EDGAR Online

CINEDIGM DIGITAL CINEMA CORP.

FORM 10-Q
(Quarterly Report)

Filed 11/13/12 for the Period Ending 09/30/12

Address	55 MADISON AVENUE SUITE 300 MORRISTOWN, NJ 07960
Telephone	973-290-0080
CIK	0001173204
Symbol	CIDM
SIC Code	7389 - Business Services, Not Elsewhere Classified
Industry	Motion Pictures
Sector	Services
Fiscal Year	03/31

Powered By EDGAR Online
http://www.edgar-online.com
© Copyright 2012, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: September 30, 2012

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from --- to ---

Commission File Number: 000-31810

Cinedigm Digital Cinema Corp.

(Exact name of registrant as specified in its charter)

Delaware	**22-3720962**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
55 Madison Avenue, Suite 300, Morristown, New Jersey	**07960**
(Address of principal executive offices)	(Zip Code)

(973) 290-0080
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 9, 2012, 48,340,369 shares of Class A Common Stock, $0.001 par value were outstanding.

CINEDIGM DIGITAL CINEMA CORP.
CONTENTS TO FORM 10-Q

		Page
PART I --	FINANCIAL INFORMATION	
Item 1.	Financial Statements (Unaudited)	3
	Condensed Consolidated Balance Sheets at September 30, 2012 (Unaudited) and March 31, 2012	3
	Unaudited Condensed Consolidated Statements of Operations for the Three and Six Months ended September 30, 2012 and 2011	5
	Unaudited Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months ended September 30, 2012 and 2011	6
	Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months ended September 30, 2012 and 2011	7
	Notes to Unaudited Condensed Consolidated Financial Statements	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	31
Item 4.	Controls and Procedures	50
PART II --	OTHER INFORMATION	51
Item 1.	Legal Proceedings	51
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	51
Item 3.	Defaults Upon Senior Securities	51
Item 4.	Mine Safety Disclosures	51
Item 5.	Other Information	51
Item 6.	Exhibits	51
Signatures		52
Exhibit Index		53

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CINEDIGM DIGITAL CINEMA CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)

ASSETS	September 30, 2012 (Unaudited)	March 31, 2012
Current assets		
Cash and cash equivalents	$ 20,270	$ 17,843
Restricted available-for-sale investments	—	9,477
Accounts receivable, net	33,711	24,502
Deferred costs, current portion	2,199	2,228
Unbilled revenue, current portion	7,590	7,510
Prepaid and other current assets	6,200	1,121
Note receivable, current portion	635	498
Assets held for sale	—	214
Total current assets	70,605	63,393
Restricted cash	5,751	5,751
Security deposits	241	207
Property and equipment, net	186,869	200,974
Intangible assets, net	15,171	466
Capitalized software costs, net	5,995	5,156
Goodwill	7,101	5,765
Deferred costs, net of current portion	4,018	5,080
Unbilled revenue, net of current portion	677	617
Accounts receivable, long-term	1,040	773
Note receivable, net of current portion	424	465
Investment in non-consolidated entity, net	2,152	1,490
Total assets	$ 300,044	$ 290,137

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM DIGITAL CINEMA CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)
(continued)

	September 30, 2012	March 31, 2012
LIABILITIES AND STOCKHOLDERS' DEFICIT	(Unaudited)	
Current liabilities		
Accounts payable and accrued expenses	$ 39,150	$ 20,854
Current portion of notes payable, non-recourse	33,152	35,644
Current portion of capital leases	219	186
Current portion of deferred revenue	3,989	3,677
Current portion of contingent consideration for business combination	750	—
Liabilities as part of assets held for sale	—	75
Total current liabilities	77,260	60,436
Notes payable, non-recourse, net of current portion	114,207	135,345
Notes payable	92,161	87,354
Capital leases, net of current portion	5,128	5,244
Interest rate swaps	1,105	1,771
Deferred revenue, net of current portion	11,493	11,451
Contingent consideration, net of current portion	3,094	—
Customer security deposits, net of current portion	—	9
Total liabilities	304,448	301,610
Commitments and contingencies (see Note 7)		
Stockholders' Deficit		
Preferred stock, 15,000,000 shares authorized; Series A 10% - $0.001 par value per share; 20 shares authorized; 7 shares issued and outstanding at September 30, 2012 and March 31, 2012, respectively. Liquidation preference of $3,589	3,412	3,357
Class A common stock, $0.001 par value per share; 118,759,000 and 75,000,000 shares authorized; 48,446,468 and 37,722,927 shares issued and 48,395,028 and 37,671,487 shares outstanding at September 30, 2012 and March 31, 2012, respectively	48	38
Class B common stock, $0.001 par value per share; 1,241,000 and 15,000,000 shares authorized; 1,241,000 and 25,000 shares issued and 0 and 25,000 shares outstanding, at September 30, 2012 and March 31, 2012, respectively	—	—
Additional paid-in capital	221,293	206,348
Treasury stock, at cost; 51,440 Class A shares	(172)	(172)
Accumulated deficit	(228,985)	(221,044)
Total stockholders' deficit	(4,404)	(11,473)
Total liabilities and stockholders' deficit	$ 300,044	$ 290,137

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM DIGITAL CINEMA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share data)
(Unaudited)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	2011	2012	2011
Revenues	$ 22,609	$ 21,028	$ 43,513	$ 39,069
Costs and expenses:				
Direct operating (exclusive of depreciation and amortization shown below)	2,928	1,697	5,363	3,290
Selling, general and administrative	6,306	4,071	12,199	7,481
Provision for doubtful accounts	78	—	154	—
Research and development	36	35	74	90
Merger and acquisition expenses	—	—	1,267	—
Restructuring expenses	340	—	340	—
Depreciation and amortization of property and equipment	9,120	8,869	18,217	17,723
Amortization of intangible assets	223	77	381	169
Total operating expenses	19,031	14,749	37,995	28,753
Income from operations	3,578	6,279	5,518	10,316
Interest income	3	24	22	75
Interest expense	(7,281)	(7,569)	(14,758)	(14,940)
Income on investment in non-consolidated entity	631	—	662	—
Other income, net	193	385	391	431
Change in fair value of interest rate swap	255	219	676	(568)
Net loss from continuing operations	(2,621)	(662)	(7,489)	(4,686)
Income (loss) from discontinued operations	10	432	(274)	(1,937)
Net loss	(2,611)	(230)	(7,763)	(6,623)
Preferred stock dividends	(89)	(89)	(178)	(178)
Net loss attributable to common stockholders	$ (2,700)	$ (319)	$ (7,941)	$ (6,801)
Net loss per Class A and Class B common share - basic and diluted:				
Loss from continuing operations	$ (0.06)	$ (0.02)	$ (0.16)	$ (0.14)
Income (loss) from discontinued operations	$ —	$ 0.01	$ (0.01)	$ (0.07)
	$ (0.06)	$ (0.01)	$ (0.17)	$ (0.21)
Weighted average number of Class A and Class B common shares outstanding: Basic and diluted	48,299,715	37,115,346	46,718,464	34,886,202

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM DIGITAL CINEMA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	2011	2012	2011
Net loss	$ (2,611)	$ (230)	$ (7,763)	$ (6,623)
Other comprehensive income: Unrealized gains on available-for-sale investment securities	—	22	—	95
Comprehensive loss	$ (2,611)	$ (208)	$ (7,763)	$ (6,528)

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM DIGITAL CINEMA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended September 30,	
	2012	2011
Cash flows from operating activities		
Net loss	$ (7,763)	$ (6,623)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Gain on disposal of business	—	(910)
Depreciation and amortization of property and equipment and amortization of intangible assets	18,598	20,420
Amortization of capitalized software costs	527	364
Amortization of debt issuance costs and other included in interest expense	1,121	1,012
Provision for doubtful accounts	154	23
Stock-based compensation and expenses	1,319	1,468
Change in fair value of interest rate swaps	(676)	568
Realized loss on restricted available-for-sale investments	—	117
PIK interest expense added to note payable	3,734	3,449
Income on investment in non-consolidated entity	(662)	—
Accretion of note payable	1,216	1,073
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(635)	(3,835)
Unbilled revenue	(138)	(3,162)
Prepaid expenses and other current assets	(4,089)	112
Other assets	(103)	(37)
Accounts payable and accrued expenses	2,760	1,733
Deferred revenue	39	1,913
Other liabilities	(174)	—
Net cash provided by operating activities	15,228	17,685
Cash flows from investing activities:		
Purchase of New Video Group, Inc., net of cash acquired of $6,873	(3,127)	—
Purchases of property and equipment	(3,793)	(13,421)
Purchases of intangible assets	(22)	(25)
Additions to capitalized software costs	(1,366)	(469)
Net proceeds from disposal of business	—	5,774
Sales/maturities of restricted available-for-sale investments	9,477	2,681
Purchase of restricted available-for-sale investments	—	(5,400)
Restricted cash	—	(2)
Net cash provided by (used in) investing activities	1,169	(10,862)
Cash flows from financing activities:		
Repayment of notes payable	(27,242)	(19,104)
Proceeds from notes payable	3,469	—
Proceeds from credit facilities	—	13,047
Payments of debt issuance costs	—	(284)
Principal payments on capital leases	(86)	(83)
Proceeds from issuance of Class A common stock	11,002	7,070
Costs associated with issuance of Class A common stock	(1,113)	(385)
Net cash (used in) provided by financing activities	(13,970)	261
Net change in cash and cash equivalents	2,427	7,084
Cash and cash equivalents at beginning of period	17,843	10,748

Cash and cash equivalents at end of period	$ 20,270	$ 17,832

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

CINEDIGM DIGITAL CINEMA CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2012
($ in thousands, except for share and per share data)
(Unaudited)

1. NATURE OF OPERATIONS

Cinedigm Digital Cinema Corp. was incorporated in Delaware on March 31, 2000 ("Cinedigm", and collectively with its subsidiaries, the "Company").

The Company is a digital cinema services, software and content marketing and distribution company supporting and capitalizing on the conversion of the exhibition industry from film to digital technology and the accelerating shift in the home entertainment market to digital and video-on-demand services from physical goods such as DVDs. The Company provides a digital cinema platform that combines technology solutions, financial advice and guidance, and software services to content owners and distributors and to movie exhibitors. Cinedigm leverages this digital cinema platform with a series of business applications that utilize the platform to capitalize on the new business opportunities created by the transformation of movie theatres into networked entertainment centers. The two main applications provided by Cinedigm include (i) its end-to-end digital entertainment content acquisition, marketing and distribution business focused on the distribution of alternative content and independent film in theatrical and ancillary home entertainment markets; and (ii) its operational, analytical and transaction processing software applications. Historically, the conversion of an industry from analog to digital has created new revenue and growth opportunities as well as an opening for new players to emerge to capitalize on this technological shift.

The Company reports its financial results in four primary segments as follows: (1) the first digital cinema deployment ("Phase I Deployment"), (2) the second digital cinema deployment ("Phase II Deployment"), (3) digital cinema services ("Services") and (4) media content and entertainment ("Content & Entertainment"). The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for the Company's digital cinema equipment (the "Systems") installed in movie theatres nationwide. The Services segment provides services, software and support to the Phase I Deployment and Phase II Deployment segments as well as directly to exhibitors and other third party customers. Included in these services are asset management services for a specified fee via service agreements with Phase I Deployment and Phase II Deployment as well as third party exhibitors as buyers of their own digital cinema equipment; and software license, maintenance and consulting services to Phase I and Phase II Deployment, various other exhibitors, studios and other content organizations. These services primarily facilitate the conversion from analog to digital cinema and have positioned the Company at what it believes to be the forefront of a rapidly developing industry relating to the distribution and management of digital cinema and other content to theatres and other remote venues worldwide. The Content & Entertainment segment, which includes our newly acquired wholly-owned subsidiary New Video Group, Inc. ("New Video") as described below, provides content marketing and distribution services in both theatrical and ancillary home entertainment markets to alternative and independent film content owners and to theatrical exhibitors.

Purchase of New Video Group, Inc.

On April 19, 2012 , the Company entered into a stock purchase agreement for the purchase of all of the issued and outstanding capital stock of New Video, an independent home entertainment distributor of quality packaged goods entertainment and digital content that provides distribution services in the DVD, BD, Digital and VOD channels for more than 500 independent rights holders (the "New Video Acquisition"). The Company agreed to pay $10.0 million in cash and 2,525,417 shares of Class A common stock at $1.51 per share, subject to certain transfer restrictions, plus up to an additional $6.0 million in cash or Class A common stock, at the Company's discretion, if certain business unit financial performance targets are met during the fiscal years ended March 31, 2013, 2014 and 2015 . In addition, the Company has agreed to register the resale of the shares of Class A common stock paid as part of the purchase price. The New Video Acquisition was consummated on April 20, 2012 . The Company is currently in the process of finalizing the fair value of assets acquired and liabilities assumed. Merger and acquisition expenses, consisting primarily of professional fees, directly related to the New Video Acquisition totaled $1.9 million , of which $1.3 million was incurred during the three months ended June 30, 2012 .

The results of operations of New Video have been included in the accompanying condensed consolidated statements of operations from the date of the acquisition within the Company's Content & Entertainment segment. The total amount of revenues and net income of New Video since the acquisition date that have been included in the condensed consolidated statements of operations for the six months ended September 30, 2012 was approximately $5.0 million and $0.3 million , respectively.

The aggregate purchase price after post-closing adjustments for 100% of the equity of New Video was $17.6 million , net of cash acquired of $6.9 million .

The purchase price has been preliminarily allocated to the identifiable net assets acquired as follows pending management's final valuation of the fair value of the net assets acquired as of the date of acquisition:

Cash and cash equivalents	$	6,873
Accounts receivable		8,983
Other assets		1,142
Intangible asset not subject to amortization		11,595
Intangible assets subject to amortization		3,469
Goodwill		1,336
Total assets acquired		33,398
Less: Total liabilities assumed		(15,763)
Total net assets acquired	$	17,635

The preliminary estimated fair value of the accounts receivable acquired was $8,983 . The Company has estimated that all of the accounts receivable will be collected.

Of the preliminary estimate of $3,469 of intangible assets subject to amortization, $1,913 was preliminarily assigned to a content library with a useful life of five years, $1,296 was preliminarily assigned to a favorable lease with a useful life of approximately five years and $260 was preliminarily assigned to covenants not to compete with a useful life of two years. $11,595 was preliminarily assigned to customer relationships and we are currently evaluating its useful life. Upon finalization of the allocations and useful lives, the amortization impact, if any, on any individual quarter, is not expected to be material.

Pro forma Information Related To the Acquisition of the New Video (Unaudited)

The following unaudited supplemental pro forma consolidated summary operating data for the three and six months ended September 30, 2011 has been prepared by adjusting the historical data as set forth in the accompanying condensed consolidated statements of operations for the three and six months ended September 30, 2011 to give effect to the acquisition of New Video as if it had occurred at April 1, 2011 . As the acquisition of New Video was consummated near the beginning of the three months ended June 30, 2012 , the difference between actual operating results and pro forma results for the six months ended September 30, 2012 is not substantial.

	For the Three Months Ended September 30,				For the Six Months Ended September 30,			
	2012		2011		2012		2011	
Revenue	$	22,609	$	23,712	$	43,513	$	44,309
Operating income	$	3,578	$	6,353	$	5,518	$	10,358
Net loss	$	(2,611)	$	(156)	$	(7,763)	$	(6,581)
Net loss per share (basic and diluted)	$	(0.06)	$	—	$	(0.17)	$	(0.19)

This unaudited pro forma information is provided for informational purposes only and does not purport to be indicative of the results of operations that would have occurred if the acquisition had been completed on the date set forth above, nor is it necessarily indicative of the future operating results.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION AND CONSOLIDATION

The Company has incurred net losses historically and has an accumulated deficit of $228,985 as of September 30, 2012 . The Company also has significant contractual obligations related to its recourse and non-recourse debt for the fiscal year ended March 31, 2013 and beyond. The Company may continue to generate net losses for the foreseeable future. Based on the Company’s cash position at September 30, 2012 , and expected cash flows from operations, management believes that the

Company has the ability to meet its obligations through at least September 30, 2013 . The Company has a committed financing facility for additional non-recourse debt capital, primarily to meet equipment requirements related to the Company's Phase II Deployment. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on the Company's financial position, results of operations or liquidity.

The Company's condensed consolidated financial statements include the accounts of Cinedigm, Access Digital Media, Inc. ("AccessDM"), Hollywood Software, Inc. d/b/a Cinedigm Software ("Software"), Core Technology Services, Inc. ("Managed Services") (sold in August 2010), FiberSat Global Services, Inc. d/b/a Cinedigm Satellite and Support Services ("Satellite"), ADM Cinema Corporation ("ADM Cinema") d/b/a the Pavilion Theatre (certain assets and liabilities sold in May 2011), Christie/AIX, Inc. d/b/a Cinedigm Digital Cinema ("Phase 1 DC"), USM (sold in September 2011), Vistachiara Productions, Inc. f/k/a The Bigger Picture, currently d/b/a Cinedigm Content and Entertainment Group, New Video, Access Digital Cinema Phase 2 Corp. ("Phase 2 DC"), Access Digital Cinema Phase 2 B/AIX Corp. ("Phase 2 B/AIX") and Cinedigm Digital Funding I, LLC ("CDF I"). Content and Entertainment Group and New Video are together referred to as CEG. AccessDM and Satellite are together referred to as the DMS (the majority of which was sold in November, 2011 and remaining assets of which were sold in May 2012). All intercompany transactions and balances have been eliminated in consolidation.

The condensed consolidated balance sheet as of March 31, 2012 , which has been derived from audited financial statements, and the unaudited interim condensed consolidated financial statements were prepared following the interim reporting requirements of the Securities and Exchange Commission ("SEC"). They do not include all disclosures normally made in financial statements contained in the Form 10-K. In management's opinion, all adjustments necessary for a fair presentation of financial position, the results of operations and cash flows in accordance with U.S. generally accepted accounting principles ("GAAP") for the periods presented have been made. The results of operations for the respective interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2012 filed with the SEC on June 18, 2012 (the "Form 10-K").

INVESTMENT IN NON-CONSOLIDATED ENTITY

The Company indirectly owns 100% of the common equity of CDF2 Holdings, LLC, ("Holdings"), which is a Variable Interest Entity ("VIE"), as defined in Accounting Standards Codification Topic 810 ("ASC 810"), "Consolidation". The Company has determined that it is not the primary beneficiary of Holdings in accordance with ASC 810, and it is accounting for its investment in Holdings under the equity method of accounting. The Company's net investment in Holdings is reflected as "Investment in non-consolidated entity, net" in the accompanying condensed consolidated balance sheets. See Note 4 for further discussion.

RECLASSIFICATION

Certain reclassifications, principally for discontinued operations (see Note 3) have been made to the fiscal year ended March 31, 2012 financial statements to conform to the current fiscal year ended March 31, 2013 presentation.

USE OF ESTIMATES

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Such estimates include the adequacy of accounts receivable reserves, assessment of goodwill and intangible asset impairment and valuation reserve for income taxes, among others. Actual results could differ from these estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be "cash equivalents." The Company maintains bank accounts with major banks, which from time to time may exceed the Federal Deposit Insurance Corporation's insured limits. The Company periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

RESTRICTED AVAILABLE-FOR-SALE INVESTMENTS

In connection with $172,500 of term loans issued in May 2010 (See Note 5), the sale of USM in September 2011 and the sale

of the majority of assets of DMS in November 2011 (See Note 3), the Company segregated $9,477 of the combined proceeds received in the transactions into an account to be used with the approval of the 2010 Noteholder either (i) to support an acquisition by the Company; or (ii) to repay the 2010 Note. During the three months ended June 30, 2012 , these funds were released from restricted available-for-sale investments and used to finance a portion of the cost of the acquisition of the New Video Acquisition in April 2012 (See Note 1).

ACCOUNTS RECEIVABLE

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful accounts amounted to $376 and $257 as of September 30, 2012 and March 31, 2012 , respectively.

Accounts receivable, long-term result from up-front activation fees with extended payment terms that are discounted to their present value at prevailing market rates.

RESTRICTED CASH

In connection with the 2010 Term Loans issued in May 2010 (See Note 5), the Company maintains cash restricted for repaying interest on the 2010 Term Loans, as follows:

	As of September 30, 2012	As of March 31, 2012
Reserve account related to the 2010 Term Loans (See Note 5)	$ 5,751	$ 5,751

DEFERRED COSTS

Deferred costs primarily consist of unamortized debt issuance costs which are amortized on a straight-line basis over the term of the respective debt. The straight-line basis is not materially different from the effective interest method.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the leasehold improvements. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized. Upon the sale or other disposition of any property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and the gain or loss on disposal is included in the condensed consolidated statements of operations.

ACCOUNTING FOR DERIVATIVE ACTIVITIES

Derivative financial instruments are recorded at fair value. In May 2010, the Company settled the interest rate swap in place with respect to its previous credit facility. In June 2010, the Company executed three separate interest rate swap agreements (the “Interest Rate Swaps”) to limit the Company’s exposure to changes in interest rates related to the 2010 Term Loans. Changes in fair value of derivative financial instruments are either recognized in accumulated other comprehensive loss (a component of stockholders' equity (deficit)) or in the condensed consolidated statements of operations depending on whether the derivative qualifies for hedge accounting. The Company has not sought hedge accounting treatment for these instruments and therefore, changes in the value of its Interest Rate Swaps were recorded in the condensed consolidated statements of operations (See Note 5).

FAIR VALUE MEASUREMENTS

The fair value measurement disclosures are grouped into three levels based on valuation factors:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

Assets and liabilities measured at fair value on a recurring basis use the market approach, where prices and other relevant information are generated by market transactions involving identical or comparable assets or liabilities.

The following tables summarize the levels of fair value measurements of the Company's financial assets:

	As of September 30, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 20,270	$ —	$ —	$ 20,270
Restricted cash	5,751	—	—	5,751
Interest rate swap	—	(1,105)	—	(1,105)
Contingent consideration	—	—	(3,844)	(3,844)
	$ 26,021	$ (1,105)	$ (3,844)	$ 21,072

	As of March 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 17,843	$ —	$ —	$ 17,843
Restricted available-for-sale investments	9,477	—	—	9,477
Restricted cash	5,751	—	—	5,751
Interest rate swap	—	(1,771)	—	(1,771)
	$ 33,071	$ (1,771)	$ —	$ 31,300

Contingent consideration is a liability to the sellers of New Video based upon its business unit financial performance target in each of the fiscal years ended March 31, 2013, 2014 and 2015 (see Note 1). The preliminary estimates of the fair value of the contingent consideration arrangement was estimated by using the current forecast of New Video adjusted EBITDA, as defined by the New Video stock purchase agreement. That measure is based on significant inputs that are not observable in the market, which are considered Level 3 inputs.

The following summarized changes in contingent consideration liabilities in during the six months ended September 30, 2012 :

Balance at March 31, 2012	$ —
Contingent consideration	3,844
Balance at September 30, 2012	$ 3,844

Key assumptions include a discount rate of 8% and that New Video will achieve 100% of its business unit financial performance target in each of the three fiscal years described above, resulting in a payment of 75% of the maximum contingent consideration amount described in Note 1. As of September 30, 2012 , the amount recognized for the contingent consideration arrangements, the range of outcomes, and the assumptions used to develop the estimate had not changed.

