAS 142 did not materially impact the results of operations.

INFLATION AND SEASONALITY

Although Hollywood Media cannot accurately determine the precise effects of inflation, it does not believe inflation has a material effect on sales or results of operations. Hollywood Media considers its business to be somewhat seasonal and expects net revenues to be generally higher during the second and fourth quarters of each fiscal year for its Tekno Books book licensing business as a result of the general publishing industry practice of paying royalties semi-annually. The Broadway Ticketing business is also affected by seasonal variations with net revenues generally higher in the second quarter as a result of increased sales volumes due to the Tony Awards(C) and in the fourth quarter due to increased levels during the holiday period. In addition, although not seasonal, Hollywood Media's intellectual properties division and NetCo Partners both experience fluctuations in their respective revenue streams, earnings and cash flow as a result of the amount of time that is expended in the creation and development of the intellectual properties and their respective licensing agreements. The recognition of licensing revenue is typically triggered by specific contractual events which occur at different points in time rather than on a regular periodic basis.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in our assets or liabilities that might occur due to changes in market rates and prices, such as interest or foreign currency exchange rates, as well as other relevant market rate or price changes.

Interest rates charged on Hollywood Media's debt instruments are primarily fixed in nature. We therefore do not believe that the risk of loss relating to the effect of changes in market interest rates is material.

We purchase and sell tickets to live theater shows in London's West End. We minimize our exposure to adverse changes in currency exchange rates by taking steps to reduce the time lag between the purchase and payment of tickets for the London shows and the collection of related sales proceeds. We further reduce our exposure by setting favorable currency conversion rates in our foreign ticket pricing. We do not believe the risk of loss relating to adverse changes in currency conversion rates to be material.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of Hollywood Media's management, including the Chief Executive Officer and the Vice President of Finance and Accounting (principal financial and accounting officer), of the effectiveness of Hollywood Media's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, Hollywood Media's management, including the Chief Executive Officer and the Vice President of Finance and Accounting, concluded that Hollywood Media's disclosure controls and procedures were effective as of the end of the period covered by this Form 10-Q. There have been no changes in Hollywood Media's internal controls over financial reporting that occurred during the fiscal quarter covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, Hollywood Media's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

WATER GARDEN COMPANY LLC, AS PLAINTIFF, V. HOLLYWOOD MEDIA CORP., A FLORIDA CORPORATION; HOLLYWOOD.COM, INC., A CALIFORNIA CORPORATION (AND SUBSIDIARY OF HOLLYWOOD MEDIA CORP.); AND THE TRIBUNE COMPANY (AS SUCCESSOR IN INTEREST TO THE TIMES MIRROR COMPANY), AS DEFENDANTS; filed July 16, 2001 in the Superior Court of the State of California for the County of Los Angeles. Water Garden Company LLC filed suit against Hollywood Media, its subsidiary, hollywood.com, Inc., and The Tribune Company ("Tribune"), among others, claiming damages as a result of alleged defaults by hollywood.com, Inc. under a lease for office space entered into by hollywood.com, Inc., as lessee, and Water Garden Company LLC, as lessor. The stated lease term is from January 1999 through December 2003. Tribune guaranteed hollywood.com, Inc.'s lease obligations. Hollywood Media has certain contractual indemnification obligations to Tribune relating to Tribune's guaranty of the lease. The claims against Hollywood Media, but not hollywood.com, Inc., have been dismissed.

As previously reported in Hollywood Media's 2002 Form 10-K, on March 25, 2003, the court in this action (the "Water Garden Lawsuit") issued its Ruling on Motion for Summary Judgment and Summary Adjudication, in which it granted, before trial, the motion of plaintiff for summary judgment against defendants hollywood.com, Inc. and Tribune. This Ruling resulted in the court's entry of a money judgment in the Water Garden Lawsuit on April 29, 2003 against hollywood.com, Inc. and Tribune, jointly and severally, of $988,549, plus reasonable attorneys' fees and costs of suit in an amount to be subsequently determined. Interest would accrue on the judgment at the rate of ten percent per annum until paid. Subsequently, on September 9, 2003, the court granted a motion to add certain litigation costs and attorneys fees to the judgment, such that the current principal amount of the judgment, including costs and attorneys fees, is $1,097,761.

On May 7, 2003, hollywood.com Inc. and Tribune filed a Notice of Appeal with the court in the Water Garden Lawsuit, and also filed a Notice of Filing Undertaking for Stay of Enforcement of Judgment Pursuant to Appeal in order to stay enforcement of the judgment pending resolution of the appeal (this filing included an appeal bond obtained by Tribune (the "Appeal Bond") issued by a surety company in the amount of $1,482,823, which was the amount of the bond required by law to stay enforcement of the judgment). Upon the adding of certain costs and attorneys fees to the judgment, as described in the preceding paragraph, an application has been made to increase the amount of the Appeal Bond to $1,646,641.30, and it is expected the increased undertaking will shortly be filed with the court. Based on the advice of our outside legal counsel, we believe that hollywood.com, Inc. has meritorious grounds for appeal, and a reasonable possibility exists of the appellate court reversing the trial court's summary judgment ruling. However, it is not possible at this time to estimate the probability of a favorable or unfavorable outcome of such an appeal, and accordingly we cannot and do not provide any such evaluation. If the appeal is successful, it is probable that the matter would then be remanded to the trial court for trial.

