

ACCESS INTEGRATED TECHNOLOGIES INC

FORM 10QSB (Quarterly Report of Financial Condition)

Filed 11/15/2005 For Period Ending 9/30/2005

Address	55 MADISON AVE MORRISTOWN, New Jersey 07960
Telephone	973-290-0080
CIK	0001173204
Industry	Business Services
Sector	Services
Fiscal Year	03/31

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-QSB**

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2005

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the transition period from --- to ---

Commission File Number: 001-31810

Access Integrated Technologies, Inc.

(Name of Small Business Issuer in its Charter)

DELAWARE

(State of incorporation or organization)

22-3720962

(I.R.S. Employer Identification No.)

55 MADISON AVENUE, SUITE 300, MORRISTOWN NEW JERSEY 07960

(Address of principal executive offices)

(973-290-0080)

(ISSUER'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

As of November 9, 2005, 14,422,905 shares of Class A Common Stock, \$.001 par value, and 925,811 shares of Class B Common Stock, \$.001 par value, were outstanding.

Transitional Small Business Disclosure Format (check one): Yes No

ACCESS INTEGRATED TECHNOLOGIES, INC.
FORM 10-QSB
CONTENTS

PART I -- FINANCIAL INFORMATION	Page

Item 1. Consolidated Financial Statements	
Consolidated Balance Sheet at September 30, 2005 (unaudited)	3
Consolidated Statements of Operations for the three months ended September 30, 2004 and 2005 (unaudited)	4
Consolidated Statements of Operations for the six months ended September 30, 2004 and 2005 (unaudited)	5
Consolidated Statements of Cash Flows for the six months ended September 30, 2004 and 2005 (unaudited)	6
Notes to Consolidated Financial Statements (unaudited)	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3. Controls and Procedures	31
PART II -- OTHER INFORMATION	
Item 1. Legal Proceedings	32
Item 4. Submission of Matters to a Vote of Security Holders	32
Item 5. Other Information	32
Item 6. Exhibits	33
Signatures	33
Exhibit Index	35

ACCESS INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEET
(In thousands, except for share data)
(unaudited)

SEPTEMBER 30, 2005

ASSETS

CURRENT ASSETS

Cash and cash equivalents.....	\$14,136
Accounts receivable, net.....	1,034
Prepaid and other current assets.....	667
Unbilled revenue.....	1,119

Total current assets.....	16,956

Property and equipment, net.....	19,341
Intangible assets, net.....	2,544
Capitalized software costs, net.....	1,428
Goodwill.....	9,310
Deferred costs.....	217
Unbilled revenue, net of current portion.....	53
Security deposits.....	386

Total assets.....	\$50,235
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses.....	\$3,873
Current portion of notes payable.....	1,174
Current portion of customer security deposits.....	194
Current portion of capital leases.....	191
Current portion of deferred revenue.....	819
Current portion of deferred rent expense.....	39
	--
Total current liabilities.....	6,290

Notes payable, net of current portion.....	2,193
Common stock warrants.....	3,490
Customer security deposits, net of current portion.....	88
Deferred revenue, net of current portion.....	80
Capital leases, net of current portion.....	6,029
Deferred rent expense, net of current portion.....	983
Deferred tax liability.....	1,053

Total liabilities.....	20,206

COMMITMENTS AND CONTINGENCIES (See Note 6)

Stockholders' Equity:

Class A common stock, \$0.001 par value per share; 40,000,000 shares authorized; shares issued 14,414,125 and shares outstanding 14,362,685, respectively.....	14
Class B common stock, \$0.001 par value per share; 15,000,000 shares authorized; shares issued and outstanding, 925,811 shares.....	1
Additional paid-in capital.....	63,424
Treasury stock, at cost; 51,440 shares.....	(172)
Accumulated deficit.....	(33,238)

Total stockholders' equity.....	30,029

Total liabilities and stockholders' equity.....	\$50,235
	=====

See accompanying Notes to Consolidated Financial Statements.

ACCESS INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share data)
(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2004	2005
Revenues:		
Media services	\$ 661	\$ 2,266
Data center services	1,524	1,636
Total revenues	2,185	3,902
Costs of revenues (exclusive of depreciation and amortization of \$788 in 2004 and \$1,189 in 2005 shown below):		
Media services	219	1,686
Data center services	1,031	1,206
Total costs of revenues	1,250	2,892
Gross profit (exclusive of depreciation and amortization of \$788 in 2004 and \$1,189 in 2005)	935	1,010
Operating expenses:		
Selling, general and administrative	1,182	2,041
Provision for doubtful accounts	527	12
Research and development	120	154
Depreciation and amortization	788	1,189
Total operating expenses	2,617	3,396
Loss before other expense	(1,682)	(2,386)
Interest income	--	81
Interest expense	(91)	(1,091)
Non-cash interest expense	(66)	(1,109)
Debt conversion expense	--	(6,083)
Other income, net	56	1,250
Loss before income tax benefit and minority interest	(1,783)	(9,338)
Income tax benefit	78	78
Net loss	\$ (1,705)	\$ (9,260)
Net loss per common share:		
Basic and diluted	\$ (0.18)	\$ (0.71)
Weighted average number of common shares outstanding:		
Basic and diluted	9,586,018	13,047,151

See accompanying Notes to Consolidated Financial Statements.