IMPAIRMENT OF LONG-LIVED AND FINITE-LIVED ASSETS

The Company reviews the recoverability of its long-lived assets and finite-lived intangible assets, when events or conditions exist that indicate a possible impairment exists. The assessment for recoverability is based primarily on the Company's ability to recover the carrying value of its long-lived and finite-lived assets from expected future undiscounted net cash flows. If the total of expected future undiscounted net cash flows is less than the total carrying value of the assets the asset is deemed not to

be recoverable and possibly impaired. The Company then estimates the fair value of the asset to determine whether an impairment loss should be recognized. An impairment loss will be recognized if the difference between the fair value and the carrying value of the asset exceeds its fair value. Fair value is determined by computing the expected future discounted cash flows. During the three and six months ended September 30, 2012 and 2011 , no impairment charge from continuing operations for long-lived assets was recorded.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis.

The Company's process of evaluating goodwill for impairment involves the determination of fair value of its goodwill reporting units: Software and CEG. The Company conducts its annual goodwill impairment analysis during the fourth quarter of each fiscal year, measured as of March 31, unless triggering events occur which require goodwill to be tested at another date. As discussed in Note 1, goodwill increased as a result of the New Video Acquisition. During the three and six months ended September 30, 2012 and 2011 , no impairment charge was recorded for goodwill related to the Company's continuing operations.

For further details on the Company's process for evaluating goodwill for impairment, refer to the Form 10-K. Information related to the goodwill allocated to the Company is detailed below:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
As of March 31, 2012	$ —	$ —	$ 4,197	$ 1,568	$ —	$ 5,765
Goodwill resulting from the New Video Acquisition	—	—	—	1,336	—	1,336
As of September 30, 2012	$ —	$ —	$ 4,197	$ 2,904	$ —	$ 7,101

REVENUE RECOGNITION

Phase I Deployment and Phase II Deployment

Virtual print fees ("VPFs") are earned pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase 1 DC, CDF I and to Phase 2 DC, when movies distributed by the studio are displayed on screens utilizing the Company's Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC and CDF I based on a defined fee schedule with a reduced VPF rate year over year until the sixth year at which point the VPF rate remains unchanged through the tenth year. One VPF is payable for every digital title displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally-equipped movie theatre, as Phase 1 DC's, CDF I's and Phase 2 DC's performance obligations have been substantially met at that time.

Phase 2 DC's agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once "cost recoupment," as defined in the agreements, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all "overhead and ongoing costs", as defined, and including the Company's service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter, plus a compounded return on any billed but unpaid overhead and ongoing costs, of 15% per year. Further, if cost recoupment occurs before the end of the eighth contract year, a one-time "cost recoupment bonus" is payable by the studios to the Company. Any other cash flows, net of expenses, received by Phase 2 DC following the achievement of cost recoupment are required to be returned to the distributors on a pro-rata basis. At this time, the Company cannot estimate the timing or probability of the achievement of cost recoupment.

Alternative content fees ("ACFs") are earned pursuant to contracts with movie exhibitors, whereby amounts are payable to Phase 1 DC, CDF I and to Phase 2 DC, generally either a fixed amount or as a percentage of the applicable box office revenue derived from the exhibitor's showing of content other than feature films, such as concerts and sporting events (typically

referred to as “alternative content”). ACF revenue is recognized in the period in which the alternative content first opens for audience viewing.

Revenues are deferred for up front exhibitor contributions and are recognized over the cost recoupment period, which is a period of ten years.

Services

For software multi-element licensing arrangements that do not require significant production, modification or customization of the licensed software, revenue is recognized for the various elements as follows: revenue for the licensed software element is recognized upon delivery and acceptance of the licensed software product, as that represents the culmination of the earnings process and the Company has no further obligations to the customer, relative to the software license. Revenue earned from consulting services is recognized upon the performance and completion of these services. Revenue earned from annual software maintenance is recognized ratably over the maintenance term (typically one year).

Revenue is deferred in cases where: (1) a portion or the entire contract amount cannot be recognized as revenue, due to non-delivery or pre-acceptance of licensed software or custom programming, (2) uncompleted implementation of application service provider arrangements (“ASP Service”), or (3) unexpired pro-rata periods of maintenance, minimum ASP Service fees or website subscription fees. As license fees, maintenance fees, minimum ASP Service fees and website subscription fees are often paid in advance, a portion of this revenue is deferred until the contract ends. Such amounts are classified as deferred revenue and are recognized as earned revenue in accordance with the Company’s revenue recognition policies described above.

Exhibitors who will purchase and own Systems using their own financing in the Phase II Deployment, will pay an upfront activation fee that is generally $2 thousand per screen to the Company (the “Exhibitor-Buyer Structure”). These upfront activation fees are recognized in the period in which these exhibitor owned Systems are ready for content, as the Company has no further obligations to the customer, and are generally paid quarterly from VPF revenues over approximately one year. Additionally, the Company recognizes activation fee revenue of between $1 thousand and $2 thousand on Phase 2 DC Systems and for Systems installed by Holdings upon installation and are generally collected upfront upon installation. The Company will then manage the billing and collection of VPFs and will remit all VPFs collected to the exhibitors, less an administrative fee that will approximate up to 10% of the VPFs collected.

The administrative fee related to the Phase I Deployment approximates 5% of the VPFs collected. This administrative fee is recognized in the period in which the billing of VPFs occurs, as performance obligations have been substantially met at that time.

Content & Entertainment

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, video-on-demand, and physical goods (e.g. DVD and Blu-Ray Disc). The fee rate earned by the Company varies depending upon the nature of the agreements with the platform and content providers. Generally, revenues are recognized at the availability date of the content for a subscription digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and video-on-demand services.

CEG also has contracts for the theatrical distribution of third party feature films and alternative content. CEG’s distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature film and alternative content is viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature films’ or alternative content’s theatrical release date.

DIRECT OPERATING COSTS

Direct operating costs consist of facility operating costs such as rent, utilities, real estate taxes, repairs and maintenance, insurance and other related expenses, direct personnel costs, and amortization of capitalized software development costs.

STOCK-BASED COMPENSATION

During the three months ended September 30, 2012 and 2011 , the Company recorded employee stock-based compensation from continuing operations expense of $528 and $464 , respectively. During the six months ended September 30, 2012 and 2011 , the Company recorded employee stock-based compensation from continuing operations expense of $1,014 and $918 ,

respectively.

The weighted-average grant-date fair value of options granted during the three months ended September 30, 2012 and 2011 was $0.79 and $0.88 , respectively. The weighted-average grant-date fair value of options granted during the six months ended September 30, 2012 and 2011 was $0.92 . There were no stock options exercised during the three and six months ended September 30, 2012 and 2011 .

The Company estimated the fair value of stock options at the date of each grant using a Black-Scholes option valuation model with the following assumptions:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
Assumptions for Option Grants	**2012**	**2011**	**2012**	**2011**
Range of risk-free interest rates	0.6 - 0.7%	0.9 - 1.7%	0.6 - 0.9%	0.9 - 2.1%
Dividend yield	—	—	—	—
Expected life (years)	5	5	5	5
Range of expected volatilities	75.17 - 75.55%	76.0 - 77.6%	75.17 - 76.01%	77.2 - 78.0%

The risk-free interest rate used in the Black-Scholes option pricing model for options granted under the Company’s stock option plan awards is the historical yield on U.S. Treasury securities with equivalent remaining lives. The Company does not currently anticipate paying any cash dividends on common stock in the foreseeable future. Consequently, an expected dividend yield of zero is used in the Black-Scholes option pricing model. The Company estimates the expected life of options granted under the Company’s stock option plans using both exercise behavior and post-vesting termination behavior, as well as consideration of outstanding options.   The Company estimates expected volatility for options granted under the Company’s stock option plans based on a measure of historical volatility in the trading market for the Company’s common stock.

Employee stock-based compensation expense related to the Company’s stock-based awards was as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Direct operating	$ 26	$ 12	$ 48	$ 21
Selling, general and administrative	466	396	893	823
Research and development	36	56	73	74
	$ 528	$ 464	$ 1,014	$ 918

NET LOSS PER SHARE

Basic and diluted net loss per common share has been calculated as follows:

$$\text{Basic and diluted net loss per common share} = \frac{\text{Net loss + preferred dividends}}{\text{Weighted average number of common stock outstanding during the period}}$$

Basic and diluted net loss per share are computed independently for each of the periods presented. Therefore, the sum of basic and diluted net loss per share information for each of the three months ended June 30, 2012 and September 30, 2012 may not equal basic and diluted net loss per share information for the six months ended September 30, 2012.

Shares issued and any shares that are reacquired during the period are weighted for the portion of the period that they are outstanding.

The Company incurred net losses for each of the three and six months ended September 30, 2012 and 2011 and, therefore, the impact of dilutive potential common shares from outstanding stock options and warrants, totaling 20,827,897 shares and 25,475,314 shares as of September 30, 2012 and 2011 , respectively, were excluded from the computation as it would be anti-dilutive.

RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Standards

In July 2012, the FASB issued a new accounting standard update, which amends guidance allowing an entity to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite – lived intangible asset is impaired. This assessment should be used as a basis for determining whether it is necessary to perform the quantitative impairment test. An entity would not be required to calculate the fair value of the intangible asset and perform the quantitative test unless the entity determines, based upon its qualitative assessment, that it is more likely than not that its fair value is less than its carrying value. The update provides further guidance of events and circumstances that an entity should consider in determining whether it is more likely than not that the fair value of an indefinite – lived intangible asset is less than its carrying amount. The update also allows an entity the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. This update is effective for annual and interim periods beginning after September 15, 2012, with early adoption permitted. The Company adopted this standard on October 1, 2012. The adoption of this standard did not have a material impact on the condensed consolidated financial statements and disclosures.

Recently Issued Standards

In October 2012, the FASB issued a new accounting standard update, which aligns the guidance on fair value measurements in the impairment test of unamortized film costs with the guidance on fair value measurements in other instances within GAAP. The amendments in this update eliminate certain requirements related to an impairment assessment of unamortized film costs and clarify when unamortized film costs should be assessed for impairment. This update does not add any new guidance to the FASB's codification for Entertainment - Films. This update is effective for the Company's impairment assessments performed on or after December 15, 2012. The Company is currently evaluating the impact of the update and does not expect the update to have a material impact to its condensed consolidated financial statements.

3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

USM had contracts with exhibitors to display pre-show advertisements on their screens, in exchange for certain fees paid to the exhibitors. USM then contracted with businesses of various types to place their advertisements in select theatre locations, designed the advertisement, and placed it on-screen for specific periods of time, generally ranging from three to twelve months. The Company determined that this business did not meet its strategic plan and sold USM in September 2011 for $6,000 , before transaction expenses of $226 , and recognized a gain on the sale of $846 for the fiscal year ended March 31, 2012 . USM was formerly part of the Content & Entertainment segment.

In November 2011, pursuant to an asset purchase agreement, the Company sold to a third party the majority of assets of Cinedigm's physical and electronic distribution business and trailer distribution business for $1,000 before transaction expenses of $277 , and recognized a loss on the sale of $4,606 for the fiscal year ended March 31, 2012 . Concurrently on completion of this transaction, the Company classified $200 of net assets of its non-theatrical DMS business which were not sold as part of this transaction as held for sale and classified these assets as discontinued operations which the Company intended to sell within the next twelve months. These DMS non-theatrical assets were written down in value by $800 during the fiscal year ended March 31, 2012 . DMS was formerly part of the Services segment.

In May 2012, pursuant to an asset purchase agreement, the Company sold to a third party the remaining net assets of its non-theatrical DMS business for $200 . The Company did not recognize a gain or loss on the sale during the three months ended June 30, 2012 . In connection with the sale and in consideration of other payments made by the Company on behalf of the buyer, the Company received a secured promissory note from the third party for $260 representing the sale proceeds and other amounts advanced by the Company on behalf of the third party. The promissory note, which bears interest of 5% per annum, was originally due on October 19, 2012 and has an outstanding balance of $189 as of September 30, 2012 . The promissory note will now be satisfied in exchange for services with the third party through December 31, 2013 .

With the sale of the remaining net assets of its non-theatrical DMS business, there are no assets or liabilities held for sale as of September 30, 2012 . The assets and liabilities held for sale as of March 31, 2012 were comprised of the following:

	As of March 31, 2012
Accounts receivable, net and notes receivable	$ 14
Property and equipment, net	200
Assets held for sale	$ 214
Accounts payable and accrued expenses	$ 75
Liabilities as part of assets held for sale	$ 75

For the three and six months ended September 30, 2012 , the loss from discontinued operations is comprised of DMS. There is no tax provision or benefit related to any of the discontinued operations. For the three and six months ended September 30, 2011 , the loss from discontinued operations is comprised of USM, DMS and the Pavilion Theatre. The loss from discontinued operations was as follows:

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2012	2011	2012	2011
Revenues	$ —	$ 4,802	$ 67	$ 10,332
Costs and Expenses:				
Direct operating (exclusive of depreciation and amortization shown below)	—	3,081	178	7,260
Selling, general and administrative	(10)	1,189	107	3,034
Provision for doubtful accounts	—	83	36	171
Research and development	—	(9)	—	—
Depreciation of property and equipment	—	672	—	1,612
Amortization of intangible assets	—	191	—	911
Total operating (income) expenses	(10)	5,207	321	12,988
Income (loss) from operations	10	(405)	(254)	(2,656)
Interest expense	—	(8)	—	(185)
Other expense, net	—	(1)	(20)	(6)
Gain on disposal	—	846	—	910
Income (loss) from discontinued operations	$ 10	$ 432	$ (274)	$ (1,937)

4. INVESTMENT IN NON-CONSOLIDATED ENTITY

Investment in Holdings

As discussed in Note 2, Holdings, a subsidiary of Access Digital Cinema Phase 2, Corp. ("ADCP2"), which is wholly owned by the Company, and its wholly owned limited liability company, Cinedigm Digital Funding 2, LLC was created for the purpose of capitalizing on the conversion of the exhibition industry from film to digital technology. Holdings assists customers in procuring the necessary equipment in the conversion of their Systems by providing the necessary financing, equipment, installation and related ongoing services. Holdings is a VIE, as defined in ASC 810, indirectly wholly owned by the Company. ASC 810 requires the consolidation of VIEs by an entity that has a controlling financial interest in the VIE which entity is thereby defined as the primary beneficiary of the VIE. To be a primary beneficiary, an entity must have the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, among other factors. Although Holdings is indirectly wholly owned by the Company, a third party, which also has a variable interest in Holdings, along with an independent third party manager and the Company must mutually approve all business activities and transactions that significantly impact Holdings' economic performance. The Company has thus assessed its variable interests in Holdings and determined that it is not the primary beneficiary of Holdings and therefore accounts for its investment in Holdings under the equity method of accounting. In completing our assessment, the Company identified the activities that it considers most significant to the economic performance of Holdings and determined that we do not have the power to direct those activities. As a result, Holdings' financial position and results of operations are not consolidated in the financial position and results of operations of the Company.

The Company's maximum exposure to loss as it relates to Holdings as of September 30, 2012 includes:

- The investment in the equity of Holdings of $2,152 ; and
- Accounts receivable due from Holdings for service fees under its master service agreement of $863 .

During the three and six months ended September 30, 2012 , the Company received $470 and $894 in aggregate revenues from Holdings, respectively, included in revenues on the accompanying condensed consolidated statements of operations.

The changes in the carrying amount of our investment in Holdings for the six months ended September 30, 2012 are as follows:

Balance at March 31, 2012	$	1,490
Equity contributions		—
Equity in income of Holdings		662
Balance at September 30, 2012	$	2,152

5. NOTES PAYABLE

Notes payable consisted of the following:

	As of September 30, 2012				As of March 31, 2012			
Notes Payable		Current Portion		Long Term Portion		Current Portion		Long Term Portion
2010 Term Loans, net of debt discount	$	24,869	$	73,749	$	24,151	$	93,399
KBC Facilities		8,135		39,508		11,339		40,929
P2 Vendor Note		87		570		94		623
P2 Exhibitor Notes		61		380		60		394
Total non-recourse notes payable	$	33,152	$	114,207	$	35,644	$	135,345
2010 Note, net of debt discount	$	—	$	92,161	$	—	$	87,354
Total recourse notes payable	$	—	$	92,161	$	—	$	87,354
Total notes payable	$	33,152	$	206,368	$	35,644	$	222,699

Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults by the Company is limited to the value of the asset collateralized by the debt. The 2010 Term Loans are not guaranteed by the Company or its other subsidiaries, other than Phase 1 DC. The KBC Facilities, the P2 Vendor Note and the P2 Exhibitor Notes are not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC.

In August 2009, the Company entered into a securities purchase agreement (the "Sageview Purchase Agreement") with an affiliate of Sageview Capital LP ("Sageview" or the "Purchaser") pursuant to which the Company agreed to issue a Senior Secured Note (the "2009 Note") in the aggregate principal amount of $75,000 and warrants (the "Sageview Warrants") to purchase 16,000,000 shares of its Class A Common Stock (the "2009 Private Placement"). The 2009 Note was later amended and restated on May 6, 2010 (as so amended and restated, the "2010 Note"). The balance of the 2010 Note, net of the discount associated with the issuance of the Sageview Warrants and the interest of 8% per annum on the 2010 Note to be accrued as an increase in the aggregate principal amount of the 2010 Note ("PIK Interest"), was as follows:

	As of September 30, 2012		As of March 31, 2012	
2010 Note, at issuance	$	75,000	$	75,000
Discount on 2010 Note		(3,993)		(5,066)
PIK Interest		21,154		17,420
2010 Note, net	$	92,161	$	87,354
Less current portion		—		—
Total long term portion	$	92,161	$	87,354

In May 2010, CDF I, an indirectly wholly-owned, special purpose, non-recourse subsidiary of the Company, formed in April

2010, entered into a definitive credit agreement (the “2010 Credit Agreement”) with Société Générale, New York Branch (“SocGen”), as co-administrative agent, paying agent for the lenders party thereto and certain other secured parties and subsequently as collateral agent. Pursuant to the 2010 Credit Agreement, CDF I borrowed term loans (the “2010 Term Loans”) in the principal amount of $172,500 . These 2010 Term Loans are non-recourse to the Company. The proceeds of the 2010 Term Loans were used by CDF I to pay all costs, fees and expenses relating to the transaction and to pay $157,456 to Phase 1 DC, as part of the consideration for the acquisition by CDF I of all of the assets and liabilities of Phase 1 DC pursuant to a Sale and Contribution Agreement between CDF I and Phase 1 DC. Phase 1 DC acquired all of the outstanding membership interests in CDF I pursuant to this Sale and Contribution Agreement. Phase 1 DC, in turn, extinguished all of its outstanding obligations with respect to a credit facility with General Electric Capital Corporation and the $9,600 vendor financing obtained previously in August 2007, and its intercompany obligations owed to the Company. Under the 2010 Credit Agreement, each of the 2010 Term Loans will bear interest, at the option of CDF I and subject to certain conditions, based on the base rate (generally, the bank prime rate) plus a margin of 2.50% or the Eurodollar rate (subject to a floor of 1.75%), plus a margin of 3.50% . All collections and revenues of CDF I are deposited into special blocked accounts. These amounts are included in cash and cash equivalents in the condensed consolidated balance sheets and are only available to pay certain operating expenses, principal, interest, fees, costs and expenses relating to the 2010 Credit Agreement according to certain designated priorities, which totaled $6,565 and $8,447 as of September 30, 2012 and March 31, 2012 , respectively. On a quarterly basis, if funds remain after the payment of all such amounts, they will be applied to prepay the 2010 Term Loans. After certain conditions are met, CDF I may use up to 50% of the remaining funds to pay dividends or distributions to Phase 1 DC. The Company also set up a debt service fund under the 2010 Credit Agreement for future principal and interest payments, classified as restricted cash of $5,751 as of both September 30, 2012 and March 31, 2012 .

The 2010 Term Loans mature and must be paid in full by April 29, 2016. In addition, CDF I may prepay the 2010 Term Loans, without premium or penalty, in whole or in part, subject to paying certain breakage costs, if applicable. The 2010 Credit Agreement also requires each of CDF I’s existing and future direct and indirect domestic subsidiaries (the "Guarantors") to guarantee, under a Guaranty and Security Agreement dated as of May 6, 2010 by and among CDF I, the Guarantors and SocGen (the “Guaranty and Security Agreement”), the obligations under the 2010 Credit Agreement, and all such obligations to be secured by a first priority perfected security interest in all of the collective assets of CDF I and the Guarantors, including real estate owned or leased, and all capital stock or other equity interests in Phase 1 DC, CDF I and CDF I’s subsidiaries. In connection with the 2010 Credit Agreement, AccessDM, the direct parent of Phase 1 DC, entered into a pledge agreement dated as of May 6, 2010 in favor of SocGen (the “ADM Pledge Agreement”) pursuant to which AccessDM pledged to SocGen all of the outstanding shares of common stock of Phase 1 DC, and Phase 1 DC entered into a pledge agreement dated as of May 6, 2010 in favor of SocGen (the “Phase 1 DC Pledge Agreement”) pursuant to which Phase 1 DC pledged to SocGen all of the outstanding membership interests of CDF I. The 2010 Credit Agreement contains customary representations, warranties, affirmative covenants, negative covenants and events of default, as well as conditions to borrowings. The balance of the 2010 Term Loans, net of the original issue discount, was as follows:

	As of September 30, 2012		As of March 31, 2012	
2010 Term Loans, at issuance	$	172,500	$	172,500
Payments to date		(72,852)		(53,777)
Discount on 2010 Term Loans		(1,030)		(1,173)
2010 Term Loans, net		98,618		117,550
Less current portion		(24,869)		(24,151)
Total long term portion	$	73,749	$	93,399

In June 2010, CDF I executed the three separate Interest Rate Swaps with counterparties for a total notional amount of approximately 66.67% of the amounts to be outstanding at June 15, 2011 under the 2010 Term Loans or an initial amount of $100,000 . Under the Interest Rate Swaps, CDF I will effectively pay a fixed rate of 2.16% , to guard against CDF I’s exposure to increases in the variable interest rate under the 2010 Term Loans. SocGen arranged the transaction, which took effect commencing June 15, 2011 as required by the 2010 Term Loans and will remain in effect until at least June 15, 2013. As principal repayments of the 2010 Term Loans occur, the notional amount will decrease by a pro rata amount, such that approximately $80,000 of the remaining principal amount will be covered by the Interest Rate Swaps at any time. The Company has not sought hedge accounting and therefore, changes in the value of its Interest Rate Swaps will be recorded in the condensed consolidated statements of operations (see Note 2).

CREDIT FACILITIES

In December 2008, Phase 2 B/AIX, a direct wholly-owned subsidiary of Phase 2 DC and an indirect wholly-owned subsidiary of the Company, entered into a credit facility of up to a maximum of $8,900 with KBC Bank NV (the “KBC Facility #1”) to

fund the purchase of Systems from Barco, Inc. ("Barco"), to be installed in movie theatres as part of the Company's Phase II Deployment. The KBC Facility #1 required interest-only payments at 7.3% per annum through December 31, 2009. The principal is to be repaid in 28 equal quarterly installments commencing in March 2010 and ending December 31, 2016 (the "Repayment Period") at an interest rate of 8.5% per annum during the Repayment Period. The KBC Facility #1 may be prepaid at any time without penalty and is not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC. During the three months ended September 30, 2012 , there was no amount drawn down on the KBC Facility #1. As of September 30, 2012 , there was no outstanding principal balance of the KBC Facility #1. As of March 31, 2012 , the outstanding principal balance of the KBC Facility #1 was $3,059 .