In April 2003, Tribune and Hollywood Media agreed that Tribune would obtain the Appeal Bond in exchange for specified advance payments by Hollywood Media to Tribune as collateral to secure Hollywood Media's indemnification obligation to Tribune described above. The advance payments consist of a $100,000 payment made upon commencement of the agreement on April 7, 2003, and monthly payments of $75,000 (or $100,000, for the last six months of 2003). The

agreement allows Tribune the right to demand additional collateral, the form of which, cash or shares of Hollywood Media's common stock, to be determined by Hollywood Media in its discretion, in the approximate amount of the initial judgment. Hollywood Media's obligation to make payments to Tribune under such agreement is limited to the amount of the initial judgment plus costs and/or attorney's fees that may be awarded and accrued interest. The advance payments and, if applicable, any other security, are to be returned to Hollywood Media if the appeal is successful (which would result in the bond no longer being required) or to the extent the payments ultimately exceed Hollywood Media's indemnification obligation to Tribune. Such payments made to Tribune may be used by Hollywood Media, in its discretion, to pay the judgment or a settlement in the Water Garden Lawsuit.

The judgment in the Water Garden Lawsuit is for rent accrued under the lease through February 13, 2003, however, the facial termination date of the lease is December 31, 2003. If the appeal of the Water Garden Lawsuit is unsuccessful, then, pursuant to a written stipulation between the parties to the lawsuit, the judgment will be modified to add rent accruing between February 13, 2003 and December 31, 2003, together with attorneys fees and costs. Should the appeal be unsuccessful, we anticipate that the amount of the judgment would increase, pursuant to such stipulation, by approximately $400,000.

Hollywood Media believes that hollywood.com, Inc. has valid grounds for appeal and defenses to the plaintiff's claims. Recognizing that the ultimate outcome of this case is uncertain, Hollywood Media has accrued on its books, as of September 30, 2003, an amount which it believes is adequate to account for potential liability for this matter, and we will continue to evaluate the matter as the litigation process proceeds.

In addition to the legal proceedings described above, Hollywood Media is a party to various other legal proceedings (see Note 11 to the Condensed Consolidated Financial Statements included in this Form 10-Q Report) including matters arising in the ordinary course of business. Hollywood Media does not expect such other legal proceedings to have a material adverse impact on Hollywood Media's financial condition or results of operations, however, there can be no assurance that such other matters, if determined adversely, will not have a material adverse effect.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The following securities were issued by Hollywood Media during the quarter ended September 30, 2003, in transactions that were not registered under the Securities Act of 1933.

On July 2, 2003, Hollywood Media issued 64,777 shares of common stock valued at $77,787 to the holders of the convertible debentures for interest due for the period April 1, 2003 to June 30, 2003.

On July 17, 2003, Hollywood Media issued 57,835 shares of common stock valued at $76,341 to a third party as payment under the guaranty granted to the former owner of TDI (see Note 5) to the Condensed Consolidated Financial Statements included in this Form 10-Q Report).

On July 25, 2003, Hollywood Media issued 29,151 shares of common stock valued at $37,313 as payment on account of a guaranty of a note relating to the acquisition of CinemaSource (the "CinemaSource Guaranty") (see Note 5) to the Condensed Consolidated Financial Statements included in this Form 10-Q Report).

On September 2, 2003 Hollywood Media issued 30,488 shares of common stock valued at $37,195 as payment on account of the CinemaSource Guaranty.

On September 24, 2003 Hollywood Media issued 24,876 shares of common stock valued at $37,314 as payment on account of the CinemaSource Guaranty.

On September 25, 2003, Hollywood Media issued 262,000 shares of restricted common stock valued at $353,700 to the former owner of TDI as payment for the outstanding principal and interest balance on a promissory note in connection with the TDI acquisition (see Note 5) to the Condensed Consolidated Financial Statements included in this Form 10-Q Report).

The securities described above were issued without registration under the Securities Act of 1933 by reason of the exemption from registration afforded by the provisions of Section 4 (2) thereof and/or Regulation D thereunder, each recipient of securities having delivered appropriate investment representations to Hollywood Media with respect thereto.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

Exhibit	Description	Incorporat Reference
10.1	Indemnification Agreement for Surety Bonds dated as of May 7, 2003, by and between Hollywood Media Corp., and Mitchell Rubenstein and Laurie Silvers.	(*)
31.1	Certification of Chief Executive Officer. (Section 302)	(*)
31.2	Certification of Vice President of Finance and Accounting (Principal financial and accounting officer). (Section 302)	(*)
32.1	Certification of Chief Executive Officer. (Section 906)	(*)
32.2	Certification of Vice President of Finance and Accounting (Principal financial and accounting officer). (Section 906)	(*)

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* Filed as an exhibit to this Form 10-Q

(b) Reports on Form 8-K:

Hollywood Media filed one report on Form 8-K during the quarter ended September 30, 2003, on August 12, 2003. Item 12 of the Form 8-K reported that on August 12, 2003 we issued a press release announcing Hollywood Media's second quarter 2003 financial results, and a copy of the press release was included in the filing.

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.

HOLLYWOOD MEDIA CORP.

Date: November 14, 2003 By: /s/ Mitchell Rubenstein

Mitchell Rubenstein, Chief Executive Officer (Princip officer)

Date: November 14, 2003 By: /s/ Scott Gomez

Scott Gomez, Vice President of Finance and Accounting (Principal accounting officer)