ACCESS INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for share and per share data)
(unaudited)

	SIX MONTHS ENDED SEPTEMBER 30,	
	2004	2005
Revenues:		
Media services	\$ 1,196	\$ 4,626
Data center services	3,200	3,247
Total revenues	4,396	7,873
Costs of revenues (exclusive of depreciation and amortization of \$1,562 in 2004 and \$2,453 in 2005 shown below):		
Media services	342	3,334
Data center services	2,040	2,295
Total costs of revenues	2,382	5,629
Gross profit (exclusive of depreciation and amortization of \$1,562 in 2004 and \$2,453 in 2005)	2,014	2,244
Operating expenses:		
Selling, general and administrative (excludes non-cash stock-based compensation of \$4 in 2004 and \$0 in 2005)	2,286	3,792
Provision for doubtful accounts	576	35
Research and development	167	287
Non-cash stock-based compensation	4	--
Depreciation and amortization	1,562	2,453
Total operating expenses	4,595	6,567
Loss before other expense	(2,581)	(4,323)
Interest income	--	83
Interest expense	(188)	(1,524)
Non-cash interest expense	(113)	(1,293)
Debt conversion expense	--	(6,083)
Other income, net	45	1,234
Loss before income tax benefit and minority interest	(2,837)	(11,906)
Income tax benefit	156	156
Net loss before minority interest in subsidiary	(2,681)	(11,750)
Minority interest in loss of subsidiary	10	--
Net loss	\$ (2,671)	\$ (11,750)
Net loss per common share:		
Basic and diluted	\$ (0.29)	\$ (1.00)
Weighted average number of common shares outstanding:		
Basic and diluted	9,304,008	11,730,966

See accompanying Notes to Consolidated Financial Statements.

ACCESS INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands - unaudited)

	SIX MONTHS ENDED SEPTEMBER 30,	
	2004	2005
Cash flows from operating activities:		
Net loss	\$ (2,671)	\$(11,750)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,562	2,453
Amortization of software development costs	126	296
Amortization of deferred tax liability	(156)	(156)
Provision for doubtful accounts	576	35
Non-cash stock-based compensation	4	--
Non-cash interest expense	113	1,293
Minority interest	(10)	--
Gain on exchange of minority interest shares	(13)	--
Decrease in fair value of common stock warrants	(91)	(1,250)
Debt conversion expense	--	6,083
Changes in operating assets and liabilities:		
Accounts receivable	(343)	(122)
Prepaid and other current assets	(204)	95
Other assets	23	(100)
Accounts payable and accrued expenses	(129)	1,357
Deferred revenue	(307)	(80)
Other liabilities	86	17
Net cash used in operating activities	(1,434)	(1,829)
Cash flows from investing activities:		
Purchases of property and equipment	(1,273)	(6,796)
Purchases of intangible assets	(28)	(91)
Additions to capitalized software costs	(303)	(102)
Net cash used in investing activities	(1,604)	(6,989)
Cash flows from financing activities:		
Repayment of notes payable	(448)	(1,370)
Principal payments on capital leases	(113)	(271)
Repurchase of common stock	(32)	--
Net proceeds from issuance of common stock	4,079	19,816
Net cash provided by financing activities	3,486	18,175
Net increase in cash and cash equivalents	448	9,357
Cash and cash equivalents at beginning of period	2,330	4,779
Cash and cash equivalents at end of period	\$ 2,778	\$ 14,136

See accompanying Notes to Consolidated Financial Statements.