In February 2010, Phase 2 B/AIX entered into an additional credit facility with KBC Bank NV (the "KBC Facility #2") to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company's Phase II Deployment. The KBC Facility #2 provides for borrowings of up to a maximum of $2,890 through December 31, 2010 (the "Draw Down Period") and requires interest-only payments based on the three month London Interbank Offered Rate (" LIBOR ") plus 3.75% per annum during the Draw Down Period. For any funds drawn, the principal is to be repaid in 28 equal quarterly installments commencing in March 2011 and ending December 2017 (the "Repayment Period") at an interest rate based on the three month LIBOR plus 3.75% per annum during the Repayment Period. The KBC Facility #2 may be prepaid at any time without penalty and is not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC. During the three months ended September 30, 2012 , there was no amount drawn down on the KBC Facility #2. As of September 30, 2012 and March 31, 2012 , the outstanding principal balance of the KBC Facility #2 was $2,140 and $2,347 , respectively.

In May 2010, Phase 2 B/AIX entered into an additional credit facility with KBC Bank NV (the "KBC Facility #3") to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company's Phase II Deployment. The KBC Facility #3 provides for borrowings of up to a maximum of $22,336 through December 31, 2010 (the "Draw Down Period") and requires interest-only payments based on the three month LIBOR plus 3.75% per annum during the Draw Down Period. For any funds drawn, the principal is to be repaid in 28 equal quarterly installments commencing in December 2011 and ending September 2018 (the "Repayment Period") at an interest rate based on the three month LIBOR plus 3.75% per annum during the Repayment Period. The KBC Facility #3 may be prepaid at any time without penalty and is not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC. During the three months ended September 30, 2012 , $64 has been drawn down on the KBC Facility #3. As of September 30, 2012 and March 31, 2012 , the outstanding principal balance of the KBC Facility #3 was $17,750 and $20,221 , respectively.

In May 2010, Phase 2 B/AIX entered into an additional credit facility with KBC Bank NV (the "KBC Facility #4") to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company's Phase II Deployment. The KBC Facility #4 provides for borrowings of up to a maximum of $13,312 through December 31, 2010 (the "Draw Down Period") and requires interest-only payments based on the three month LIBOR plus 3.75% per annum during the Draw Down Period. For any funds drawn, the principal is to be repaid in 28 equal quarterly installments commencing in December 2011 and ending September 2018 (the "Repayment Period") at an interest rate based on the three month LIBOR plus 3.75% per annum during the Repayment Period. The KBC Facility #4 may be prepaid at any time without penalty and is not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC. During the three months ended September 30, 2012 , there was no amount drawn down on the KBC Facility #4. As of September 30, 2012 and March 31, 2012 , the outstanding principal balance of the KBC Facility #4 was $11,410 and $12,361 , respectively.

In May 2011, Phase 2 B/AIX entered into an additional credit facility with KBC Bank NV (the "KBC Facility #5") to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company's Phase II Deployment. The KBC Facility #5 provides for borrowings of up to a maximum of $11,425 through March 31, 2012 (the "Draw Down Period") and requires interest-only payments based on the three month LIBOR plus 3.75% per annum during the Draw Down Period. For any funds drawn, the principal is to be repaid in 28 equal quarterly installments commencing in June 2012 and ending March 2019 (the "Repayment Period") at an interest rate based on the three month LIBOR plus 3.75% per annum during the Repayment Period. The KBC Facility #5 may be prepaid at any time without penalty and is not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC. During the three months ended September 30, 2012 , there was no amount drawn down on the KBC Facility #5. As of September 30, 2012 and March 31, 2012 , the outstanding principal balance of the KBC Facility #5 was $10,609 and $11,425 , respectively.

In June 2011, Phase 2 B/AIX entered into an additional credit facility with KBC Bank NV (the "KBC Facility #6") to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company's Phase II Deployment. The KBC Facility #6 provides for borrowings of up to a maximum of $6,450 through December 31, 2011 (the "Draw Down Period") and requires interest-only payments based on the three month LIBOR plus 3.75% per annum during the Draw Down Period. For any funds drawn, the principal is to be repaid in 28 equal quarterly installments commencing in March 2012 and ending December 2018 (the "Repayment Period") at an interest rate based on the three month LIBOR plus 3.75% per annum during

the Repayment Period. The KBC Facility #6 may be prepaid at any time without penalty and is not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC. During the three months ended September 30, 2012 , $1,735 has been drawn down on the KBC Facility #6. As of September 30, 2012 and March 31, 2012 , the outstanding principal balance of the KBC Facility #6 was $5,734 and $2,855 , respectively.

At September 30, 2012 , the Company was in compliance with all of its debt covenants.

6. STOCKHOLDERS’ EQUITY

CAPITAL STOCK

COMMON STOCK

In September 2012, the Company increased the number of shares of Class A Common Stock authorized for issuance by 30,000,000 shares and redesignated the 13,759,000 unissued shares of Class B Common Stock as shares of Class A Common Stock, resulting in a total of 118,759,000 authorized shares of Class A Common Stock and 1,241,000 shares of authorized Class B Common Stock of which none remain available for issuance.

On April 19, 2012, the Company entered into an underwriting agreement (the “First Underwriting Agreement”) with B. Riley & Co., LLC (“B. Riley”) pursuant to which B. Riley agreed to act as underwriter of 3,885,004 shares of the Company’s Class A common stock being offered, and on April 20, 2012, the Company entered into an underwriting agreement (the “Second Underwriting Agreement” and, together with the First Underwriting Agreement, the “Underwriting Agreements”) with B. Riley as Representative of the several underwriters (the “Underwriters”), pursuant to which the Underwriters agreed to act as underwriters of an additional 3,257,853 shares of the Company’s Class A common stock being offered. The securities, consisting of a total of 7,142,857 shares, were offered by the Company pursuant to a shelf registration statement on Form S-3 declared effective by the Securities and Exchange Commission on April 9, 2012 (File No. 333-179970) and an applicable prospectus supplement (the “Underwritten Offering”). Pursuant to the Underwriting Agreements and subject to the terms and conditions expressed therein (i) the Underwriters offered such securities to the public at the public offering price of $1.40 and (ii) the Company agreed to sell these securities to the Underwriters at a purchase price equal to $1.316 per share, representing a per security discount equal to 6.0% of the public offering price per security, provided that, with respect to the shares sold pursuant to the First Underwriting Agreement, the discount also included an aggregate amount equal to $100 . At the Underwriters’ discretion, the Underwriters had a 30 day option to buy up to an additional 714,286 shares from the Company at the public offering price less the underwriting discounts and commissions to cover these sales. On April 23, 2012, the Underwriters exercised the entire over-allotment option. The Company also agreed to bear the expenses of the Underwritten Offering. The closing of the Underwritten Offering occurred on April 25, 2012, resulting in net proceeds to the Company of $10.0 million .

On April 26, 2012, the holder of 25,000 shares of the Company's Class B common stock converted all of the Class B shares into 25,000 Class A common stock shares. Accordingly the Company no longer has any Class B common stock outstanding.

PREFERRED STOCK

Cumulative dividends in arrears on the Preferred Stock at September 30, 2012 and March 31, 2012 was $89 and $67 , respectively.

CINEDIGM’S EQUITY INCENTIVE PLAN

The Company’s equity incentive plan (“the Plan”) previously provided for the issuance of up to 6,300,000 shares of Class A Common Stock to employees, outside directors and consultants. At the Annual Meeting of Stockholders on September 12, 2012 of the Company, the stockholders of the Company approved an amendment to the Plan to increase the total number of shares of the Company's Class A Common Stock available for issuance to 9,300,000 shares.

Stock Options

During the six months ended September 30, 2012 , under the Plan, the Company granted stock options to purchase 634,500 shares of its Class A Common Stock to its employees at exercise prices ranging from $1.37 to $1.72 per share, which will vest equally over a 4 year period. As of September 30, 2012 , the weighted average exercise price for outstanding stock options is $2.14 and the weighted average remaining contractual life is 7.43 years.

The following table summarizes the activity of the Plan related to shares issuable pursuant to outstanding options:

	Shares Under Option	Weighted Average Exercise Price Per Share
Balance at March 31, 2012	3,690,790	$ 2.27
Granted	634,500	1.52
Exercised	—	—
Cancelled	(47,150)	3.30
Balance at September 30, 2012	4,278,140	2.14

Restricted Stock Awards

The Plan also provides for the issuance of restricted stock and restricted stock unit awards. During the six months ended September 30, 2012 , the Company did not grant any restricted stock or restricted stock units.

The following table summarizes the activity of the Plan related to restricted stock awards:

	Restricted Stock Awards	Weighted Average Market Price Per Share
Balance at March 31, 2012	157,198	$ 1.18
Granted	—	—
Vested	(122,601)	1.12
Cancelled	(9,840)	1.34
Balance at September 30, 2012	24,757	1.40

WARRANTS

At September 30, 2012 , outstanding warrants consisted of 16,000,000 held by Sageview ("Sageview Warrants") and 525,000 held by a strategic management service provider.

The Sageview Warrants were exercisable beginning on September 30, 2009, contain a customary cashless exercise provision and anti-dilution adjustments, and expire on August 11, 2016 (subject to extension in limited circumstances). The Company also entered into a Registration Rights Agreement with Sageview pursuant to which the Company agreed to register the resale of the Sageview Warrants and the underlying shares of the Sageview Warrants from time to time in accordance with the terms of such Registration Rights Agreement. Based on the terms of the Sageview Warrants and the Registration Rights Agreement, the Company determined that the fair value of the Sageview Warrant represents a liability until such time when the underlying common shares are registered. The shares underlying the Sageview Warrant were registered with the SEC for resale in September 2010 and the Company reclassified the warrant liability of $16,054 to stockholders' equity.

The strategic management service provider warrants were issued in connection with a consulting management services agreement entered into with the Company. These warrants for the purchase of 525,000 shares of Class A common stock vest over 18 months commencing in July 2011 and are subject to termination with 90 days notice in the event of termination of the consulting management services agreement.

7. COMMITMENTS AND CONTINGENCIES

As of September 30, 2012 , in connection with the Phase II Deployment, Phase 2 DC has entered into digital cinema deployment agreements with various motion picture studios for the distribution of digital movie releases to motion picture exhibitors equipped with Systems, and providing for payment of VPFs to Phase 2 DC.

In November 2008, in connection with the Phase II Deployment, Phase 2 DC entered into a supply agreement with Christie, for the purchase of up to 10,000 Systems at agreed upon pricing, as part of the Phase II Deployment. As of September 30, 2012 , the Company has purchased Systems under this agreement for $898 and has no purchase obligations for additional Systems.

In November 2008, in connection with the Phase II Deployment, Phase 2 DC entered into a supply agreement with Barco, for the purchase of up to 5,000 Systems at agreed upon pricing, as part of the Phase II Deployment. As of September 30, 2012 , the Company has purchased Systems under this agreement for an accumulated total of $65,007 and has no purchase obligations for additional Systems.

LITIGATION

We are subject to certain legal proceedings in the ordinary course of business. We do not expect any such items to have a significant impact on our financial position and results of operations and liquidity.

8. SUPPLEMENTAL CASH FLOW DISCLOSURE

	For the Six Months Ended September 30,	
	2012	2011
Cash interest paid	$ 10,408	$ 9,131
Accretion of preferred stock discount	$ 55	$ 55
Accrued dividends on preferred stock	$ 178	$ 178
Issuance of Class A Common Stock in connection with New Video acquisition	$ 3,813	$ —
Issuance of Class A Common Stock to Board of Directors for services	$ 323	$ 370

9. SEGMENT INFORMATION

The Company is comprised of four reportable segments: Phase I Deployment, Phase II Deployment, Services and Content & Entertainment. The segments were determined based on the products and services provided by each segment and how management reviews and makes decisions regarding segment operations. Performance of the segments is evaluated on the segment's income (loss) from continuing operations before interest, taxes, depreciation and amortization.

The Phase I Deployment and Phase II Deployment segments consist of the following:

Operations of:	**Products and services provided:**
Phase 1 DC	Financing vehicles and administrators for the Company's 3,724 Systems installed nationwide in Phase 1 DC's deployment to theatrical exhibitors. The Company retains ownership of the Systems and the residual cash flows related to the Systems after the repayment of all non-recourse debt and the Company retains at the expiration of exhibitor master license agreements.
Phase 2 DC	Financing vehicles and administrators for the Company's second digital cinema deployment, through Phase 2 DC. The Company retains no ownership of the residual cash flows and digital cinema equipment after the completion of cost recoupment and at the expiration of the exhibitor master license agreements.

The Services segment consists of the following:

Operations of:	**Products and services provided:**
Services	Provides monitoring, billing, collection, verification and other management services to the Company's Phase I Deployment, Phase II Deployment as well as to exhibitors who purchase their own equipment. Collects and disburses VPFs from motion picture studios and distributors and ACFs from alternative content providers, movie exhibitors and theatrical exhibitors.
Software	Develops and licenses software to the theatrical distribution and exhibition industries, provides ASP services, and provides software enhancements and consulting services.

The Content & Entertainment segment consists of the following:

Operations of:	**Products and services provided:**
CEG	Acquires, distributes and provides the marketing for programs of alternative content and feature films to movie exhibitors and ancillary home entertainment markets, including, digital, video-on-demand, blue-ray disc and DVD.

Information related to the segments of the Company and its subsidiaries is detailed below:

	As of September 30, 2012					
	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Total intangible assets, net	$ 367	$ 10	$ 56	$ 14,738	$ —	$ 15,171
Total goodwill	$ —	$ —	$ 4,197	$ 2,904	$ —	$ 7,101
Total assets	$ 147,804	$ 82,543	$ 18,109	$ 38,608	$ 12,980	$ 300,044
Notes payable, non-recourse	$ 98,618	$ 48,741	$ —	$ —	$ —	$ 147,359
Notes payable	—	—	—	—	92,161	92,161
Capital leases	—	—	—	5	5,342	5,347
Total debt	$ 98,618	$ 48,741	$ —	$ 5	$ 97,503	$ 244,867

	As of March 31, 2012					
	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Total intangible assets, net	$ 390	$ 13	$ 46	$ 17	$ —	$ 466
Total goodwill	$ —	$ —	$ 4,197	$ 1,568	$ —	$ 5,765
Assets from continuing operations	$ 166,020	$ 84,394	$ 15,364	$ 2,284	$ 21,861	$ 289,923
Assets held for sale						214
Total assets						$ 290,137
Notes payable, non-recourse	$ 117,550	$ 53,439	$ —	$ —	$ —	$ 170,989
Notes payable	—	—	—	—	87,354	87,354
Capital leases	—	—	—	—	5,430	5,430
Total debt	$ 117,550	$ 53,439	$ —	$ —	$ 92,784	$ 263,773

Statements of Operations
For the Three Months Ended September 30, 2012
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 10,615	$ 3,525	$ 4,866	$ 3,603	$ —	$ 22,609
Intersegment revenues (1)	—	—	1,136	11	—	1,147
Total segment revenues	10,615	3,525	6,002	3,614	—	23,756
Less: Intersegment revenues	—	—	(1,136)	(11)	—	(1,147)
Total consolidated revenues	$ 10,615	$ 3,525	$ 4,866	$ 3,603	$ —	$ 22,609
Direct operating (exclusive of depreciation and amortization shown below) (2)	94	158	1,280	1,396	—	2,928
Selling, general and administrative	56	26	906	2,192	3,126	6,306
Plus: Allocation of Corporate overhead	—	—	1,221	900	(2,121)	—
Research and development	—	—	36	—	—	36
Provision for doubtful accounts	53	15	10	—	—	78
Restructuring expenses	—	—	—	340	—	340
Depreciation and amortization of property and equipment	7,137	1,828	35	5	115	9,120
Amortization of intangible assets	12	1	6	203	1	223
Total operating expenses	7,352	2,028	3,494	5,036	1,121	19,031
Income (loss) from operations	$ 3,263	$ 1,497	$ 1,372	$ (1,433)	$ (1,121)	$ 3,578

(1) Intersegment revenues of the Services segment principally represent service fees earned from the Phase I and Phase II Deployments.
(2) Included in direct operating of the Services segment is $396 for the amortization of capitalized software development costs.

The following employee stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 19	$ 7	$ —	$ 26
Selling, general and administrative	—	—	17	21	428	466
Research and development	—	—	36	—	—	36
Total stock-based compensation	$ —	$ —	$ 72	$ 28	$ 428	$ 528

Statements of Operations
For the Three Months Ended September 30, 2011
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 11,745	$ 3,916	$ 4,721	$ 646	$ —	$ 21,028
Intersegment revenues (1)	—	—	1,517	—	—	1,517
Total segment revenues	11,745	3,916	6,238	646	—	22,545
Less: Intersegment revenues	—	—	(1,517)	—	—	(1,517)
Total consolidated revenues	$ 11,745	$ 3,916	$ 4,721	$ 646	$ —	$ 21,028
Direct operating (exclusive of depreciation and amortization shown below) (2)	118	50	950	579	—	1,697
Selling, general and administrative	52	32	716	592	2,679	4,071
Plus: Allocation of Corporate overhead	—	—	1,920	89	(2,009)	—
Research and development	—	39	(4)	—	—	35
Depreciation and amortization of property and equipment	7,139	1,599	27	1	103	8,869
Amortization of intangible assets	12	2	1	67	(5)	77
Total operating expenses	7,321	1,722	3,610	1,328	768	14,749
Income (loss) from operations	$ 4,424	$ 2,194	$ 1,111	$ (682)	$ (768)	$ 6,279

(1) Intersegment revenues of the Services segment principally represent service fees earned from the Phase I and Phase II Deployments.
(2) Included in direct operating of the Services segment is $152 for the amortization of capitalized software development costs.

The following employee stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 11	$ 1	$ —	$ 12
Selling, general and administrative	—	—	65	—	331	396
Research and development	—	—	56	—	—	56
Total stock-based compensation	$ —	$ —	$ 132	$ 1	$ 331	$ 464

Statements of Operations
For the Six Months Ended September 30, 2012
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 21,050	$ 7,077	$ 9,018	$ 6,368	$ —	$ 43,513
Intersegment revenues (1)	—	—	2,289	18	—	2,307
Total segment revenues	21,050	7,077	11,307	6,386	—	45,820
Less: Intersegment revenues	—	—	(2,289)	(18)	—	(2,307)
Total consolidated revenues	$ 21,050	$ 7,077	$ 9,018	$ 6,368	$ —	$ 43,513
Direct operating (exclusive of depreciation and amortization shown below) (2)	209	324	2,396	2,434	—	5,363
Selling, general and administrative	73	51	1,796	3,887	6,392	12,199
Plus: Allocation of Corporate overhead	—	—	2,484	1,824	(4,308)	—
Research and development	—	—	74	—	—	74
Provision for doubtful accounts	105	31	18	—	—	154
Restructuring expenses	—	—	—	340	—	340
Merger and acquisition expenses	—	—	—	—	1,267	1,267
Depreciation and amortization of property and equipment	14,275	3,629	77	10	226	18,217
Amortization of intangible assets	23	3	13	341	1	381
Total operating expenses	14,685	4,038	6,858	8,836	3,578	37,995
Income (loss) from operations	$ 6,365	$ 3,039	$ 2,160	$ (2,468)	$ (3,578)	$ 5,518

(1) Intersegment revenues of the Services segment principally represent service fees earned from the Phase I and Phase II Deployments.
(2) Included in direct operating of the Services segment is $527 for the amortization of capitalized software development costs.

The following employee stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 37	$ 11	$ —	$ 48
Selling, general and administrative	—	—	32	38	823	893
Research and development	—	—	73	—	—	73
Total stock-based compensation	$ —	$ —	$ 142	$ 49	$ 823	$ 1,014

Statements of Operations
For the Six Months Ended September 30, 2011
(Unaudited)

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Revenues from external customers	$ 23,329	$ 6,901	$ 7,938	$ 901	$ —	$ 39,069
Intersegment revenues (1)	—	—	3,078	131	—	3,209
Total segment revenues	23,329	6,901	11,016	1,032	—	42,278
Less: Intersegment revenues	—	—	(3,078)	(131)	—	(3,209)
Total consolidated revenues	$ 23,329	$ 6,901	$ 7,938	$ 901	$ —	$ 39,069
Direct operating (exclusive of depreciation and amortization shown below) (2)	228	124	1,970	968	—	3,290
Selling, general and administrative	175	90	1,590	1,009	4,617	7,481
Plus: Allocation of Corporate overhead	—	—	3,366	178	(3,544)	—
Research and development	—	39	51	—	—	90
Depreciation and amortization of property and equipment	14,278	3,232	46	2	165	17,723
Amortization of intangible assets	24	3	8	134	—	169
Total operating expenses	14,705	3,488	7,031	2,291	1,238	28,753
Income (loss) from operations	$ 8,624	$ 3,413	$ 907	$ (1,390)	$ (1,238)	$ 10,316

(1) Intersegment revenues of the Services segment principally represent service fees earned from the Phase I and Phase II Deployments.
(2) Included in direct operating of the Services segment is $364 for the amortization of capitalized software development costs.

The following employee stock-based compensation expense related to the Company's stock-based awards is included in the above amounts as follows:

	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
Direct operating	$ —	$ —	$ 18	$ 3	$ —	$ 21
Selling, general and administrative	—	—	106	—	717	823
Research and development	—	—	74	—	—	74
Total stock-based compensation	$ —	$ —	$ 198	$ 3	$ 717	$ 918

10. RESTRUCTURING EXPENSES

During the fiscal year ended March 31, 2012 , the Company completed a strategic assessment of its resource requirements for its ongoing businesses which resulted in a workforce reduction, lease termination and severance and employee related charge of $1,207 . During the six months ended September 30, 2012 , the Company paid $638 of the amounts that were accrued as of March 31, 2012.

During the three months ended September 30, 2012 , the Company completed a strategic assessment of its resource requirements within its Content & Entertainment reporting segment which, based upon the continued integration of the New Video Acquisition, continued shift in its business from physical to digital content distribution and shift to a greater share of its own theatrical releasing product, resulted in a workforce reduction and severance and employee related expense of $340 .

A summary of activity for restructuring activities included in accounts payable and accrued expenses is as follows:

Balance at March 31, 2012	Total Cost	Amounts Paid	Balance at September 30, 2012
$ 953	$ 340	$ (638)	$ 655

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

The following discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included elsewhere in this document.

This report contains forward-looking statements within the meaning of the federal securities laws. These include statements about our expectations, beliefs, intentions or strategies for the future, which are indicated by words or phrases such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “will,” “estimates,“ and similar words. Forward-looking statements represent, as of the date of this report, our judgment relating to, among other things, future results of operations, growth plans, sales, capital requirements and general industry and business conditions applicable to us. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond the Company's control that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

OVERVIEW

Cinedigm Digital Cinema Corp. was incorporated in Delaware on March 31, 2000 (“Cinedigm”, and collectively with its subsidiaries, the “Company”).

The Company is a digital cinema services, software and content marketing and distribution company supporting and capitalizing on the conversion of the exhibition industry from film to digital technology and the accelerating shift in the home entertainment market to digital and video-on-demand services from physical goods such as DVDs. The Company provides a digital cinema platform that combines technology solutions, financial advice and guidance, and software services to content owners and distributors and to movie exhibitors. Cinedigm leverages this digital cinema platform with a series of business applications that utilize the platform to capitalize on the new business opportunities created by the transformation of movie theatres into networked entertainment centers. The two main applications provided by Cinedigm include (i) its end-to-end digital entertainment content acquisition, marketing and distribution business focused on the distribution of alternative content and independent film in theatrical and ancillary home entertainment markets; and (ii) its operational, analytical and transaction processing software applications. Historically, the conversion of an industry from analog to digital has created new revenue and growth opportunities as well as an opening for new players to emerge to capitalize on this technological shift.

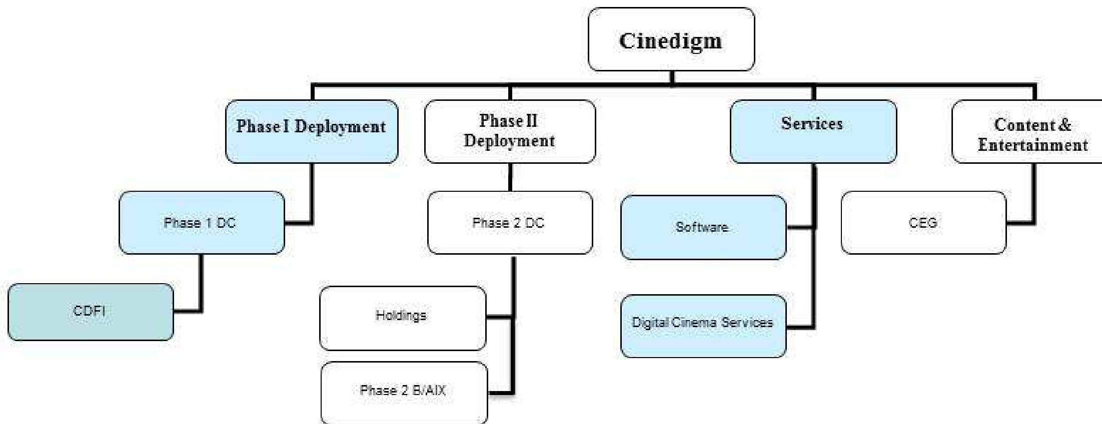
The Company reports its financial results in four primary segments as follows: (1) the first digital cinema deployment (“Phase I Deployment”), (2) the second digital cinema deployment (“Phase II Deployment”), (3) digital cinema services (“Services”) and (4) media content and entertainment (“Content & Entertainment”). The Phase I Deployment and Phase II Deployment segments are the non-recourse, financing vehicles and administrators for the Company's digital cinema equipment (the “Systems”) installed in movie theatres nationwide. The Services segment provides services, software and support to the Phase I Deployment and Phase II Deployment segments as well as directly to exhibitors and other third party customers. Included in these services are asset management services for a specified fee via service agreements with Phase I Deployment and Phase II Deployment as well as third party exhibitors as buyers of their own digital cinema equipment; and software license, maintenance and consulting services to Phase I and Phase II Deployment, various other exhibitors, studios and other content organizations. These services primarily facilitate the conversion from analog to digital cinema and have positioned the Company at what it believes to be the forefront of a rapidly developing industry relating to the distribution and management of digital cinema and other content to theatres and other remote venues worldwide. The Content & Entertainment segment, which includes our newly acquired wholly-owned subsidiary New Video Group, Inc. ("New Video") as described below, provides content marketing and distribution services in both theatrical and ancillary home entertainment markets to alternative and independent film content owners and to theatrical exhibitors.

In April 2012, the Company issued 7,857,143 shares of Class A common stock at a public offering price of $1.40 per share, less stock issuance fees and expenses of approximately $1.0 million, resulting in net proceeds to the Company of $10.0 million.

On April 19, 2012, the Company entered into a stock purchase agreement for the purchase of all of the issued and outstanding capital stock of New Video Group, Inc. (“New Video”), an independent home entertainment distributor of quality packaged goods entertainment and digital content that provides distribution services in the DVD, BD, Digital and VOD channels for more than 500 independent rights holders (the “New Video Acquisition”). The Company agreed to pay $10.0 million in cash and 2,525,417 shares of Class A common stock at $1.51 per share, subject to certain transfer restrictions, plus up to an additional $6.0 million in cash or Class A common stock, at the Company's discretion, if certain business unit financial

performance targets are met during the fiscal years ended March 31, 2013, 2014 and 2015. In addition, the Company has agreed to register the resale of the shares of Class A common stock paid as part of the purchase price. The New Video Acquisition was consummated on April 20, 2012. The Company is currently in the process of finalizing the fair value of assets acquired and liabilities assumed. Merger and acquisition expenses, consisting primarily of professional fees, directly related to the New Video Acquisition totaled $1.9 million, of which $1.3 million was incurred during the three months ended June 30, 2012.

The following organizational chart provides a graphic representation of our business and our four reporting segments:



We have incurred consolidated net losses, including the results of our non-recourse deployment subsidiaries, of $2,611 and $230 during the three months ended September 30, 2012 and 2011 , respectively, and we have an accumulated deficit of $228,985 as of September 30, 2012 . Included in our consolidated net losses were $10 and $432 during the three months ended September 30, 2012 and 2011 , respectively, of income attributed to discontinued operations. We also have significant contractual obligations related to our debt for the remainder of the fiscal year ended March 31, 2013 and beyond. We may continue generating consolidated net losses, including our non-recourse deployment subsidiaries, for the foreseeable future. Based on our cash position at September 30, 2012 , and expected cash flows from operations, we believe that we have the ability to meet our obligations through at least September 30, 2013 . Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

Results of Continuing Operations for the Three Months Ended September 30, 2012 and 2011

Revenues

	For the Three Months Ended September 30,			
($ in thousands)	2012	2011	$ Change	% Change
Phase I Deployment	$ 10,615	$ 11,745	$ (1,130)	(10)%
Phase II Deployment	3,525	3,916	(391)	(10)%
Services	4,866	4,721	145	3 %
Content & Entertainment	3,603	646	2,957	458 %
	$ 22,609	$ 21,028	$ 1,581	8 %

Revenues increased $1.6 million or 8% during the three months ended September 30, 2012 with the organic growth in revenues in Content and Entertainment as well as the New Video Acquisition, more than offsetting a decrease in deployment revenues. The year on year comparison in Services was also impacted as the three months ended September 30, 2011 was our largest deployment quarter ever with 1,455 screens installed as compared to 875 screens installed during the three months ended September 30, 2012. In addition, deployment revenues in Phase 1 and Phase 2 declined due to a number of unexpected releasing decisions during the period made by the major studios: (i) studios avoided releasing wide titles in the weekends around the Dark Knight Rises; (ii) studios reduced the breadth of releases and/or delayed releases in light of the shootings at a Dark Knight Rises screening in Aurora, CO in July; (iii) studios reduced the breadth and/or number of releases around the Olympics in August; and (iv) several wide releases were delayed due to production, marketing or 3D conversion issues. The delayed releases have been moved to the third and fourth quarters of this fiscal year as well as the first quarter of the next fiscal year. Based on announced release plans, actual results and our internal estimates, we do not expect studio releasing patterns like those experienced during the fiscal quarter ended September 30, 2012 to negatively impact the remainder of the fiscal year. Phase 2 Digital Cinema's ("DC") financed Systems installed and ready for content increased to 2,359 at September 30, 2012 from 1,580 Systems at September 30, 2011 . Non-deployment revenues grew 58% period over period inclusive of New Video and 5% period on period assuming New Video had been included within the three months ended September 30, 2011 operating results.

The $0.1 million , or 3% , increase in revenues in the Services segment was primarily due to a modest increase in digital cinema servicing fees as 875 Phase 2 DC Cinedigm-Financed and Exhibitor-Buyer Structure Systems were installed during the three months ended September 30, 2012 and a total of 7,128 installed Phase 2 Systems were generating service fees in contrast to 4,258 Phase 2 Systems at September 30, 2011. Software revenues also declined modestly as an increase in TDS license fees and recurring exhibition software maintenance fees offset much of the reduction in Phase 2 installations and resulting license fees as compared to the prior year period. The fiscal quarter ended September 30, 2011 was the Company's largest deployment quarter ever with 1,455 Phase 2 installations driving digital cinema activation fees and software license fees to be approximately $2.4 million higher than earned from the 875 installations this quarter, the Company's second highest quarter ever. We expect continued growth in services as we (i) complete the remaining deployments from our 1,406 domestic screen backlog; (ii) commence international servicing and software installations in Australia, the Caribbean and Europe in the fourth quarter of the current fiscal year; (iii) recognize additional revenues from recently signed software customers upon installation in the remainder of this fiscal year and next fiscal year; and (iv) continue growth in software and cinema services from our strong sales pipeline.

As of September 30, 2012 , Cinedigm provides its digital cinema services through both its Phase II deployment subsidiary and third party Exhibitor-Buyer Structure customers to a total of 7,128 Phase 2 DC screens in comparison to 4,258 at September 30, 2011 and 5,609 at March 31, 2012 . Cinedigm also services an additional 3,724 screens in its Phase I deployment subsidiary as of September 30, 2012 . We will deploy additional Phase 2 DC Systems under various non-recourse credit facility commitments and will receive fees through the Exhibitor-Buyer Structure and CDF2 Holdings, LLC ("Holdings").

The CEG business expanded significantly to revenues of $3.6 million due to organic growth and the acquisition of New Video which was completed on April 20, 2012 during the first quarter of the fiscal year ending March 31, 2013. Total CEG revenues increased 8%, period over period, inclusive of New Video in both periods. CEG has grown its historical fee-for-service theatrical releasing efforts (Indie Direct) as well as expanded the New Video ancillary market distribution efforts of distributing both movies and television entertainment content into digital, video on demand and physical goods (DVDs and Blue Ray). CEG is utilizing the combined resources of its existing theatrical releasing infrastructure and the New Video home entertainment distribution capabilities to acquire the North American distribution rights in all media for independent films as well as to launch several programmatic alternative content channels. During the seasonally slow three months ended September 30, 2012 , CEG acquired the distribution rights to 1 additional independent film and ended the quarter with 6 independent films under contract. Subsequent to quarter end, CEG has acquired 4 additional independent films for a total of 10

acquired during this fiscal year and has an active acquisition pipeline. CEG expects to release 7 of these movies in the current fiscal year with The Citadel having been released theatrically on November 9 th and In Our Nature to be released on December 7 th . In addition, CEG theatrically released its first movie from this ten movie slate, The Invisible War, in June 2012. CEG recognized modest theatrical and ancillary revenues in this quarter as the title was not released into ancillary markets until very late September 2012. Based upon ancillary revenue pre-sales, as well as preliminary transactional video-on-demand results, CEG will be profitable on this title.

Direct Operating Expenses

	For the Three Months Ended September 30,			
($ in thousands)	**2012**	**2011**	**$ Change**	**% Change**
Phase I Deployment	$ 94	$ 118	$ (24)	(20)%
Phase II Deployment	158	50	108	216 %
Services	1,280	950	330	35 %
Content & Entertainment	1,396	579	817	141 %
	$ 2,928	$ 1,697	$ 1,231	73 %

Direct operating expenses increased by 73% due to the acquisition of New Video and the resulting 58% total non-deployment revenue growth. Excluding the impact of the purchase of New Video, direct operating costs increased by $0.5 million from the three months ended September 30, 2011. The decrease in direct operating costs in the Phase I Deployment segment was primarily due to modest decreases in property taxes and insurance incurred on deployed Systems. The increase in direct operating costs in the Phase II Deployment segment was primarily due to increases in property taxes and insurance incurred as a result of increased deployed Systems. The increase in the Services segment was primarily related to (i) additional administrative and financial personnel required to service our growing Phase 2 screens; and (ii) additional personnel costs to support the software development requirements of our current and new customers as well as new product development efforts. The increase in the Content & Entertainment segment was directly related to our acquisition of New Video along with a large indie direct fee for service movie release. In addition, we incurred approximately $0.15 million of “J-Curve” expenses related to advances and marketing for movie releases during the three months ended September 30, 2012 that we expect to be offset by revenues in future quarters from ancillary home entertainment revenue streams. In accordance with GAAP, Cinedigm must recognize its upfront content acquisition and marketing expenses at the time of a theatrical release of a movie. We expect to recover those expenses as well as earn our fee based profits over the ensuing 12-36 months from revenues earned on the distribution of the movie in the ancillary home entertainment markets. This timing difference creates a “J-Curve” and will continue in future periods as we increase our distribution activities and we will also experience an increase in direct operating expenses corresponding with additional revenue growth.

Selling, General and Administrative Expenses

	For the Three Months Ended September 30,			
($ in thousands)	**2012**	**2011**	**$ Change**	**% Change**
Phase I Deployment	$ 56	$ 52	$ 4	8 %
Phase II Deployment	26	32	(6)	(19)%
Services	906	716	190	27 %
Content & Entertainment	2,192	592	1,600	270 %
Corporate	3,126	2,679	447	17 %
	$ 6,306	$ 4,071	$ 2,235	55 %

Selling, general and administrative expenses increased $2.2 million or 55% in support of the 58% increase in non-deployment revenues. Total selling, general and administrative expense declined by approximately 1% period over period inclusive of New Video in both periods. This limited expense growth rate is the result of the restructuring activities undertaken by the Company in the second half of the fiscal year 2012 and focused expense management. The increase in the Services segment was mainly due to payroll and related employee expenses for increased staffing as we added sales resources during the previous fiscal year to support the expanding digital cinema exhibitor servicing efforts as well as additional management, sales resources, software development and quality assurance staff to support the significant recent software customer additions. The Content & Entertainment segment increased 270% as a result of our acquisition of New Video and the additional staff to support our expanded releasing activities this year. The increase within Corporate was mainly due to (i) the addition of financial and corporate resources from New Video; (ii) increased insurance, accounting and legal expenses related to our business growth and the acquisition of New Video; and (iii) increased travel and sales costs. Future increases in selling, general and

administrative expenses will be tied to additional revenues as we support our recent new software business contracts and expanding sales pipeline and our additional content acquisition and distribution activities with additional sales and service headcount.

Restructuring expense

During the three months ended September 30, 2012 , the Company completed a strategic assessment of its resource requirements within its Content & Entertainment reporting segment which, based upon the continued integration of the New Video Acquisition, continued shift in its business from physical to digital content distribution and shift to a greater share of its own theatrical releasing product, resulted in a workforce reduction and severance and employee related expense of $340 .

Depreciation and Amortization Expense on Property and Equipment

	For the Three Months Ended September 30,			
($ in thousands)	**2012**	**2011**	**$ Change**	**% Change**
Phase I Deployment	$ 7,137	$ 7,139	$ (2)	— %
Phase II Deployment	1,828	1,599	229	14 %
Services	35	27	8	30 %
Content & Entertainment	5	1	4	400 %
Corporate	115	103	12	12 %
	$ 9,120	$ 8,869	$ 251	3 %

Depreciation and amortization expense increased $0.3 million or 3% . The increase in the Phase II Deployment segment represents depreciation on the increased number of Phase 2 DC Systems which were not in service during the fiscal year ended March 31, 2012 . We expect the depreciation and amortization expense in the Phase II Deployment segment to remain at similar levels as limited future Phase 2 DC Systems will be added that require consolidation on our balance sheet and we expect modest additional growth in Services and Corporate depreciation and amortization expense tied to technology investments supporting our software expansion. Content depreciation will in the future reflect the additional depreciation from New Video and additional depreciation and amortization related to our acquisition of content distribution rights.

Interest expense

	For the Three Months Ended September 30,			
($ in thousands)	**2012**	**2011**	**$ Change**	**% Change**
Phase I Deployment	$ 2,080	$ 2,714	$ (634)	(23)%
Phase II Deployment	602	522	80	15 %
Corporate	4,599	4,333	266	6 %
	$ 7,281	$ 7,569	$ (288)	(4)%

Interest expense decreased $0.3 million or 4% . The 23% decrease in interest paid and accrued within the non-recourse Phase I Deployment segment relates to the continued repayment of Phase 1 DC's 2010 Term Loans from free cash flow and the resulting reduced debt balance offset by additional hedging costs from the hedge put in place in June 2010. Interest increased within the Phase II Deployment segment related to the non-recourse credit facilities with KBC Bank NV (the “KBC Facilities”) as we added approximately $14.0 million of additional non-recourse Phase 2 debt during the fiscal year ended March 31, 2012 to fund the purchase of Systems from Barco. Phase 2 DC’s non-recourse interest expense is expected to increase modestly with the growth in deployments during the fiscal year ending March 31, 2013 as the Company does not expect to incur any significant increase in non-recourse indebtedness to fund these deployments. The increase in interest paid and accrued within Corporate is related to the amended and restated note with an affiliate of Sageview Capital LP (the "2010 Note"). Interest on the 2010 Note is 8% PIK Interest and 7% per annum paid in cash. Through September 30, 2011, the Company had an interest reserve set aside to cover cash interest payments on this note. Beginning October 1, 2011, the Company has paid its cash interest expense through the cash flows from operations.

Non-cash interest expense was approximately $2.4 million and $2.3 million for the three months ended September 30, 2012 and 2011, respectively. PIK interest was $1.9 million and $1.7 million for the three months ended September 30, 2012 and 2011, respectively. The remaining amounts for the three months ended September 30, 2012 and 2011 represent the accretion of $0.4 million on the note payable discount associated with the 2010 Note which will continue over the term of the 2010 Note

and the accretion of $0.1 million on the note payable discount associated with the 2010 Term Loans which will continue over the term of the 2010 Term Loans.

Change in fair value of interest rate swaps

The change in fair value of the interest rate swaps was a gain of $0.3 million for the three months ended September 30, 2012 and a loss of $0.8 million for the three months ended September 30, 2011. The swap agreement in the prior year related to the prior credit facility, which was terminated on May 6, 2010 upon the completion of the Phase I Deployment refinancing. It has been replaced by new swap agreements related to the 2010 Term Loans entered into on June 7, 2010 which became effective on June 15, 2011.

Adjusted EBITDA

The Company measures its financial success based upon growth in revenues and earnings before interest, depreciation, amortization, other income (expense), net, stock-based compensation, allocated costs attributable to discontinued operations, restructuring expenses, merger and acquisition expenses, allowance for doubtful accounts and certain other items ("Adjusted EBITDA"). Further, the Company analyzes this measurement excluding the results of its Phase 1 DC and Phase 2 DC subsidiaries, and includes in this measurement intercompany service fees earned by its digital cinema servicing group from the Phase I and Phase II Deployments, which are eliminated in consolidation (See Note 11 Segment Information for further details). This measure isolates the financial and capital structure impact of the Company's non-recourse Phase 1 DC and Phase 2 DC subsidiaries.

The Company reported lower Adjusted EBITDA (including its Phase 1 DC and Phase 2 DC subsidiaries) of $14.1 million for the three months ended September 30, 2012 in comparison to $16.9 million for the three months ended September 30, 2011 . Adjusted EBITDA from non-deployment businesses increased 48% from the quarter ended June 30, 2012 to $1.2 million during the three months ended September 30, 2012 , and fell from from $3.2 million during the three months ended September 30, 2011 . This decline was primarily driven by two factors: (i) the fiscal year 2012 second quarter was Cinedigm's largest deployment quarter ever with 1,455 screens installed versus 875 this quarter representing an approximately $2.3 million difference year over year in digital cinema services and software EBITDA from the reduction in installations; (ii) as previously discussed, a number of unexpected releasing decisions made by the major studios reduced deployment EBITDA by $0.8 million as compared to prior year: (i) studios avoided releasing wide titles in the weekends around the Dark Knight Rises; (ii) studios reduced the breadth of releases and/or delayed releases in light of the shootings at a Dark Knight Rises screening in Aurora, CO in July; (iii) studios reduced the breadth and/or number of releases around the Olympics in August; and (iv) several wide releases were delayed due to production, marketing or 3D conversion issues. The delayed releases have been moved to the third and fourth quarters of this fiscal year as well as the first and second quarters of the next fiscal year.Based on announced release plans, actual results and our internal estimates, we do not expect studio releasing patterns like those experienced during the fiscal quarter ended September 30, 2012 to negatively impact the remainder of the fiscal year. Finally, as previously described and inclusive in these results, the Company incurred approximately $0.15 million of "J-Curve" content distribution costs in the three months ended September 30, 2012 in advance of earning ancillary home entertainment revenues. The Company continues to benefit from growth in its installed Systems, growth in software license and maintenance fees and the inherent operating leverage embedded in its business model. Phase 1 DC and Phase 2 DC revenues are expected to be relatively flat going forward as the remaining growth in service revenues is expected to be through installations within the Exhibitor-Buyer Structure or Systems financed by Holdings, which the Company does not consolidate into its Consolidated Statements of Operations. Based on the expected growth in and recently signed software contracts and the expansion in CEG driven by the acquisition of New Video, the Company expects Adjusted EBITDA performance to continue to improve during the remainder of the fiscal year ended March 31, 2013 relative to prior year results although the Company intends to invest in the growth of its business through the acquisition of content distribution rights and through related marketing related expenditures as well as through continued development of additional software products and services.

Adjusted EBITDA is not a measurement of financial performance under U.S. generally accepted accounting principles (“GAAP”) and may not be comparable to other similarly titled measures of other companies. The Company uses Adjusted EBITDA as a financial metric to measure the financial performance of the business because management believes it provides additional information with respect to the performance of its fundamental business activities. For this reason, the Company believes Adjusted EBITDA will also be useful to others, including its stockholders, as a valuable financial metric.

Management presents Adjusted EBITDA because it believes that Adjusted EBITDA is a useful supplement to net loss from continuing operations as an indicator of operating performance. Management also believes that Adjusted EBITDA is a financial measure that is useful both to management and investors when evaluating the Company's performance and comparing our performance with the performance of our competitors. Management also uses Adjusted EBITDA for planning purposes, as well

as to evaluate the Company's performance because Adjusted EBITDA excludes certain non-recurring or non-cash items, such as stock-based compensation charges, that management believes are not indicative of the Company's ongoing operating performance.

The Company believes that Adjusted EBITDA is a performance measure and not a liquidity measure, and a reconciliation between net loss from continuing operations and Adjusted EBITDA is provided in the financial results. Adjusted EBITDA should not be considered as an alternative to income from operations or net loss from continuing operations as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. Management does not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read only in conjunction with the Company's condensed consolidated financial statements prepared in accordance with GAAP.

Following is the reconciliation of the Company's consolidated Adjusted EBITDA to consolidated GAAP net loss from continuing operations:

	For the Three Months Ended September 30,	
($ in thousands)	**2012**	**2011**
Net loss from continuing operations	$ (2,621)	$ (662)
Add Back :		
Amortization of capitalized software costs	277	152
Depreciation and amortization of property and equipment	9,120	8,869
Amortization of intangible assets	223	77
Interest income	(3)	(24)
Interest expense	7,281	7,569
Other income, net	(193)	(385)
Income on investment in non-consolidated entity	(631)	—
Change in fair value of interest rate swap	(255)	(219)
Stock-based expenses	(5)	562
Stock-based compensation	528	464
Restructuring expenses	340	—
Allocated costs attributable to discontinued operations	—	504
Adjusted EBITDA	$ 14,061	$ 16,907
Adjustments related to the Phase I and Phase II Deployments :		
Depreciation and amortization of property and equipment	$ (8,965)	$ (8,738)
Amortization of intangible assets	(13)	(15)
Income from operations	(4,760)	(6,611)
Intersegment services fees earned (1)	898	1,702
Adjusted EBITDA from non-deployment businesses	$ 1,221	$ 3,245

(1) Intersegment revenues of the Services segment represent service fees earned from the Phase I and Phase II Deployments.

Results of Continuing Operations for the Six Months Ended September 30, 2012 and 2011

Revenues

($ in thousands)	For the Six Months Ended September 30,			
	2012	2011	$ Change	% Change
Phase I Deployment	$ 21,050	$ 23,329	$ (2,279)	(10)%
Phase II Deployment	7,077	6,901	176	3 %
Services	9,018	7,938	1,080	14 %
Content & Entertainment	6,368	901	5,467	607 %
	$ 43,513	$ 39,069	$ 4,444	11 %

Revenues increased $4.4 million or 11% during the six months ended September 30, 2012 with the organic growth in revenues in Content and Entertainment as well as the New Video Acquisition, more than offsetting a decrease in deployment revenues. Phase 1 and Phase 2 Deployment revenues declined by $2.1 million for the six months ended September 30, 2012 due to a number of unexpected releasing decisions made by the major studios: (i) studios avoided releasing wide titles in the weekends around the Dark Knight Rises; (ii) studios reduced the breadth of releases and/or delayed releases in light of the shootings at a Dark Knight Rises screening in Aurora, CO in July; (iii) studios reduced the breadth and/or number of releases around the Olympics in August; and (iv) several wide releases were delayed due to production, marketing or 3D conversion issues. The delayed releases have been moved to the third and fourth quarters of this fiscal year as well as the first and second quarters of the next fiscal year. Based on announced release plans, actual results and our internal estimates, we do not expect studio releasing patterns like those experienced during the fiscal quarter ended September 30, 2012 to negatively impact the remainder of the fiscal year. Phase 2 DC's financed Systems installed and ready for content were 2,359 at September 30, 2012 from 1,580 at September 30, 2011 . Non-deployment revenues grew 74% period over period inclusive of New Video and 9% period on period assuming New Video had been included within the six months ended September 30, 2011 operating results.

The $1.1 million , or 14% , increase in revenues in the Services segment was primarily due to (i) increased digital cinema servicing fees as 1,519 Phase 2 DC Cinedigm-Financed and Exhibitor-Buyer Structure Systems were installed during the six months ended September 30, 2012 and a total of 7,128 installed Phase 2 Systems were generating service fees in contrast to 4,258 Phase 2 Systems at September 30, 2011 ; and (ii) a flat year on year results in Software license fee and maintenance revenues reflecting the decline in Phase 2 installations offset by increased license and maintenance fees from other studio and exhibition software license and maintenance fees. We expect continued growth in services as we (i) complete the remaining deployments from our 1,406 domestic screen backlog; (ii) commence international servicing and software installations in Australia, the Caribbean and Europe in the fourth quarter of the current fiscal year; and (iii) experience continued growth in software and digital cinema services from our strong sales pipeline.

As of September 30, 2012 , Cinedigm provides its digital cinema services through both its Phase II deployment subsidiary and third party Exhibitor-Buyer Structure customers to a total of 7,128 Phase 2 DC screens in comparison to 4,258 at September 30, 2011 and 5,609 at March 31, 2012 . Cinedigm also services an additional 3,724 screens in its Phase I deployment subsidiary as of September 30, 2012 . We will deploy additional Phase 2 DC Systems under various non-recourse credit facility commitments and will receive fees through the Exhibitor-Buyer Structure and Holdings.

The CEG business expanded significantly to revenues of $6.4 million due to organic growth and the acquisition of New Video which was completed on April 20, 2012 during the first quarter of the fiscal year ending March 31, 2013. Total CEG revenues increased by $0.2 million, period over period, inclusive of New Video in both periods. CEG has grown its historical fee-for-service theatrical releasing efforts (Indie Direct) as well as expand the New Video ancillary market distribution efforts of distributing both movies and television entertainment content into digital, video on demand and physical goods (DVDs and Blue Ray). CEG is utilizing the combined resources of its existing theatrical releasing infrastructure and the New Video home entertainment distribution capabilities to acquire the North American distribution rights in all media for independent films as well as to launch several programmatic alternative content channels. During the six months ended September 30, 2012, CEG acquired the distribution rights to 3 additional independent films and ended the period with 6 independent films acquired. Subsequent to quarter end, CEG has acquired 4 additional independent films for a total of 10 acquired this fiscal year and has an active acquisition pipeline. CEG expects to release 7 of these movies in this fiscal year with The Citadel having been released theatrically on November 9th and In Our Nature to be released on December 7th. In addition, CEG theatrically released its first movie from this slate, The Invisible War, in June 2012. CEG recognized little theatrical and ancillary revenues in this period as the title was not released into ancillary markets until very late September 2012. Based upon ancillary revenue pre-sales as well as preliminary transactional video-on-demand results, CEG will be profitable on this title.

Direct Operating Expenses

($ in thousands)	For the Six Months Ended September 30, 2012	2011	$ Change	% Change
Phase I Deployment	$ 209	$ 228	$ (19)	(8)%
Phase II Deployment	324	124	200	161 %
Services	2,396	1,970	426	22 %
Content & Entertainment	2,434	968	1,466	151 %
	$ 5,363	$ 3,290	$ 2,073	63 %

Direct operating expenses increased by 63% due to the acquisition of New Video and the resulting 74% total non-deployment revenue growth. Excluding the impact of the purchase of New Video, direct operating costs increased by $0.7 million from the six months ended September 30, 2011. The flat operating costs in the Phase I Deployment segment and the modest increase in direct operating costs in the Phase II Deployment segment was primarily due to respective decreases and increases in property taxes and insurance incurred on deployed Systems. The increase in the Services segment was primarily related to (i) additional administrative and financial personnel required to service our growing Phase 2 screens; and (ii) additional personnel costs to support the software development requirements of our current and new customers as well as new product development efforts. The increase in the Content & Entertainment segment was directly related to our acquisition of New Video along with a large indie direct fee for service movie release. In addition, we incurred approximately $0.4 million of "J-Curve" expenses related to advances and marketing for movie releases during the six months ended September 30, 2012 that we expect to result in revenues in future quarters from ancillary home entertainment revenue streams. In accordance with GAAP, Cinedigm must recognize its upfront content acquisition and marketing expenses at the time of a theatrical release of a movie. We expect to recover those expenses as well as earn our fee based profits over the ensuing 12-36 months from revenues earned on the distribution of the movie in the ancillary home entertainment markets. This timing difference creates a "J-Curve" and will continue in future periods as we increase our distribution activities and we will also experience an increase in direct operating expenses corresponding with additional revenue growth.

Selling, General and Administrative Expenses

($ in thousands)	For the Six Months Ended September 30, 2012	2011	$ Change	% Change
Phase I Deployment	$ 73	$ 175	$ (102)	(58)%
Phase II Deployment	51	90	(39)	(43)%
Services	1,796	1,590	206	13 %
Content & Entertainment	3,887	1,009	2,878	285 %
Corporate	6,392	4,617	1,775	38 %
	$ 12,199	$ 7,481	$ 4,718	63 %

Selling, general and administrative expenses increased $4.7 million or 63% in support of the 74% increase in non-deployment revenues. Total selling, general and administrative expense declined approximately 1% period over period inclusive of New Video in both periods. This expense growth rate below the revenue growth rate is the result of the restructuring activities undertaken by the Company in the second half of the fiscal year ended March 31, 2012 and focused expense management. The increase in the Services segment was mainly due to payroll and related employee expenses for increased staffing as we added servicing resources to support the expanding digital cinema exhibitor management efforts as well as additional management, sales resources, software development and quality assurance staff to support the significant recent software customer additions. The Content & Entertainment segment increased 38% as a result of our acquisition of New Video and the additional staff to support our expanded releasing activities this year. The increase within Corporate was mainly due to (i) the addition of financial and corporate resources from New Video; (ii) increased insurance, accounting and legal expenses related to our business growth and the acquisition of New Video; and (iii) increased travel and sales costs. Future increases in selling, general and administrative expenses will be tied to additional revenues as we support our recent new software business contracts and expanding sales pipeline and our additional content acquisition and distribution activities with additional sales and service headcount.

Merger and Acquisition Expenses

Merger and acquisition expenses for the six months ended September 30, 2012 of $1.3 million include professional fees incurred which pertained to the purchase of New Video which was consummated in April 2012.

Restructuring expense

During the three months ended September 30, 2012 , the Company completed a strategic assessment of its resource requirements within its Content & Entertainment reporting segment which, based upon the continued integration of the New Video Acquisition, continued shift in its business from physical to digital content distribution and shift to a greater share of its own theatrical releasing product, resulted in a workforce reduction and severance and employee related expense of $340 .

Depreciation and Amortization Expense on Property and Equipment

	For the Six Months Ended September 30,			
($ in thousands)	2012	2011	$ Change	% Change
Phase I Deployment	$ 14,275	$ 14,278	$ (3)	— %
Phase II Deployment	3,629	3,232	397	12 %
Services	77	46	31	67 %
Content & Entertainment	10	2	8	400 %
Corporate	226	165	61	37 %
	$ 18,217	$ 17,723	$ 494	3 %

Depreciation and amortization expense increased $0.5 million or 3% . The increase in the Phase II Deployment segment represents depreciation on the increased number of Phase 2 DC Systems which were not in service during the fiscal year ended March 31, 2012 . We expect the depreciation and amortization expense in the Phase II Deployment segment to remain at similar levels as limited future Phase 2 DC Systems will be added that require consolidation on our balance sheet and we expect modest additional growth in Services and Corporate depreciation and amortization expense tied to technology investments supporting our software expansion. Content depreciation will in the future reflect the acquisition of New Video results and additional depreciation and amortization related to our acquisition of content distribution rights.

Interest expense

	For the Six Months Ended September 30,			
($ in thousands)	2012	2011	$ Change	% Change
Phase I Deployment	$ 4,392	$ 5,442	$ (1,050)	(19)%
Phase II Deployment	1,217	1,059	158	15 %
Corporate	9,149	8,439	710	8 %
	$ 14,758	$ 14,940	$ (182)	(1)%

Interest expense decreased $0.2 million or 1% . The 19% increase in interest paid and accrued within the non-recourse Phase I Deployment segment relates to the continued repayment of Phase 1 DC's 2010 Term Loans from free cash flow and the resulting reduced debt balance offset by additional hedging costs from the hedge put in place in June 2010. Interest increased within the Phase II Deployment segment related to the KBC Facilities as we added approximately $14.0 million of additional non-recourse Phase 2 debt during the fiscal year ended March 31, 2012 to fund the purchase of Systems from Barco. Phase 2 DC's non-recourse interest expense is expected to increase modestly with the growth in deployments during the fiscal year ending March 31, 2013 as the Company does not expect to incur any significant increase in non-recourse indebtedness to fund these deployments. The increase in interest paid and accrued within Corporate is related to the 2010 Note. Interest on the 2010 Note is 8% PIK Interest and 7% per annum paid in cash. Through September 30, 2011, the Company had an interest reserve set aside to cover cash interest payments on this note. Beginning October 1, 2011, the Company has paid its cash interest expense through the cash flows from operations.

Non-cash interest expense was approximately $4.8 million and $4.6 million for the six months ended September 30, 2012 and 2011, respectively. PIK interest was $3.7 million and $3.4 million for the six months ended September 30, 2012 and 2011, respectively. The remaining amounts for the six months ended September 30, 2012 and 2011 represent the accretion of $0.9 million on the note payable discount associated with the 2010 Note which will continue over the term of the 2010 Note and the accretion of $0.2 million on the note payable discount associated with the 2010 Term Loans which will continue over the term of the 2010 Term Loans.

Change in fair value of interest rate swaps

The change in fair value of the interest rate swaps was a gain of $0.7 million for the six months ended September 30, 2012 and a loss of $0.6 million for the six months ended September 30, 2011 . The swap agreement in the prior year related to the prior credit facility, which was terminated on May 6, 2010 upon the completion of the Phase I Deployment refinancing. It has been replaced by new swap agreements related to the 2010 Term Loans entered into on June 7, 2010 which became effective on June 15, 2011.

Adjusted EBITDA

The Company reported lower Adjusted EBITDA (including its Phase 1 DC and Phase 2 DC subsidiaries) of $27.6 million for the six months ended September 30, 2012 in comparison to $30.6 million for the six months ended September 30, 2011 . Adjusted EBITDA from non-deployment businesses was $2.0 million during the six months ended September 30, 2012 , declining from $4.1 million during the six months ended September 30, 2011 . This decline was primarily driven by two factors: (i) the first half of fiscal year 2012 was Cinedigm's largest deployment period ever with 2,059 screens installed versus 1,526 screens this fiscal year representing an approximately $2.7 million difference period over period in digital cinema services and software EBITDA from the reduction in installations; (ii) as previously discussed, a number of unexpected releasing decisions made by the major studios reduced deployment EBITDA by $0.8 million as compared to prior year: (i) studios avoided releasing wide titles in the weekends around the Dark Knight Rises; (ii) studios reduced the breadth of releases and/or delayed releases in light of the shootings at a Dark Knight Rises screening in Aurora, CO in July; (iii) studios reduced the breadth and/or number of releases around the Olympics in August; and (iv) several wide releases were delayed due to production, marketing or 3D conversion issues. The delayed releases have been moved to the third and fourth quarters of this fiscal year as well as the first and second quarters of the next fiscal year. Based on announced release plans, actual results and our internal estimates, we do not expect studio releasing patterns like those experienced during the fiscal quarter ended September 30, 2012 to negatively impact the remainder of the fiscal year. Finally, as previously described and inclusive in these results, the Company incurred approximately $0.4 million of "J-Curve" content distribution costs in the six months ended September 30, 2012 in advance of earning ancillary home entertainment revenues. The Company continues to benefit from growth in its installed Systems, growth in software license and maintenance fees and the inherent operating leverage embedded in its business model. Phase 1 DC and Phase 2 DC revenues are expected to be relatively flat going forward as the remaining growth in service revenues is expected to be through installations within the Exhibitor-Buyer Structure or Systems financed by Holdings, which the Company does not consolidate into its Consolidated Statements of Operations. Based on the expected growth in and recently signed software contracts and the expansion in CEG driven by the acquisition of New Video, the Company expects Adjusted EBITDA performance to continue to improve during the remainder of the fiscal year ended March 31, 2013 relative to prior year results although the Company intends to invest in the growth of its business through the acquisition of content distribution rights and through related marketing related expenditures as well as through continued development of additional software products and services.

Adjusted EBITDA is not a measurement of financial performance under U.S. generally accepted accounting principles (“GAAP”) and may not be comparable to other similarly titled measures of other companies. The Company uses Adjusted EBITDA as a financial metric to measure the financial performance of the business because management believes it provides additional information with respect to the performance of its fundamental business activities. For this reason, the Company believes Adjusted EBITDA will also be useful to others, including its stockholders, as a valuable financial metric.

Management presents Adjusted EBITDA because it believes that Adjusted EBITDA is a useful supplement to net loss from continuing operations as an indicator of operating performance. Management also believes that Adjusted EBITDA is a financial measure that is useful both to management and investors when evaluating the Company's performance and comparing our performance with the performance of our competitors. Management also uses Adjusted EBITDA for planning purposes, as well as to evaluate the Company's performance because Adjusted EBITDA excludes certain non-recurring or non-cash items, such as stock-based compensation charges, that management believes are not indicative of the Company's ongoing operating performance.

The Company believes that Adjusted EBITDA is a performance measure and not a liquidity measure, and a reconciliation between net loss from continuing operations and Adjusted EBITDA is provided in the financial results. Adjusted EBITDA should not be considered as an alternative to income from operations or net loss from continuing operations as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. Management does not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read only in conjunction with the Company's condensed

consolidated financial statements prepared in accordance with GAAP.

Following is the reconciliation of the Company's consolidated Adjusted EBITDA to consolidated GAAP net loss from continuing operations:

	For the Six Months Ended September 30,	
($ in thousands)	2012	2011
Net loss from continuing operations	$ (7,489)	$ (4,686)
Add Back :		
Amortization of capitalized software costs	527	364
Depreciation and amortization of property and equipment	18,217	17,723
Amortization of intangible assets	381	169
Interest income	(22)	(75)
Interest expense	14,758	14,940
Other income, net	(391)	(431)
Income on investment in non-consolidated entity	(662)	—
Change in fair value of interest rate swap	(676)	568
Stock-based expenses	300	562
Stock-based compensation	1,014	918
Merger and acquisition expenses	1,267	—
Restructuring expenses	340	—
Allocated costs attributable to discontinued operations	—	504
Adjusted EBITDA	$ 27,564	$ 30,556
Adjustments related to the Phase I and Phase II Deployments :		
Depreciation and amortization of property and equipment	$ (17,904)	$ (17,510)
Amortization of intangible assets	(26)	(27)
Income from operations	(9,404)	(12,037)
Intersegment services fees earned (1)	1,816	3,078
Adjusted EBITDA from non-deployment businesses	$ 2,046	$ 4,060

(1) Intersegment revenues of the Services segment represent service fees earned from the Phase I and Phase II Deployments.

Critical Accounting Policies

The following is a discussion of our critical accounting policies.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Computer equipment and software	3-5 years
Digital cinema projection systems	10 years
Machinery and equipment	3-10 years
Furniture and fixtures	3-6 years

Leasehold improvements are being amortized over the shorter of the lease term or the estimated useful life of the improvement. Maintenance and repair costs are charged to expense as incurred. Major renewals, improvements and additions are capitalized.

Useful lives are determined based on an estimate of either physical or economic obsolescence, or both. During the three months ended September 30, 2012 and 2011 , the Company has not made any revisions to estimated useful lives, nor recorded any impairment charges on its fixed assets of our continuing operations.

CAPITALIZED SOFTWARE DEVELOPMENT COSTS

Internal Use Software

The Company accounts for internal use software development costs based on three distinct stages. The first stage, the preliminary project stage, includes the conceptual formulation, design and testing of alternatives. The second stage, or the program instruction phase, includes the development of the detailed functional specifications, coding and testing. The final stage, the implementation stage, includes the activities associated with placing a software project into service. All activities included within the preliminary project stage are considered research and development and expensed as incurred. During the program instruction phase, all costs incurred until the software is substantially complete and ready for use, including all necessary testing, are capitalized, Capitalized costs are amortized when the software is ready for its intended use on a straight-line basis over estimated lives ranging from three to five years.

Software to be Sold, Licensed or Otherwise Marketed

Software development costs that are incurred subsequent to establishing technological feasibility, when it is determined that the software can be produced to meet its design specifications, are capitalized until the product is available for general release. Amounts capitalized as software development costs are amortized using the greater of revenues during the period compared to the total estimated revenues to be earned or on a straight-line basis over estimated lives ranging from three to five years, except for deployment software which is for ten years. The Company reviews capitalized software costs to determine if any impairment exists on a periodic basis.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Goodwill is the excess of the purchase price paid over the fair value of the net assets of an acquired business. Goodwill and intangible assets with indefinite lives are not amortized; rather, they are tested for impairment on at least an annual basis.

The Company's process of evaluating goodwill for impairment involves the determination of fair value of its goodwill reporting units: Software and CEG. The Company conducts its annual goodwill impairment analysis during the fourth quarter of each fiscal year, measured as of March 31, unless triggering events occur which require goodwill to be tested at another date. As discussed in Note 1 to the financial statements, goodwill increased as a result of the New Video Acquisition. During the three months ended September 30, 2012 and 2011 , no impairment charge was recorded for goodwill related to the Company's continued operations.

For further details on the Company's process for evaluating goodwill for impairment, refer to the Company's Form 10-K. Information related to the goodwill allocated to the Company is detailed below:

($ in thousands)	Phase I	Phase II	Services	Content & Entertainment	Corporate	Consolidated
As of March 31, 2012	$ —	$ —	$ 4,197	$ 1,568	$ —	$ 5,765
Goodwill resulting from the New Video Acquisition	—	—	—	1,336	—	1,336
As of September 30, 2012	$ —	$ —	$ 4,197	$ 2,904	$ —	$ 7,101

As of September 30, 2012 , the Company's finite-lived intangible assets consisted of customer relationships and agreements, theatre relationships, covenants not to compete, a favorable operating lease, trade names and trademarks. The Company's indefinite-lived asset resulted from the New Video Acquisition in April 2012. For the three months ended September 30, 2012 and 2011 , no impairment charge was recorded for intangible assets.

REVENUE RECOGNITION

Phase I Deployment and Phase II Deployment

Virtual print fees ("VPFs") are earned pursuant to contracts with movie studios and distributors, whereby amounts are payable by a studio to Phase 1 DC, CDF I and to Phase 2 DC, when movies distributed by the studio are displayed on screens utilizing the Company's Systems installed in movie theatres. VPFs are earned and payable to Phase 1 DC and CDF I based on a defined fee schedule with a reduced VPF rate year over year until the sixth year (calendar 2011) at which point the VPF rate remains unchanged through the tenth year. One VPF is payable for every digital title displayed per System. The amount of VPF revenue is dependent on the number of movie titles released and displayed using the Systems in any given accounting period. VPF revenue is recognized in the period in which the digital title first plays on a System for general audience viewing in a digitally-equipped movie theatre, as Phase 1 DC's, CDF I's and Phase 2 DC's performance obligations have been substantially met at that time.

Phase 2 DC's agreements with distributors require the payment of VPFs, according to a defined fee schedule, for ten years from the date each system is installed; however, Phase 2 DC may no longer collect VPFs once "cost recoupment," as defined in the agreements, is achieved. Cost recoupment will occur once the cumulative VPFs and other cash receipts collected by Phase 2 DC have equaled the total of all cash outflows, including the purchase price of all Systems, all financing costs, all "overhead and ongoing costs", as defined, and including the Company's service fees, subject to maximum agreed upon amounts during the three-year rollout period and thereafter, plus a compounded return on any billed but unpaid overhead and ongoing costs, of 15% per year. Further, if cost recoupment occurs before the end of the eighth contract year, a one-time "cost recoupment bonus" is payable by the studios to the Company. Any other cash flows, net of expenses, received by Phase 2 DC following the achievement of cost recoupment are required to be returned to the distributors on a pro-rata basis. At this time, the Company cannot estimate the timing or probability of the achievement of cost recoupment.

Alternative content fees ("ACFs") are earned pursuant to contracts with movie exhibitors, whereby amounts are payable to

Phase 1 DC, CDF I and to Phase 2 DC, generally either a fixed amount or as a percentage of the applicable box office revenue derived from the exhibitor's showing of content other than feature films, such as concerts and sporting events (typically referred to as "alternative content"). ACF revenue is recognized in the period in which the alternative content first opens for audience viewing.

Revenues are deferred for up front exhibitor contributions and are recognized over the cost recoupment period, which is a period of ten years.

Services

For software multi-element licensing arrangements that do not require significant production, modification or customization of the licensed software, revenue is recognized for the various elements as follows: revenue for the licensed software element is recognized upon delivery and acceptance of the licensed software product, as that represents the culmination of the earnings process and the Company has no further obligations to the customer, relative to the software license. Revenue earned from consulting services is recognized upon the performance and completion of these services. Revenue earned from annual software maintenance is recognized ratably over the maintenance term (typically one year).

Revenue is deferred in cases where: (1) a portion or the entire contract amount cannot be recognized as revenue, due to non-delivery or pre-acceptance of licensed software or custom programming, (2) uncompleted implementation of application service provider arrangements ("ASP Service"), or (3) unexpired pro-rata periods of maintenance, minimum ASP Service fees or website subscription fees. As license fees, maintenance fees, minimum ASP Service fees and website subscription fees are often paid in advance, a portion of this revenue is deferred until the contract ends. Such amounts are classified as deferred revenue and are recognized as earned revenue in accordance with the Company's revenue recognition policies described above.

Exhibitors who will purchase and own Systems using their own financing in the Phase II Deployment, will pay an upfront activation fee that is generally $2 thousand per screen to the Company (the "Exhibitor-Buyer Structure"). These upfront activation fees are recognized in the period in which these exhibitor owned Systems are ready for content, as the Company has no further obligations to the customer, and are generally paid quarterly from VPF revenues over approximately one year. Additionally, the Company recognizes activation fee revenue of between $1 thousand and $2 thousand on Phase 2 DC Systems and for Systems installed by Holdings upon installation and are generally collected upfront upon installation. The Company will then manage the billing and collection of VPFs and will remit all VPFs collected to the exhibitors, less an administrative fee that will approximate up to 10% of the VPFs collected.

The administrative fee related to the Phase I Deployment approximates 5% of the VPFs collected. This administrative fee is recognized in the period in which the billing of VPFs occurs, as performance obligations have been substantially met at that time.

Content & Entertainment

CEG earns fees for the distribution of content in the home entertainment markets via several distribution channels, including digital, video-on-demand, and physical goods (e.g. DVD and Blu-Ray Disc). The fee rate earned by the Company varies depending upon the nature of the agreements with the platform and content providers. Generally, revenues are recognized at the availability date of the content for a subscription digital platform, at the time of shipment for physical goods, or point-of-sale for transactional and video-on-demand services.

CEG also has contracts for the theatrical distribution of third party feature films and alternative content. CEG's distribution fee revenue and CEG's participation in box office receipts is recognized at the time a feature film and alternative content is viewed. CEG has the right to receive or bill a portion of the theatrical distribution fee in advance of the exhibition date, and therefore such amount is recorded as a receivable at the time of execution, and all related distribution revenue is deferred until the third party feature films' or alternative content's theatrical release date.

Recent Accounting Pronouncements

Recently Adopted Standards

In July 2012, the FASB issued a new accounting standard update, which amends guidance allowing an entity to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite – lived intangible asset is impaired. This assessment should be used as a basis for determining whether it is necessary to perform the quantitative impairment test. An entity would not be required to calculate the fair value of the intangible asset and perform the quantitative test unless the entity determines, based upon its qualitative assessment, that it is more likely than not that

its fair value is less than its carrying value. The update provides further guidance of events and circumstances that an entity should consider in determining whether it is more likely than not that the fair value of an indefinite – lived intangible asset is less than its carrying amount. The update also allows an entity the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period. This update is effective for annual and interim periods beginning after September 15, 2012, with early adoption permitted. The Company adopted this standard on October 1, 2012. The adoption of this standard did not have a material impact on the condensed consolidated financial statements and disclosures.

Recently Issued Standards

In October 2012, the FASB issued a new accounting standard update, which aligns the guidance on fair value measurements in the impairment test of unamortized film costs with the guidance on fair value measurements in other instances within GAAP. The amendments in this update eliminate certain requirements related to an impairment assessment of unamortized film costs and clarify when unamortized film costs should be assessed for impairment. This update does not add any new guidance to the FASB's codification for Entertainment - Films. This update is effective for the Company's impairment assessments performed on or after December 15, 2012. The Company is currently evaluating the impact of the update and does not expect the update to have a material impact to its condensed consolidated financial statements.

Liquidity and Capital Resources

We have incurred net losses each year since we commenced our operations. Since our inception, we have financed our operations substantially through the private placement of shares of our common and preferred stock, the issuance of promissory notes, our initial public offering and subsequent private and public offerings, notes payable and common stock used to fund various acquisitions.

Our business is primarily driven by the rapidly expanding digital cinema marketplace and the primary revenue driver will be the increasing number of digitally equipped screens, the growing demand for software to power these screens and drive other efficiencies and the demand for entertainment content in both theatrical and home ancillary markets. According to the Motion Picture Association of America, during 2011 there were approximately 42,000 domestic (United States and Canada) movie theatre screens and approximately 124,000 screens worldwide, of which approximately 28,000 of the domestic screens were equipped with digital cinema technology, and 10,852 of those screens contained our Systems and software. We anticipate the vast majority of the North American industry's screens to be converted to digital in the next 12 months. We have deployed 3,724 screens in our Phase I Deployment, and will continue to complete our efforts to convert up to an additional 10,000 domestic screens to digital in our Phase II Deployment through December 31, 2012, of which 7,128 Systems have been installed as of September 30, 2012 . To date, the number of digitally-equipped screens in the marketplace has been a significant determinant of our potential revenue streams. The expansion of our content business into the ancillary distribution markets increases our growth opportunities as the rapidly evolving digital and entertainment landscape creates significant new growth opportunities for the Company.

Beginning in May 2010, Phase 2 B/AIX, an indirect wholly-owned subsidiary of the Company, entered into additional credit facilities, the KBC Facilities, to fund the purchase of Systems from Barco, to be installed in movie theatres as part of the Company’s Phase II Deployment. As of September 30, 2012 , the outstanding principal balance of the KBC Facilities was $47.6 million .

As of September 30, 2012 , we had negative working capital, defined as current assets less current liabilities, of $6.7 million and cash and cash equivalents and restricted cash totaling $26.0 million .

Operating activities provided net cash of $15.2 million and $17.7 million for the six months ended September 30, 2012 and 2011, respectively. Our business is primarily driven by the emerging digital cinema marketplace and the primary driver of its operating cash flow is the number of installed Systems and the pace of continued installations. Generally, changes in accounts receivable from our studio customers and others is a large component of operating cash flow, and during a period of increasing system deployments, the Company expects studio receivables to grow and negatively impact working capital and operating cash flow. During periods of fewer deployments, the Company expects receivables to decrease and positively impact cash flow, and eventually to stabilize. For the near term, the Company expects receivables to remain steady or decline as we enter the final stages of the Phase 2 Systems deployment. However, a significant portion of the current Phase 2 deployments are being made under the Exhibitor-Buyer Structure, where the Company passes the majority of the studio payments to the exhibitor, less an administrative fee, and therefore operating cash flow will be largely unaffected. The changes in the Company's trade accounts payable is also a significant factor, but even in a period of deployments, the Company does not

anticipate major changes in payables activity. The Company is also subject to changes in interest expense due to increasing debt levels to fund digital cinema installations, and also has non-cash expense fluctuations, primarily resulting from the change in the fair value of interest rate swap arrangements.   We expect operating activities to continue to be a positive source of cash.

Investing activities provided net cash of $1.2 million and used net cash of $10.9 million for the six months ended September 30, 2012 and 2011, respectively. The increase is primarily attributed to the sale of previously restricted available for sale investments, partially offset for cash paid for the purchase of New Video, net of cash acquired, and decreased purchases of Phase 2 DC Systems purchased compared to the prior year purchases. We expect cash used in investing activities to decline significantly as we do not expect many additional Phase 2 DC System deployments to be funded by the Company. All Phase 2 DC Systems purchased are financed with non-recourse debt and exhibitor contributions. Cinedigm does not fund any of the Systems capital expenditures from its operating cash flows.

Financing activities used net cash of $14.0 million and provided $0.3 million for the six months ended September 30, 2012 and 2011, respectively. The repayment of the 2010 Term Loans and the KBC facility during the six months ended September 30, 2012 were offset in part by net proceeds from the sale of common stock in April, 2012. Financing activities are expected to continue using the net cash generated from the Phase 1 and Phase 2 DC operations, primarily for principal repayments on the 2010 Term Loans and other existing debt facilities.

The Company expects to deploy Systems in our Phase II Deployment using a combination of non-recourse Cinedigm-financed screens and the Exhibitor-Buyer Structure. The method used to deploy Systems will vary depending on the exhibitors’ preference and the exhibitors’ ability to finance Phase II Systems. The number of Systems ultimately deployed by each method cannot be predicted at this time, though we expect very few additional Phase 2 screens deployed that will be consolidated into the Company's balance sheet as these will be primarily carried out through Holdings.

We have contractual obligations that include long-term debt consisting of notes payable, credit facilities, non-cancelable long-term capital lease obligations for the Pavilion Theatre and other various computer related equipment, non-cancelable operating leases consisting of real estate leases, and minimum guaranteed obligations under theatre advertising agreements with exhibitors for displaying cinema advertising. The capital lease obligation of the Pavilion Theatre is paid by an unrelated third party, although Cinedigm remains the primary lessee and would be obligated to pay if the unrelated third party were to default on its rental payment obligations.

The following table summarizes our significant contractual obligations as of September 30, 2012 :

	Payments Due				
Contractual Obligations ($ in thousands)	Total	2013	2014 & 2015	2016 & 2017	Thereafter
Long-term recourse debt (1)	$ 111,446	$ —	$ 111,446	$ —	$ —
Long-term non-recourse debt (2)	148,373	33,153	71,508	36,524	7,188
Capital lease obligations (3)	5,342	214	580	824	3,724
Debt-related obligations, principal	265,161	33,367	183,534	37,348	10,912
Interest on recourse debt	13,381	6,935	6,446	—	—
Interest on non-recourse debt	16,655	6,599	8,053	1,806	197
Interest on capital leases (3)	5,978	930	1,724	1,480	1,844
Total interest	36,014	14,464	16,223	3,286	2,041
Total debt-related obligations	$ 301,175	$ 47,831	$ 199,757	$ 40,634	$ 12,953
Operating lease obligations (4)	$ 5,330	$ 1,478	$ 2,892	$ 960	$ —
Obligations to be included in operating expenses	$ 5,330	$ 1,478	$ 2,892	$ 960	$ —
Total non-recourse debt including interest	$ 165,028	$ 39,752	$ 79,561	$ 38,330	$ 7,385

(1) The 2010 Note is due August 2014, but may be extended for one 12 month period at the discretion of the Company to August 2015, if certain conditions set forth in the 2010 Note are satisfied. Includes interest of $21.2 million on the 2010 Note to be accrued as an increase in the aggregate principal amount of the 2010 Note ("PIK Interest").

(2) Non-recourse debt is generally defined as debt whereby the lenders' sole recourse with respect to defaults by the Company is limited to the value of the asset, which is collateral for the debt. The 2010 Term Loans are not guaranteed by the Company or its other subsidiaries, other than Phase 1 DC and CDF I, and the KBC Facilities are not guaranteed by the Company or its other subsidiaries, other than Phase 2 DC.

(3) Principally represents the capital lease and capital lease interest for the Pavilion Theatre. The Company has remained the primary obligor on the Pavilion capital lease, and therefore, the capital lease obligation and related assets under the capital lease remain on the Company's condensed consolidated financial statements as of September 30, 2012. The Company has, however, entered into a sub-lease agreement with the unrelated third party purchaser which pays the capital lease and as such, has no continuing involvement in the operation of the Pavilion Theatre. This capital lease was previously included in discontinued operations.

(4) Includes the remaining operating lease agreement for one IDC lease now operated and paid for by FiberMedia, consisting of unrelated third parties. FiberMedia currently pays the lease directly to the landlord and the Company will attempt to obtain landlord consent to assign the facility lease to FiberMedia. Until such landlord consents are obtained, the Company will remain as the lessee.

We may continue to generate net losses for the foreseeable future primarily due to depreciation and amortization, interest on the 2010 Term Loans , interest on the 2010 Note, software development, marketing and promotional activities and the development of relationships with other businesses. Certain of these costs, including costs of software development and marketing and promotional activities, could be reduced if necessary. The restrictions imposed by the 2010 Note and the 2010 Credit Agreement may limit our ability to obtain financing, make it more difficult to satisfy our debt obligations or require us to dedicate a substantial portion of our cash flow to payments on our existing debt obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements. We may seek to raise additional capital for strategic acquisitions or working capital as necessary. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have an adverse effect on our financial position, results of operations or liquidity.

Seasonality

Revenues from our Phase I Deployment and Phase II Deployment segments derived from the collection of VPFs from motion picture studios are seasonal, coinciding with the timing of releases of movies by the motion picture studios. Generally, motion picture studios release the most marketable movies during the summer and the holiday season. The unexpected emergence of a hit movie during other periods can alter the traditional trend. The timing of movie releases can have a significant effect on our results of operations, and the results of one quarter are not necessarily indicative of results for the next quarter or any other quarter. We believe the seasonality of motion picture exhibition, however, is becoming less pronounced as the motion picture studios are releasing movies somewhat more evenly throughout the year.

Off-balance sheet arrangements

We are not a party to any off-balance sheet arrangements, other than operating leases in the ordinary course of business, which are disclosed above in the table of our significant contractual obligations, and Holdings. In addition, as discussed further in Note 2 to the Condensed Consolidated Financial Statements, the Company holds a 100% equity interest in Holdings, which is an unconsolidated variable interest entity ("VIE"), which wholly owns Cinedigm Digital Funding 2, LLC; however, the Company is not the primary beneficiary of the VIE.

Impact of Inflation

The impact of inflation on our operations has not been significant to date. However, there can be no assurance that a high rate of inflation in the future would not have an adverse impact on our operating results.

Item 4. CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have been no significant changes in the Company's internal control over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits are listed in the Exhibit Index on page 53 herein.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CINEDIGM DIGITAL CINEMA CORP.

Date:	November 13, 2012	By:	/s/ Christopher J. McGurk
			Christopher J. McGurk Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)
Date:	November 13, 2012	By:	/s/ Adam M. Mizel
			Adam M. Mizel Chief Operating Officer, Chief Financial Officer and Director (Principal Financial Officer)
Date:	November 13, 2012	By:	/s/ John B. Brownson
			John B. Brownson Senior Vice President – Accounting & Finance (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description of Document
3.1	Fourth Amended and Restated Certificate of Incorporation of Cinedigm Digital Cinema Corp., as amended.
31.1	Officer’s Certificate Pursuant to 15 U.S.C. 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Officer’s Certificate Pursuant to 15 U.S.C. 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Officer's Certificate Pursuant to 15 U.S.C. 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3	Certification of Chief Accounting Officer Pursuant to 18.U.S.C. Section 1350, as Adopted Pursuant to Section 960 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation

EXHIBIT 3.1

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

Gary Loffredo, Secretary of the herein named Corporation, hereby certifies that:

1. The present name of the corporation (hereinafter called the "Corporation") is Access Integrated Technologies, Inc.

2. The date of filing of the Third Amended and Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is November 21, 2001. The date of filing of the Second Amended and Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is October 19, 2001. The date of filing of the Restated Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is August 14, 2001. The date of filing the original Certificate of Incorporation of the Corporation with the Secretary of State of the State of Delaware is March 31, 2000. The original name of the Corporation was Access Colo, Inc.

3. The Third Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated by striking out Articles ONE through SIXTEEN and substituting in lieu thereof new Articles ONE through TEN, which Articles shall, among other things, declare a reverse stock split of the Corporation's capital stock and eliminate certain classes and series at the Corporation's capital stock (the "Third Amended and Restated Certificate of Incorporation").

4. The provisions of the Third Amended and Restated Certificate of Incorporation of the Corporation are hereby amended, restated and integrated into the single instrument that is hereinafter set forth, and that is entitled the Fourth Amended and Restated Certificate of Incorporation of the Corporation without any further amendments other than the amendments herein certified.

5. This Fourth Amended and Restated Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware. Prompt written notice of the adoption of the amendment herein certified has been given to those stockholders who have not consented in writing thereto, as provided in Section 228 of the General Corporation Law of the State of Delaware.

6. The Certificate of Incorporation, as amended and restated herein, shall, at the effective time of this Fourth Amended and Restated Certificate of Incorporation, read as follows:

FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

FIRST: Name : The name of the Corporation is:

Access Integrated Technologies, Inc.

SECOND: Address : The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. The name of the agent at such address is Corporation Service Company.

THIRD: Purpose : The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is Ninety-Five Million (95,000,000) shares as follows: (i) Eighty Million (80,000,000) shares of common stock, of which Forty Million (40,000,000) shares shall be Class A Common Stock, par value $.001 per share (the "Class A Common Stock"), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $.001 per share (the "Class B Common Stock"); and (ii) Fifteen Million (15,000,000) shares of preferred stock, par value $.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.

Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the

Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the "Class B Conversion") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock

splits, stock dividends, consolidations, recaptializations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the "Conversion Date") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided , however , that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Upon the effectiveness (the "Effective Date") of the Certificate of Amendment filed by the Corporation on September 18, 2003, each five (5) shares of Class A and B Common Stock issued and outstanding on the Effective Date (the "Old Common Stock") shall be converted into one (1) share of Class A and B Common Stock, respectively (the "New Common Stock"), subject to the treatment of fractional share interests as described below. A holder of such five (5) shares shall be entitled to receive, upon surrender of a stock certificate or stock certificates representing such Old Common Stock (the "Old Certificates," whether one or more) to the Corporation for cancellation, a certificate of certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are reclassified under the terms hereof. No certificates representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a stockholder of the Corporation. In lieu of such fractional shares, each holder of Class Old Common Stock who or that would otherwise have been entitled to a fraction of a share of such common stock upon surrender of such holder's Old Certificates will be entitled to receive one sole share of such common stock. If more than one Old Certificate shall be surrendered at one time for the account of the same stockholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Corporation determines that a holder of Old Certificates has not tendered all his or her certificates for exchange, the Corporation shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that any stockholder will not be entitled to receive more than one share of New Common Stock in lieu of fractional shares. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and registered in such name or names as such holder may direct, subject to compliance with applicable laws and the Third Amended and Restated Stockholders' Agreement, as amended, supplemented, restated or otherwise modified from time to time, among the Corporation and certain of its stockholders to the extent such designation shall involve a transfer, and the person or persons requesting such exchange shall affix any requisite stock transfer tax stamps to the Old Certificates surrendered, or provide funds for their purchase, or establish to the satisfaction of the Corporation that such taxes are not payable. From and after the Effective Date, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.

FIFTH: Voting : The holders of the Common Stock shall be entitled to vote on all matters submitted to a vote of the stockholders of the Corporation for each share held by such holders in accordance with Section 4 hereof.

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors of the Corporation is expressly authorized to adopt, amend or repeal the by-laws of the Corporation.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the Corporation may provide. The books of the Corporation may be kept (subject to any provision contained in any statute) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors of the Corporation or in the by-laws of the Corporation. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in any manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH: The Corporation shall indemnify, to the fullest extent now or hereafter permitted by law, each director, officer or other authorized representative of the Corporation who was or is made a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an authorized representative of the Corporation, against all expenses (including attorneys' fees and disbursements), judgments, fines (including excise taxes and penalties) and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding.

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director; provided , however , that this provision shall not eliminate or limit the liability of a director to the extent that such elimination or limitation of liability is expressly prohibited by the Delaware General Corporation Law as in effect at the time of the alleged breach of duty by such director.

Any repeal or modification of this Article by the stockholders of the Corporation shall not adversely affect any right or protection existing at the time of such repeal or modification to which any person may be entitled under this Article. The rights conferred by this Article shall not be exclusive of any other right which the Corporation may now or hereafter grant, or any person may have or hereafter acquire, under any statute, provision of this Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise. The rights conferred by this Article shall continue as to any person who shall have ceased to be a director or officer of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

For the purposes of this Article, the term “authorized representative” shall mean a director, officer, employee or agent of the Corporation or of any subsidiary of the Corporation, or a trustee, custodian, administrator, committeeman or fiduciary of any employee benefit plan established and maintained by the Corporation or by any subsidiary of the Corporation, or a person who is or was serving another Corporation, partnership, joint venture, trust or other enterprise in any of the foregoing capacities at the request of the Corporation.

Executed on November 14, 2003

	/s/ Gary Loffredo
	Gary Loffredo, Secretary

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

The undersigned, being the President of Access Integrated Technologies, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003;

2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and

3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions, Article Fourth of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

"FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is Ninety-Five Million (95,000,000) shares as follows: (i) Eighty Million (80,000,000) shares of common stock, of which Sixty-Five Million (65,000,000) shares shall be Class A Common Stock, par value $.001 per share (the "Class A Common Stock"), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $.001 per share (the "Class B Common Stock"); and (ii) Fifteen Million (15,000,000) shares of preferred stock, par value $.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.

Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation, as amended from time to time (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock

(subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the "Class B Conversion") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recaptializations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the "Conversion Date") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided, however, that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Upon the effectiveness (the "Effective Date") of the Certificate of Amendment filed by the Corporation on September 18, 2003, each five (5) shares of Class A and B Common Stock issued and outstanding on the Effective Date (the "Old Common Stock") shall be converted into one (1) share of Class A and B Common Stock, respectively (the "New Common Stock"), subject to the treatment of fractional share interests as described below. A holder of such five (5) shares shall be entitled to receive, upon surrender of a stock certificate or stock certificates representing such Old Common Stock (the "Old Certificates," whether one or more) to the Corporation for cancellation, a certificate of certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are reclassified under the terms hereof. No certificates representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a stockholder of the Corporation. In lieu of such fractional shares, each holder of Class Old Common Stock who or that

would otherwise have been entitled to a fraction of a share of such common stock upon surrender of such holder's Old Certificates will be entitled to receive one sole share of such common stock. If more than one Old Certificate shall be surrendered at one time for the account of the same stockholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Corporation determines that a holder of Old Certificates has not tendered all his or her certificates for exchange, the Corporation shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that any stockholder will not be entitled to receive more than one share of New Common Stock in lieu of fractional shares. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and registered in such name or names as such holder may direct, subject to compliance with applicable laws and the Third Amended and Restated Stockholders' Agreement, as amended, supplemented, restated or otherwise modified from time to time, among the Corporation and certain of its stockholders to the extent such designation shall involve a transfer, and the person or persons requesting such exchange shall affix any requisite stock transfer tax stamps to the Old Certificates surrendered, or provide funds for their purchase, or establish to the satisfaction of the Corporation that such taxes are not payable. From and after the Effective Date, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law.

Except as specifically set forth herein, the Certificate of Incorporation shall not be amended, modified or otherwise altered by this Certificate of Amendment.

* * *

[Signature page follows]

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Access Integrated Technologies, Inc. to be signed by A. Dale Mayo, its President, Chief Executive Officer and Chairman of the Board of Directors, this 4th day of September, 2008, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

	By:	/s/ A. Dale Mayo
	Name:	A. Dale Mayo
	Title:	President, Chief Executive Officer and Chairman of the Board of Directors

CERTIFICATE OF DESIGNATIONS
OF
SERIES A 10% NON-VOTING CUMULATIVE PREFERRED STOCK
OF
ACCESS INTEGRATED TECHNOLOGIES, INC.

(Pursuant to Section 151(g) of the
Delaware General Corporation Law)

Access Integrated Technologies, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "Corporation") does hereby certify that the following resolutions respecting Series A 10% Non-Voting Cumulative Preferred Stock were duly adopted by the Corporation's Board of Directors:

WHEREAS, the Fourth Amended and Restated Certificate of Incorporation, as amended, of the Corporation (the "Certificate of Incorporation") authorizes the Corporation to issue an aggregate of 15,000,000 shares of preferred stock, par value $0.001 per share ("Preferred Stock"), which may be divided into one or more series as the Board of Directors may determine; and

WHEREAS, the Certificate of Incorporation expressly vests in the Board of Directors the authority to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock; and

WHEREAS, the Board of Directors deems it advisable to designate a series of the Preferred Stock consisting of shares designated as Series A 10% Non-Voting Cumulative Preferred Stock.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, that pursuant to the Certificate of Incorporation, a series of Preferred Stock be, and hereby is, created, consisting of 20 shares, par value of $0.001 per share (the "Series A Preferred Stock"), which Series A Preferred Stock shall have the voting rights, designations, powers, preferences, relative and other special rights, and the qualifications, limitations and restrictions set forth as follows:

1. Dividend Rights . The holders of Series A Preferred Stock shall be entitled to receive dividends, but only out of funds that are legally available therefor, at the rate of 10% of the Series A Original Issue Price (as defined below) per annum on each outstanding share of Series A Preferred Stock (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares). The original issue price of the Series A Preferred Stock shall be $500,000 per share (the " Series A Original Issue Price "). For any share of Series A Preferred Stock, such dividends shall begin to accrue commencing upon the first date such share is issued and becomes outstanding (the " Original Issue Date ") and shall be payable in cash or, at the Corporation's option, by converting the cash amount of such dividends into Class A common stock, par value $0.001 per share (the " Class A Common Stock "), based on the value of the Class A Common Stock equal to (i) so long as the sum of the number of shares of Class A Common

Stock issued by the Corporation that would be integrated with the other shares of Class A Common Stock issued under this Paragraph 1 under the rules of the NASDAQ Stock Market plus the number of shares of Class A Common Stock issued under this Paragraph 1 does not exceed 5,366,529 shares (as shall be adjusted for stock splits), the price determined by the daily volume weighted average price per share of the Class A Common Stock on its principal trading market as reported by Bloomberg Financial L.P. (the " VWAP ") for the five (5) day Trading Day (as defined below) period ending on the Trading Day (as defined below) immediately preceding the Dividend Payment Date (as defined below), of the Corporation, and (ii) thereafter, the greater of the Book Value Per Share (as defined below) or Market Value Per Share (as defined below) (the greater of those two amounts, the " Market Price "), as measured on the Original Issue Date for the initial issuance of shares of Series A Preferred Stock in connection with any shares of Series A Preferred Stock that would be integrated under the rules of the NASDAQ Stock Market. The dividends shall be payable in arrears (a) first, on the earlier of (x) September 30, 2010 or (y) the last day of the calendar quarter during which the Corporation ceases to be contractually prohibited from paying such dividends, and thereafter (b) quarterly on the last

day of each calendar quarter beginning in the calendar quarter following such initial dividend payment date and continuing until such shares of Series A Preferred Stock are redeemed (each, a "Dividend Payment Date"), provided, that, if any such Dividend Payment Date is not a Business Day (as defined below), then any such dividend shall be payable on the next Business Day. Such dividends shall accrue day-by-day and shall be cumulative, whether or not declared by the Board of Directors and whether or not there shall be funds legally available for the payment of dividends. The term "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in the New York, New York are authorized or required by law to be closed. Until it has paid all dividends on the Series A Preferred Stock as contemplated in this Certificate of Designations, the Corporation may not pay dividends on the Class A Common Stock, the Class B common stock, par value $0.001 per share, of the Corporation (the " Class B Common Stock " and, together with the Class A Common Stock, the " Common Stock ") or any other stock of the Corporation hereafter created that is junior in terms of dividend rights, redemption or liquidation preference to the Series A Preferred Stock (together with the Common Stock, " Junior Stock "). The term "Trading Day" means any day on which the Class A Common Stock is traded on its principal market; provided that the "Trading Day" shall not include any day on which the principal market is open for trading for less than 4.5 hours. The terms "Book Value Per Share" and "Market Value Per Share" shall be determined in accordance with the rules of The NASDAQ Stock Market, as in effect on the date of this Certificate of Designations.

2. Voting Rights . Except as otherwise provided herein or as required by law, the holders of Series A Preferred Stock will not have the right to vote on matters brought before the stockholders of the Corporation.

3. Liquidation Rights . Upon any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any Junior Stock, subject to the rights of any series of Preferred Stock that may from time-to-time come into existence and which is expressly senior to the rights of the Series A Preferred Stock, the holders of Series A Preferred Stock shall be entitled to be paid in cash out of the assets of the Corporation an amount per share of Series A Preferred Stock equal to 100% of the Series A Original Issue Price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares), plus accrued but unpaid dividends (the

"Liquidation Preference"), for each share of Series A Preferred Stock held by each such holder. If, upon any such liquidation, dissolution, or winding up, the assets of the Corporation shall be insufficient to make payment in full of the Liquidation Preference to all holders of Series A Preferred Stock, then such assets shall be distributed among the holders of Series A Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

4. Conversion Rights . Except as otherwise provided herein or as required by law, the holders of Series A Preferred Stock will have no rights with respect to the conversion of the Series A Preferred Stock into shares of Class A Common Stock or any other security of the Corporation.

5. Redemption . The Series A Preferred Stock may be redeemed by the Corporation at any time after the second anniversary of the Original Issue Date (the " Redemption Date ") upon thirty (30) days advance written notice (a " Notice of Redemption ") to the holder, for a price equal to One Hundred and Ten Percent (110%) of the Liquidation Preference (which Liquidation Preference shall include, for avoidance of doubt, all accrued but unpaid dividends payable to the holder of the Series A Preferred Stock for the period between the Notice of Redemption and the Redemption Date) (the " Callable Amount "), payable in cash or, at the Corporation's option, so long as the closing price of the Class A Common Stock is $2.18 or higher (as shall be adjusted for stock splits) for at least (90) consecutive Trading Days ending on the Trading Day immediately prior to the Notice of Redemption, by converting such Callable Amount into Class A Common Stock at the Market Price, as measured on the Original Issue Date for the initial issuance of shares of Series A Preferred Stock in connection with any shares of Series A Preferred Stock that would be integrated under the rules of the NASDAQ Stock Market. The Corporation will indicate on a Notice of Redemption whether the Corporation will redeem the Series A Preferred Stock to be so redeemed in cash or, if so permitted under the immediately preceding sentence, in Class A Common Stock.

6. Amendment . None of the powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock as provided in this Certificate of Designations or in the Certificate of Incorporation shall

be amended in any manner that would alter or change the powers, preferences, rights or privileges of the holders of Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least four-fifths of the outstanding shares of Series A Preferred Stock, voting as a separate class.

FURTHER RESOLVED, that the officers of the Corporation are authorized and are directed to file with the Secretary of State of the State of Delaware a Certificate pursuant to Section 151(a) of the General Corporate Law setting forth these resolutions in order to establish the rights and preferences set forth in the Certificate of Designations associated with the Series A Preferred Stock.

IN WITNESS WHEREOF, the undersigned duly authorized officer of the Corporation has executed this Certificate of Designations on February 2, 2009.

		ACCESS INTEGRATED TECHNOLOGIES, INC.
	By:	/s/ A. Dale Mayo
		A. Dale Mayo
		President and Chief Executive Officer

CERTIFICATE OF DESIGNATIONS

OF

SERIES B JUNIOR PARTICIPATING PREFERRED STOCK

OF

ACCESS INTEGRATED TECHNOLOGIES, Inc.

(Pursuant to Section 151 of the
General Corporation Law of the State of Delaware)

Access Integrated Technologies, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "Corporation"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation Law of the State of Delaware at a meeting duly called and held on August 10, 2009.

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "Board of Directors" or the "Board") in accordance with the provisions of the Amended and Restated Certificate of Incorporation of this Corporation the Board of Directors hereby creates a series of Preferred Stock, par value $0.001 per share (the "Preferred Stock"), of the Corporation and hereby states the designation and number of shares, and fixes the relative rights, powers and preferences, and qualifications, limitations and restrictions thereof as follows:

Section 1. Designation and Amount . The shares of such series shall be designated as "Series B Junior Participating Preferred Stock" (the "Series B Preferred Stock") and the number of shares constituting the Series B Preferred Stock shall be 1,000,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series B Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series B Preferred Stock.

Section 2. Dividends and Distributions .

(A) Subject to the prior and superior rights of the holders of any shares of any class or series of stock of this Corporation ranking prior and superior to the Series B Preferred Stock with respect to dividends, the holders of shares of Series B Preferred Stock, in preference to the holders of Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"), of the Corporation and Class B Common Stock, par value $0.001 per share (the "Class B Common Stock," and together with Class A Common Stock, the "Common Stock"), of the Corporation, and of any other stock ranking junior to the Series B Preferred Stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series B Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series B Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a

greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series B Preferred Stock as provided in paragraph (A) of this Section 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series B Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series B Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series B Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series B Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series B Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than sixty (60) days prior to the date fixed for the payment thereof.

Section 3. Voting Rights . The holders of shares of Series B Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series B Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series B Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series B Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series B Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(D) If, at the time of any annual meeting of stockholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series B Preferred Stock are in default, the number of directors constituting the Board of Directors of the Corporation shall be

increased by two. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series B Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at such meeting of stockholders (and at each subsequent annual meeting of stockholders), unless all dividends in arrears on the Series B Preferred Stock have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series B Preferred Stock being entitled to cast a number of votes per share of Series B Preferred Stock as is specified in paragraph (A) of this Section 3. Each such additional director shall serve until the next annual meeting of stockholders for the election of directors, or until his successor shall be elected and shall qualify, or until his right to hold such office terminates pursuant to the provisions of this Section 3(D). Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the provisions of this Section 3(D) may be removed at any time, without cause, only by the affirmative vote of the holders of the shares of Series B Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series B Preferred Stock shall be divested of the foregoing special voting rights, subject to revesting in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by two. The voting rights granted by this Section 3(D) shall be in addition to any other voting rights granted to the holders of the Series B Preferred Stock in this Section 3.

Section 4. Certain Restrictions .

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series B Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series B Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except dividends paid ratably on the Series B Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (both as to dividends and upon dissolution, liquidation or winding up) to the Series B Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series B Preferred Stock, or any shares of stock ranking on a parity with the Series B Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series B Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Amended and Restated Certificate of Incorporation or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up.

(A) Upon any liquidation, dissolution or winding up of the Corporation, voluntary or otherwise no distribution shall be made (i) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B Preferred Stock unless, prior thereto, the holders of Series B Preferred Stock shall have received an amount per share (the "Series B Liquidation Preference") equal to $10 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series B Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock, or (ii) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series B Preferred Stock, except distributions made ratably on the Series B Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of Series B Preferred Stock were entitled immediately prior to such event under the proviso in clause (i) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other classes and series of stock of the Corporation, if any, that rank on a parity with the Series B Preferred Stock in respect thereof, then the assets available for such distribution shall be distributed ratably to the holders of the Series B Preferred Stock and the holders of such parity shares in proportion to their respective liquidation preferences.

(C) Neither the merger or consolidation of the Corporation into or with another corporation nor the merger or consolidation of any other corporation into or with the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 6.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series B Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the

exchange or change of shares of Series B Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption . The Series B Preferred Stock shall not be redeemable by the Corporation.

Section 9. Rank . The Series B Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up, junior to all series of any other class of the Corporation's Preferred Stock, except to the extent that any such other series specifically provides that it shall rank on a parity with or junior to the Series B Preferred Stock.

Section 10. Amendment . At any time any shares of Series B Preferred Stock are outstanding, the Amended and Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series B Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series B Preferred Stock, voting separately as a single class.

Section 11. Fractional Shares . Series B Preferred Stock may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B Preferred Stock.

* * *

IN WITNESS WHEREOF, this Certificate of Designations is executed on behalf of the Corporation by the

undersigned this 10th day of August, 2009.

ACCESS INTEGRATED TECHNOLOGIES, INC.

By :/s/ Gary Loffredo
Name: Gary Loffredo
Title: Senior Vice President

CERTIFICATE OF AMENDMENT

TO FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

Access Integrated Technologies, Inc., a corporation organized and existing under the laws of the State of Delaware (the " Corporation "), does hereby certify that:

1. This Amendment to the Restated Certificate of Incorporation, as amended, of the Corporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

2. This Amendment to the Restated Certificate of Incorporation, as amended, of the Corporation amends Article FOURTH of the Corporation's Restated Certificate of Incorporation, as amended, by deleting the existing Article FOURTH in its entirety and substituting therefore a new Article FOURTH to read in its entirety as follows:

FOURTH: CAPITALIZATION

Section 4.1 Authorized Shares .

Upon the effectiveness of the filing of the Certificate of Amendment to the Corporation's Restated Certificate of Incorporation, as amended (the " Certificate of Incorporation "), first containing this provision with the Secretary of State of the State of Delaware (the " Effective Time "), the total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares as follows: (i) Ninety Million (90,000,000) shares of existing common stock, of which Seventy-Five Million (75,000,000) shares shall be existing Class A Common Stock, par value $0.001 per share (the " Old Class A Common Stock "), and Fifteen Million (15,000,000) shares shall be existing Class B Common Stock, par value $0.001 per share (the " Old Class B Common Stock "); (ii) Ninety Million (90,000,000) shares of common stock, of which Seventy-Five Million (75,000,000) shares shall be Class A Common Stock, par value $0.001 per share (the " Class A Common Stock "), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $0.001 per share (the " Class B Common Stock ," and together with the Class A Common Stock, the " Common Stock "); and (iii) Fifteen Million (15,000,000) shares of preferred stock, par value $0.001 per share (the " Preferred Stock "), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law. Upon the Effectiveness of the Reclassification (as defined below), the total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares as follows: (i) Ninety Million (90,000,000) shares of common stock, of which Seventy-Five Million (75,000,000) shares shall be Class A Common Stock and Fifteen Million (15,000,000) shares shall be Class B Common Stock; and (ii) Fifteen Million (15,000,000) shares of Preferred Stock.

Section 4.2 Class A Common Stock and Class B Common Stock .

Except as otherwise provided by law or the Certificate of Incorporation, the holders of the Class A Common Stock and the Class B Common Stock shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock

shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the " Class B Conversion ") into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recapitalizations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the " Conversion Date ") and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided , however , that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Section 4.3. Reclassification .

Immediately following the Effective Time, (a) each share of Old Class A Common Stock issued and outstanding immediately prior to the Effective Time shall be reclassified as and converted into and shall become one share of Class A Common Stock and (b) each share of Old Class B Common Stock issued and outstanding immediately prior to the Effective Time shall be reclassified as and converted into and shall become one share of Class B Common Stock (the foregoing, collectively, the " Reclassification ").

The Reclassification shall be deemed to occur immediately following the Effective Time (the " Effectiveness of the Reclassification "), regardless of when any certificate previously representing such shares of Old Class A Common Stock or Old Class B Common Stock, as the case may be (in each case, if such shares are held in certificated form), are physically surrendered to the Corporation in exchange for certificates representing shares of Class A Common Stock or Class B Common Stock, respectively. Each certificate outstanding immediately prior to the Effectiveness of the Reclassification representing shares of Old Class A Common Stock or

Old Class B Common Stock, as the case may be, shall, until surrendered to the Corporation in exchange for a certificate representing such new number of shares of Class A Common Stock or Class B Common Stock, respectively, automatically represent from and after the Effectiveness of the Reclassification the reclassified number of shares of Class A Common Stock or Class B Common Stock, respectively.

Section 4.4. Transfer Restrictions .

Section 4.4.1. Certain Definitions .

As used in this Section 4.4:

" Acquire " or " Acquisition " and similar terms means the direct or indirect acquisition of record, legal, beneficial or any other ownership of Corporation Securities by any means, including, without limitation, (a) the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire shares, or (b) the entering into of any swap, hedge or other arrangement that results in the acquisition of any of the economic consequences of ownership of Corporation Securities if, as a result of such direct or indirect acquisition, the acquirer would be considered an owner of Corporation Securities under the direct, indirect or constructive ownership rules of Section 382 of the Code.

" Affiliate " shall have the meaning set forth in the Standstill Agreement.

" Business Day " means any day, other than a Saturday, Sunday or day on which banks located in New York, New York, are authorized or required by law to close.

" Code " means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

" Corporation Securities " means (a) shares of Common Stock, (b) shares of Preferred Stock of any class or series of Preferred Stock, (c) warrants, rights or options (including within the meaning of Treasury Regulation Section 1.382-2T(h)(4)(v) (or any successor provision)) to purchase Stock, and (d) any other interests that would be treated as Stock.

" Dispose " or " Disposition " means any direct or indirect sale, transfer, assignment, conveyance, pledge or other disposition or other action in any manner whatsoever, whether voluntary or involuntary, by operation of law or otherwise, by any Person or group that reduces the Percentage Stock Ownership of any Person or group.

" Effective Date " means the date of filing of the Certificate of Amendment to the Certificate of Incorporation first containing this provision.

" Entity " means an entity within the meaning of Treasury Regulation Section 1.382-3(a)(1) (or any successor provision).

" Exchange Act " means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

" Exempt Person " means (a) each of the Purchasers and their respective Affiliates so long as, prior to the termination of the Standstill Agreement, the Purchasers (together with their respective Affiliates) do not take any action that would violate Article 2 of the Standstill Agreement or (b) any Existing Holder, unless and until such time as such Existing Holder shall (i) have a Percentage Stock Ownership that is more than the Existing Holder Ownership Cap of such Existing Holder or (ii) no longer be a "5-percent shareholder" of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1) (or any successor provision). Notwithstanding the foregoing, no Exempt Person shall cease to be an Exempt Person solely as the result of an Acquisition of Corporation Securities by the Corporation which, by reducing the number of Corporation Securities outstanding, increases the Percentage Stock Ownership of such Person.

“ Exempt Transaction ” means the Acquisition of any Warrants (as defined in the Securities Purchase Agreement) or Warrant Shares (as defined in the Warrants) prior to such time as such Acquired warrants or Warrant Shares, as the case may be, have been distributed and sold to the public pursuant to an effective registration statement under the Securities Act or pursuant to Rule 144 promulgated by the Securities and Exchange Commission pursuant to the Securities Act.

“ Existing Holder ” means any Person who, immediately prior to the Effective Date, is a “5-percent shareholder” of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1) (or any successor provision).

“ Existing Holder Initial Ownership ” means, with respect to any Existing Holder, the aggregate Stock Ownership of such Existing Holder immediately prior to the Effective Time (as reflected in the most recent Schedule 13D or Schedule 13G filed by such Existing Holder prior to the Effective Time).

“ Existing Holder Ownership Cap ” means, as determined from time to time with respect to any Existing Holder, the sum of (a) the difference of (i) the Existing Holder Initial Ownership of such Existing Holder minus (ii) the total shares of Stock that such Existing Holder has Disposed of on or after the Effective Time plus (b) the difference (which difference shall in no event be less than zero) of (i) 150,000 shares of Common Stock (subject to adjustment for any stock split, reverse stock split, recapitalization or similar transaction) minus (ii) the total shares of Stock that such Existing Holder has Acquired on or after the Effective Time; provided , however that in no event shall the Existing Holder Ownership Cap of such Existing Holder ever exceed the Existing Holder Initial Ownership of such Existing Holder.

“ Five Percent Shareholder ” means a Person or group of Persons that is identified as a “5-percent shareholder” of the Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(g)(1) (or any successor provision), but excluding (a) any “direct public group” with respect to the Corporation, as that term is defined in Treasury Regulation Section 1.382-2T(j)(2)(ii) (or any successor provision), (b) any Exempt Person and (c) any Person or group of Persons that would be a Five Percent Shareholder solely as a result of the Acquisition of Corporation Securities in an Exempt Transaction.

“ Percentage Stock Ownership ” and similar terms means the percentage Stock Ownership of any Person or group for purposes of Section 382 of the Code as determined in accordance with Treasury Regulation Section 1.382-2T(g), (h), (j) and (k) (or any successor provisions); provided , however , that such determination shall not include any Corporation Securities Acquired in an Exempt Transaction.

“ Person ” means an individual, corporation, estate, trust, association, limited liability company, partnership, joint venture or similar organization, and also includes a syndicate or group as those terms are used for the purposes of Section 13(d)(3) of the Exchange Act.

“ Prohibited Transfer ” means any purported Transfer of Corporation Securities to the extent that such a Transfer is prohibited and/or void under this Article FOURTH.

“ Purchasers ” shall have the meaning set forth in the Securities Purchase Agreement.

“ Restriction Release Date ” means such date, after the Effective Date, that the Board of Directors determines in good faith that it is in the best interests of the Corporation and its stockholders for the transfer restrictions set forth in this Article FOURTH to terminate.

“ Restricted Holder ” means a Person or group of Persons that (a) is a Five Percent Shareholder and Acquires or proposes to Acquire Corporation Securities (other than an Acquisition of Corporation Securities in an Exempt Transaction), or (b) is proposing to Acquire Corporation Securities (other than an Acquisition of Corporation Securities in an Exempt Transaction), and following such proposed Acquisition of Corporation Securities, would be a Five Percent Shareholder.

“ Securities Act ” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“ Securities Purchase Agreement ” means the Securities Purchase Agreement, dated as of August 11, 2009, by and between the Company and the Purchasers, as it may be amended or modified from time to time.

“ Standstill Agreement ” means the Standstill Agreement, dated as of August 11, 2009, by and between the Company and Sageview Capital Master, L.P., as it may be amended or modified from time to time.

“ Stock ” means any interest that would be treated as “stock” of the Corporation pursuant to Treasury Regulation Section 1.382-2T(f)(18) (or any successor provision).

“ Stock Ownership ” means any direct or indirect ownership of Stock, including any ownership by virtue of application of constructive ownership rules, with such direct, indirect and constructive ownership determined under the provisions of Section 382 of the Code.

“ Tax Benefits ” means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any loss or deduction attributable to a “net unrealized built-in loss” within the meaning of Section 382 of the Code, of the Corporation or any direct or indirect subsidiary thereof.

“ Transfer ” means any direct or indirect Acquisition, sale, transfer, assignment, conveyance, pledge or other disposition or other action in any manner whatsoever, whether voluntary or involuntary, by operation of law or otherwise, by any Person or group that alters the Percentage Stock Ownership of any Person or group, or any attempt to do any of the foregoing. A Transfer shall also include the creation or grant of an option (including within the meaning of Treasury Regulation Section 1.382-2T(h)(4)(v) (or any successor provision)). A Transfer shall not include an issuance or grant of Corporation Securities by the Corporation.

“ Treasury Regulation ” means a Treasury Regulation promulgated under the Code.

Section 4.4.2. Transfer Restrictions .

(a) From and after the Effective Date and prior to the Restriction Release Date, no Transfer shall be permitted, and any such purported Transfer shall be *void ab initio* , to the extent that after giving effect to such purported Transfer (or any series of Transfers of which such Transfer is a part), either (i) any Person or group of Persons shall become a Five Percent Shareholder, or (ii) the Percentage Stock Ownership interest in the Corporation of any Five Percent Shareholder shall be increased. The prior sentence is not intended to prevent the Corporation Securities from being DTC-eligible and shall not preclude the settlement of any transactions in the Corporation Securities entered into through the facilities of a national securities exchange or any national securities quotation system, provided, that if the settlement of the transaction would result in a Prohibited Transfer, such Transfer shall nonetheless be a Prohibited Transfer.

(b) The restrictions contained in this Article 4 are for the purposes of reducing the risk that any “ownership change” (as defined in the Code) of the Corporation Securities may limit the Corporation's ability to utilize its Tax Benefits. In connection therewith, and to provide for effective policing of these provisions, a Restricted Holder who proposes to Acquire Corporation Securities (other than an Acquisition of Corporation Securities in an Exempt Transaction) shall, prior to the date of such proposed Acquisition, request in writing (a “ Request ”) that the Board of Directors of the Corporation (or a committee thereof that has been appointed by the Board of Directors) review such proposed Acquisition and authorize or not authorize such proposed Acquisition in accordance with this Section 4.4.2(b) of Article 4. A Request shall be mailed or delivered to the Secretary of the Corporation at the Corporation's principal place of business, or telecopied to the Corporation's telecopier number at its principal place of business. Such Request shall be deemed to have been received by the Corporation when actually received by the Corporation. A Request shall include (i) the name, address and telephone number of the Restricted Holder, (ii) a description of the Restricted Holder's direct and indirect ownership of Corporation

Securities, (iii) a description of the Corporation Securities that the Restricted Holder proposes to Acquire, (iv) the date on which such proposed Acquisition is expected to take place (or, if such Acquisition is proposed to be made by a Five Percent Shareholder in a transaction on a national securities exchange or any national securities quotation system, a statement to that effect), (v) the name of the proposed transferor of the Corporation Securities that the Restricted Holder proposes to Acquire (or, if such Acquisition is proposed to be made by a Five Percent Shareholder in a transaction on a national securities exchange or any national securities quotation system, a statement to that effect), and (vi) a request that the Board of Directors (or a committee thereof that has been appointed by the Board of Directors) authorize, if appropriate, such Acquisition pursuant to this Section 4.4.2 (b) of Article 4. The Board of Directors may authorize an Acquisition by a Restricted Holder, if it determines, in its sole discretion, that, after taking into account the preservation of the Tax Benefits, such Acquisition would be in the best interests of the Corporation and its stockholders and, in such case, the restrictions set forth in Section 4.4.2(a) of this Article FOURTH shall not apply to such Acquisition. Any determination by the Board of Directors not to authorize a proposed Acquisition by a Restricted Holder shall cause such proposed Acquisition to be deemed a Prohibited Transfer. The Board of Directors may, in its sole discretion, impose any conditions that it deems reasonable and appropriate in connection with authorizing any such Acquisition by a Restricted Holder. In addition, the Board of Directors may, in its sole discretion, require such representations from the Restricted Holder or such opinions of counsel to be rendered by counsel selected by the Board of Directors, in each case as to such matters as the Board of Directors may determine and, in each such case, the restrictions set forth in Section 4.4.2(a) of this Article FOURTH shall not apply to such Acquisition. Any Restricted Holder who makes a Request to the Board of Directors shall reimburse the Corporation, on demand, for all costs and expenses incurred by the Corporation with respect to any proposed Acquisition of Corporation Securities, including, without limitation, the Corporation's costs and expenses incurred in determining whether to authorize the proposed Acquisition, which costs may include, but are not limited to, any expenses of counsel and/or tax advisors engaged by the Board of Directors to advise the Board of Directors or deliver an opinion thereto.

Section 4.4.3. Treatment of Excess Securities .

(a) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of a Prohibited Transfer (the " Purported Transferee ") shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities that are the subject of the Prohibited Transfer (the " Excess Securities "). The Purported Transferee shall not be entitled with respect to such Excess Securities to any rights of a stockholder of the Corporation, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof. Once the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, such Corporation Securities shall cease to be Excess Securities.

(b) If the Board of Directors determines that a Prohibited Transfer has been recorded by an agent or employee of the Corporation notwithstanding the prohibition in Section 4.4.3(a) of this Article FOURTH, such recording and the Prohibited Transfer shall be *void ab initio* and have no legal effect and, upon written demand by the Corporation, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of the Excess Securities within the Purported Transferee's possession or control, together with any dividends or other distributions that were received by the Purported Transferee from the Corporation with respect to the Excess Securities (the " Prohibited Distributions "), to an agent designated by the Board of Directors (the " Agent "). In the event of an attempted Prohibited Transfer involving the purchase or Acquisition of Corporation Securities in violation of this Article FOURTH by a Restricted Holder, the Agent shall thereupon sell to a buyer or buyers, which may include the Corporation or the purported transferor, the Excess Securities transferred to it in one or more arm's-length transactions (including over a national securities exchange or national securities quotation system on which the Corporation Securities may be traded); provided , however , that the Agent, in its sole discretion, shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent's discretion, such sale or sales would disrupt the market for the Corporation Securities, would adversely affect the value of the Corporation Securities or would be in violation of applicable securities laws. If the Purported Transferee has resold the Excess Securities before receiving the Corporation's demand to surrender the Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited

Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Transferee to retain a portion of such sales proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to Section 4.4.3(c) of this Article FOURTH if the Agent, rather than the Purported Transferee, had resold the Excess Securities.

(c) The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee had previously resold the Excess Securities, any amounts received by it from a Purported Transferee, as follows: (i) first, to reimburse itself to the extent necessary to cover its costs and expenses incurred in accordance with its duties hereunder; (ii) second, to reimburse the Purported Transferee for the amounts paid by the Purported Transferee for the Excess Securities (or in the case of any Prohibited Transfer by gift, devise or inheritance or any other Prohibited Transfer without consideration, the fair market value, calculated on the basis of the closing market price for the Corporation Securities on the day before the Prohibited Transfer), and (iii) third, the remainder, if any, to the original transferor, or, if the original transferor cannot be readily identified, to an entity designated by the Corporation's Board of Directors that is described in Section 501(c) of the Code, contributions to which must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code. The recourse of any Purported Transferee with respect of any Prohibited Transfer shall be limited to the amount payable to the Purported Transferee pursuant to clause (ii) of this Section 4.4.3(c) of this Article FOURTH. Except as may be required by law, in no event shall the proceeds of any sale of Excess Securities pursuant to this Article FOURTH inure to the benefit of the Corporation or the Agent, except to the extent used to cover expenses incurred by the Agent in performing its duties hereunder.

(d) In the event of any Transfer which does not involve a transfer of securities of the Corporation within the meaning of Delaware law (" Securities ," and individually, a " Security ") but which would cause a Five Percent Shareholder to violate a restriction on Transfers provided for in this Article FOURTH, the application of Section 4.4.3(b) and Section 4.4.3(c) shall be modified as described in this Section 4.4.3(d). In such case, no such Five Percent Shareholder shall be required to dispose of any interest that is not a Security, but such Five Percent Shareholder and/or any Person whose ownership of Securities is attributed to such Five Percent Shareholder shall be deemed to have disposed of and shall be required to dispose of sufficient Securities (which Securities shall be disposed of in the inverse order in which they were acquired) to cause such Five Percent Shareholder, following such disposition, not to be in violation of this Article FOURTH. Such disposition shall be deemed to occur simultaneously with the Transfer giving rise to the application of this provision, and such number of Securities that are deemed to be disposed of shall be considered Excess Securities and shall be disposed of through the Agent as provided in Section 4.4.3(b) and Section 4.4.3(c), except that the maximum aggregate amount payable either to such Five Percent Shareholder, or to such other Person that was the direct holder of such Excess Securities, in connection with such sale shall be the fair market value of such Excess Securities at the time of the purported Transfer. All expenses incurred by the Agent in disposing of such Excess Stock shall be paid out of any amounts due such Five Percent Shareholder or such other Person. The purpose of this Section 4.4.3(d) is to extend the restrictions in Section 4.4.2(a) and Section 4.4.3(a) to situations in which there is a Five Percent Shareholder without a direct Transfer of Securities, and this Section 4.4.3(d), along with the other provisions of this Article FOURTH, shall be interpreted to produce the same results, with differences as the context requires, as a direct Transfer of Corporation Securities.

(e) If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof to the Agent within thirty (30) days from the date on which the Corporation makes a demand pursuant to Section 4.4.3(b) of this Article FOURTH or any written demand with respect to a deemed disposition pursuant to Section 4.4.3(d) of this Article FOURTH, then the Corporation may take such actions as it deems necessary to enforce the provisions hereof, including the institution of legal proceedings to compel such surrender.

(f) If any Person shall knowingly violate, or knowingly cause any other Person under control of such Person (a " Controlled Person ") to violate this Article FOURTH, then that Person and any Controlled Person shall be jointly and severally liable for, and shall pay to the Corporation, such amount as will, after taking account of all taxes imposed with respect to the receipt or accrual of such amount and all costs incurred by the Corporation as a result of such violation, put the Corporation in the same financial position as it would have been in had such violation not occurred.

Section 4.4.4. Legends; Compliance .

(a) All certificates reflecting Corporation Securities on or after the Effective Date shall, until the Restriction Release Date, bear a conspicuous legend in substantially the following form:

> THE TRANSFER OF SECURITIES REPRESENTED HEREBY IS SUBJECT TO RESTRICTION PURSUANT TO ARTICLE FOURTH OF THE RESTATED CERTIFICATE OF INCORPORATION OF ACCESS INTEGRATED TECHNOLOGIES, INC. AS AMENDED AND IN EFFECT FROM TIME TO TIME, A COPY OF WHICH MAY BE OBTAINED FROM THE CORPORATION UPON REQUEST.

(b) The Corporation shall have the power to make appropriate notations upon its stock transfer records and to instruct any transfer agent, registrar, securities intermediary or depository with respect to the requirements of this Article FOURTH for any uncertificated Corporation Securities or Corporation Securities held in an indirect holding system. As a condition to the registration of the Transfer of any Stock, any Person who is a beneficial, legal or record holder of Stock, and any proposed transferee of such Stock and any Person controlling, controlled by or under common control with the proposed transferee of such Stock, shall provide such information as the Corporation may request from time to time in order to determine compliance with this Article FOURTH or the status of the Tax Benefits of the Corporation.

(c) Nothing contained in this Article FOURTH shall limit the authority of the Board of Directors of the Corporation to take such other action to the extent permitted by law as it deems necessary or advisable to preserve the Corporation's Tax Benefits. The Board of Directors of the Corporation shall have the power to determine all matters necessary for determining compliance with this Article 4, including, without limitation, determining (i) the identification of Five Percent Shareholders and Restricted Holders, (ii) whether a Transfer or proposed Transfer is a Prohibited Transfer, (iii) the Percentage Stock Ownership in the Corporation of any Five Percent Shareholders and Restricted Holders, (iv) whether an instrument constitutes a Corporation Security, (v) the amount (or fair market value) due to a Purported Transferee, (vi) the interpretation of the provisions of this Article FOURTH, and (vii) any other matters which the Board of Directors deems relevant. Without limiting the generality of the foregoing, for the purposes of determining the existence and identity of, and the amount of Corporation Securities owned by, any Person or group of Persons, the Corporation and the Board of Directors are entitled to rely conclusively on (a) the existence and absence of filings of Schedules 13D or 13G under the Exchange Act (or any similar schedules) as of any date, and (b) its actual knowledge of the ownership of the Corporation Securities. In the case of an ambiguity in the application of any of the provisions of this Article FOURTH, including any definition used herein, the Board of Directors shall have the power to determine the application of such provisions with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances. In the event that this Article FOURTH requires an action by the Board of Directors but fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine the action to be taken so long as such action is not contrary to the provisions of this Article FOURTH. All such actions, calculations, interpretations and determinations that are done or made by the Board of Directors in good faith shall be final, conclusive and binding on the Corporation, the Agent, and all other parties to a Transfer; provided , however , that the Board of Directors may delegate all or any portion of its duties and powers under this Article FOURTH to a committee of the Board of Directors as it deems advisable or necessary.

(d) Nothing contained in this Article FOURTH shall be construed to give any Person other than the Corporation or the Agent any legal or equitable right, remedy or claim under this Article FOURTH. This Article FOURTH shall be for the sole and exclusive benefit of the Corporation and the Agent.

(e) With regard to any power, remedy or right provided herein or otherwise available to the Corporation or the Agent provided under this Article FOURTH, (i) no waiver will be effective unless expressly contained in a writing signed by the waiving party; and (ii) no alternation, modification or impairment will be implied by reason of any previous waiver, extension of time, delay or omission in exercise, or other indulgence.

(f) If any provision of this Article FOURTH or the application of any such provision to any Person or under any circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Article FOURTH.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Certificate of Amendment to the Corporation's Restated Certificate of Incorporation, as amended, has been executed by a duly authorized officer of the Corporation on this the 5 th day of October 2009.

Access Integrated Technologies, Inc.

By: /s/ A. Dale Mayo
Name: A. Dale Mayo
Title: President, Chief Executive Officer and
Chairman of the Board of Directors

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

The undersigned, being the President of Access Integrated Technologies, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003;

2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and

3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions, Article Fourth of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

> "FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares as follows: (i) Ninety Million (90,000,000) shares of common stock, of which Seventy-Five Million (75,000,000) shares shall be Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"), and Fifteen Million (15,000,000) shares shall be Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"); and (ii) Fifteen Million (15,000,000) shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.
>
> Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation, as amended from time to time (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the “Class B Conversion”) into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recapitalizations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the “Conversion Date”) and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided, however, that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Except as specifically set forth herein, the Certificate of Incorporation shall not be amended, modified or otherwise altered by this Certificate of Amendment.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Access Integrated Technologies, Inc. to be signed by A. Dale Mayo, its President, Chief Executive Officer and Chairman of the Board, this 5th day of October, 2009, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By:	/s/ A. Dale Mayo
Name:	A. Dale Mayo
Title:	President, Chief Executive Officer and Chairman of the Board of Directors

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

ACCESS INTEGRATED TECHNOLOGIES, INC.

Pursuant to

§ 242 of the General Corporation Law

of the State of Delaware

The undersigned, being the President of Access Integrated Technologies, Inc., a Delaware corporation (the “Corporation”), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the “DGCL”), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the “Board”), the Board adopted resolutions (the “Amending Resolutions”) to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003 (together with any subsequent amendments and certificates of designations, the “Certificate of Incorporation”);

2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and

3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions:

1. All references to “Access Integrated Technologies, Inc.” in the Certificate of Incorporation shall be deleted and the phrase “Cinedigm Digital Cinema Corp.” shall be inserted in their place.

2. Article First of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

“FIRST: Name : The name of the Corporation is:

“Cinedigm Digital Cinema Corp.”

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Access Integrated Technologies, Inc. to be signed by A. Dale Mayo, its President, Chief Executive Officer and Chairman of the Board of Directors, this 5 th day of October, 2009, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By:	/s/ A. Dale Mayo
Name:	A. Dale Mayo
Title:	President, Chief Executive Officer and Chairman of the Board of Directors

CERTIFICATE OF AMENDMENT

TO

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION

OF

CINEDIGM DIGITAL CINEMA CORP.

The undersigned, being the Chief Executive Officer of Cinedigm Digital Cinema Corp., a Delaware corporation (the "Corporation"), pursuant to Section 242 of the General Corporation Law of the State of Delaware, as amended (the "DGCL"), does hereby certify as follows:

1. Pursuant to a unanimous written consent of the Board of Directors of the Corporation (the "Board"), the Board adopted resolutions (the "Amending Resolutions") to further amend the Corporation's Fourth Amended and Restated Certificate of Incorporation of the Corporation, as filed with the Delaware Secretary of State on November 14, 2003;

2. Pursuant to a majority vote of the Corporation's Shareholders in accordance with Section 242 of the DGCL, the holders of the Corporation's outstanding capital stock voted in favor of the Amending Resolutions; and

3. The Amending Resolutions were duly adopted in accordance with Section 242 of the DGCL.

NOW, THEREFORE, to effect the Amending Resolutions, Article Fourth of the Certificate of Incorporation shall be deleted in its entirety and replaced as follows:

> "FOURTH: Capitalization : The total number of shares of capital stock that the Corporation shall have authority to issue is One Hundred Thirty-Five Million (135,000,000) shares as follows: (i) One Hundred Eighteen Million, Seven Hundred Fifty-Nine Thousand (118,759,000) shares of Class A Common Stock, par value $0.001 per share (the "Class A Common Stock"); (ii) One Million Two Hundred Forty-One Thousand (1,241,000) shares of Class B Common Stock, par value $0.001 per share (the "Class B Common Stock"); and (iii) Fifteen Million (15,000,000) shares of preferred stock, par value $0.001 per share (the "Preferred Stock"), of which the Board of Directors shall have the authority by resolution or resolutions to fix all of the powers, preferences and rights, and the qualifications, limitations and restrictions of the Preferred Stock permitted by the Delaware General Corporation Law and to divide the Preferred Stock into one or more class and/or classes and designate all of the powers, preferences and rights, and the qualifications, limitations and restrictions of each class permitted by the Delaware General Corporation Law.
>
> Except as otherwise provided by law or this Fourth Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation"), the holders of the Class A Common Stock and the Class B Common Stock, shall have all the same rights and privileges as Common Stock, except that the holders of Class A Common Stock and the Class B Common Stock shall be entitled to vote on all matters to be voted on by the stockholders of the Corporation on the following basis: (i) each share of the Class A Common Stock shall entitle the holder thereof to one vote, and (ii) each share of Class B Common Stock shall entitle the holder thereof to ten votes.

Each share of Class B Common Stock may also be converted, at any time at the option of the holder thereof, into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, consolidations, recapitalizations and reorganizations). Each holder of Class B Common Stock that desires to convert its shares of Class B Common Stock, into shares of Class A Common Stock shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Class B Common Stock and shall give written notice to the Corporation at such office that such holder elects to convert the same and shall state therein the number of shares of Class B Common Stock being converted. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date.

At the option of the holders of fifty-one (51%) percent of the shares of outstanding Class B Common Stock, voting as a class, each share of Class B Common Stock shall be converted (the “Class B Conversion”) into one (1) validly issued, fully paid and non-assessable share of Class A Common Stock (subject to adjustment to reflect stock splits, stock dividends, consolidations, recaptializations, reorganizations or other like occurrences). All holders of record of shares of Class B Common Stock, then outstanding shall be given at least ten (10) days' prior written notice of the date fixed (the “Conversion Date”) and place designated by the Corporation for mandatory conversion of all such shares of Class B Common Stock, pursuant to this paragraph. Such notice shall be sent by first-class or registered mail, postage prepaid, to each record holder of Class B Common Stock, at such holder's address last shown on the records of the Corporation or of any transfer agent for the Class B Common Stock. Each holder of Class B Common Stock shall surrender the certificate or certificates, duly endorsed, at the office of the Corporation or any transfer agent for the Class B Common Stock by the Conversion Date. Thereupon the Corporation shall promptly issue and deliver to such holder a certificate or certificates for the number of shares of Class A Common Stock to which such holder is entitled, together with a cash adjustment of any fraction of a share as hereinafter provided. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the shares of Class B Common Stock to be converted, and the person or entity entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Class A Common Stock on such date; provided, however, that if such certificate or certificates are not surrendered by such holder by the Conversion Date, such conversion shall be deemed to have been made on the Conversion Date and such holder thereafter shall be deemed to have a right to receive only such number of shares of Class A Common Stock into which such holder's shares of Class B Common Stock shall be converted in accordance herewith.

Upon the effectiveness (the “Effective Date”) of the Certificate of Amendment filed by the Corporation on September 18, 2003, each five (5) shares of Class A and B Common Stock issued and outstanding on the Effective Date (the “Old Common Stock”) shall be converted into one (1) share of Class A and B Common Stock, respectively (the “New Common Stock”), subject to the treatment of fractional share interests as described below. A holder of such five (5) shares shall be entitled to receive, upon surrender of a stock certificate or stock certificates representing such Old Common Stock (the “Old Certificates,” whether

one or more) to the Corporation for cancellation, a certificate of certificates (the "New Certificates," whether one or more) representing the number of whole shares of the New Common Stock into which and for which the shares of the Old Common Stock formerly represented by such Old Certificates so surrendered are reclassified under the terms hereof. No certificates representing fractional share interests in New Common Stock will be issued, and no such fractional share interest will entitle the holder thereof to vote, or to any rights of a stockholder of the Corporation. In lieu of such fractional shares, each holder of Class Old Common Stock who or that would otherwise have been entitled to a fraction of a share of such common stock upon surrender of such holder's Old Certificates will be entitled to receive one sole share of such common stock. If more than one Old Certificate shall be surrendered at one time for the account of the same stockholder, the number of full shares of New Common Stock for which New Certificates shall be issued shall be computed on the basis of the aggregate number of shares represented by the Old Certificates so surrendered. In the event that the Corporation determines that a holder of Old Certificates has not tendered all his or her certificates for exchange, the Corporation shall carry forward any fractional share until all certificates of that holder have been presented for exchange such that any stockholder will not be entitled to receive more than one share of New Common Stock in lieu of fractional shares. If any New Certificate is to be issued in a name other than that in which the Old Certificates surrendered for exchange are issued, the Old Certificates so surrendered shall be properly endorsed and registered in such name or names as such holder may direct, subject to compliance with applicable laws and the Third Amended and Restated Stockholders' Agreement, as amended, supplemented, restated or otherwise modified from time to time, among the Corporation and certain of its stockholders to the extent such designation shall involve a transfer, and the person or persons requesting such exchange shall affix any requisite stock transfer tax stamps to the Old Certificates surrendered, or provide funds for their purchase, or establish to the satisfaction of the Corporation that such taxes are not payable. From and after the Effective Date, the amount of capital represented by the shares of the New Common Stock into which and for which the shares of the Old Common Stock are reclassified under the terms hereof shall be the same as the amount of capital represented by the shares of Old Common Stock so reclassified, until thereafter reduced or increased in accordance with applicable law."

Except as specifically set forth herein, the Certificate of Incorporation shall not be amended, modified or otherwise altered by this Certificate of Amendment.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to the Certificate of Incorporation of Cinedigm Digital Cinema Corp. to be signed by Christopher J. McGurk, its Chief Executive Officer, this 12 th day of September, 2012, who acknowledges that the foregoing is the act and deed of the Corporation and that the facts stated herein are true.

By: /s/ Christopher J. McGurk
Name: Christopher J. McGurk
Title: Chief Executive Officer

EXHIBIT 31.1

CERTIFICATION

I, Christopher J. McGurk, certify that:

1. I have reviewed this Form 10-Q of Cinedigm Digital Cinema Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2012

By: /s/ Christopher J. McGurk
Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Adam M. Mizel, certify that:

1. I have reviewed this Form 10-Q of Cinedigm Digital Cinema Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2012

By: /s/ Adam M. Mizel

Adam M. Mizel
Chief Operating Officer and Chief Financial Officer and Director
(Principal Financial Officer)

EXHIBIT 31.3

CERTIFICATION

I, John B. Brownson, certify that:

1. I have reviewed this Form 10-Q of Cinedigm Digital Cinema Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2012

By: /s/ John B. Brownson

John B. Brownson
Senior Vice President - Accounting & Finance
(Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-Q of Cinedigm Digital Cinema Corp. (the “Company”) for the period ended September 30, 2012 as filed with the SEC (the “Report”), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 13, 2012

By: Christopher J. McGurk

Christopher J. McGurk
Chief Executive Officer and Chairman of the Board of Directors
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-Q of Cinedigm Digital Cinema Corp. (the "Company") for the period ended September 30, 2012 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 13, 2012

By: Adam M. Mizel

Adam M. Mizel
Chief Operating Officer and Chief Financial Officer and Director
(Principal Financial Officer)

EXHIBIT 32.3

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with Form 10-Q of Cinedigm Digital Cinema Corp. (the "Company") for the period ended September 30, 2012 as filed with the SEC (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 13, 2012

By: /s/ John B. Brownson

John B. Brownson
Senior Vice President - Accounting & Finance
(Principal Accounting Officer)