ACCESS INTEGRATED TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except for share and per share data)

(unaudited)

NOTE 1. NATURE OF OPERATIONS

Access Integrated Technologies, Inc. ("AccessIT") was incorporated in Delaware in March 2000. Access Digital Media, Inc. ("AccessDM"), a wholly owned subsidiary of AccessIT, was incorporated in Delaware in February 2003. Hollywood Software, Inc. ("Hollywood SW") was incorporated in California in October 1997, and was acquired by AccessIT on November 3, 2003. Core Technology Services, Inc. ("Managed Services") was incorporated in New York in November 1995, and was acquired by AccessIT on January 9, 2004. FiberSat Global Services, Inc., ("FiberSat") a wholly-owned subsidiary of AccessIT was incorporated in Delaware in October 2004, and acquired certain assets and liabilities of FiberSat Global Services LLC on November 17, 2004 (the FiberSat Acquisition). ADM Cinema Corporation ("ADM Cinema"), a wholly owned subsidiary of AccessIT, was incorporated in Delaware on December 21, 2004, and on February 11, 2005 acquired substantially all the assets of Pritchard Square Cinema, LLC d/b/a Pavilion Theatre in Brooklyn, New York (the "Pavilion Theatre Acquisition"). Christie/AIX, Inc. ("Christie/AIX"), a wholly-owned subsidiary of AccessDM, was incorporated in Delaware in June 2005 pursuant to an agreement between AccessIT and Christie Digital Systems USA ("Christie"). AccessIT, AccessDM, Hollywood SW, Managed Services, FiberSat, ADM Cinema, and Christie/AIX are referred to herein collectively as (the "Company"). AccessIT operates a national platform of carrier-diverse Internet Data Centers ("IDCs") in which the Company's customers have access to: secure, flexible space for installing network and server equipment; multiple fiber providers for connecting to the internet and/or other carrier networks; and a broad range of value-added data center services including the Company's AccessStorage-on-Demand managed storage service solutions. The Company's IDCs, called AccessColocenters, are designed to serve a variety of customers, including traditional voice/data competitive local exchange carriers, other integrated communication providers, Internet Service Providers, Application Service Providers ("ASPs"), Streaming and Content Delivery Service Providers, storage outsourcers, and small and medium sized enterprises. The Company currently operates nine IDCs located in eight states:

Arkansas, Kansas, Maine, New Hampshire, New Jersey, New York, Texas and Virginia, plus a dedicated digital media delivery site in Los Angeles, California. AccessDM is in the business of storing and distributing digital content to movie theaters and other remote venues. Hollywood SW is a provider of proprietary enterprise software and consulting services for distributors and exhibitors of filmed entertainment in the United States and Canada. Its software manages the planning, booking, scheduling, revenue sharing, cash flow and reporting associated with the distribution and exhibition of theatrical films. Managed Services is a provider of information technology consulting services; its primary offering is to provide managed network monitoring services through its global network command center. FiberSat provides satellite-based broadband video, data and Internet transmission and encryption services for multiple customers in the broadcast and cable television and communications industries, and also operates an outsourced network operations center. ADM Cinema operates the Pavilion Movie Theatre/Entertainment Complex, a nine-screen movie theatre and cafe located in Brooklyn, New York (the "Pavilion Theatre"). Christie/AIX was formed for the primary purpose of acquiring digital cinema equipment for movie theaters and collecting virtual print fees and other fees, in connection with an anticipated nationwide transition to digital cinema.

BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial information has been prepared by AccessIT. The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in accordance with Regulation S-B. Accordingly, they do not include all of the financial information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

For the six months ended September 30, 2004 and 2005, the Company incurred net losses of \$2,671 and \$11,750 respectively, and negative cash flows from operating activities of \$1,434 and \$1,829, respectively. In addition, the Company has an accumulated deficit of \$33,238 as of September 30, 2005. Furthermore, the Company has debt service requirements (including interest) of \$634 for the twelve months beginning in October 2005. The Company also has other noncancellable obligations, such as leases. Management expects that the Company will continue to generate operating losses for the foreseeable future due to depreciation and amortization, interest expense, research and development,

marketing and promotional activities and the development of relationships with other businesses. Certain of these costs could be reduced if working capital decreased. Based on the Company's cash position at September 30, 2005, and expected cash flows from operations; management believes that the Company has the ability to meet its obligations through September 30, 2006. The Company may attempt to raise additional capital from various sources for future acquisitions or for working capital as necessary. There is no assurance that such financing will be completed as contemplated or under terms acceptable to the Company or its existing shareholders. Failure to generate additional revenues, raise additional capital or manage discretionary spending could have a material adverse effect on the Company's ability to continue as a going concern and to achieve its intended business objectives. The accompanying unaudited Consolidated Financial Statements do not reflect any adjustments which may result from the outcome of such uncertainties.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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 unaudited Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the notes thereto included in AccessIT's Form 10-KSB for the fiscal year ended March 31, 2005 filed with the Securities and Exchange Commission ("SEC") on June 29, 2005. Certain reclassifications of prior period data have been made to conform to the current presentation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The unaudited Consolidated Financial Statements include the accounts of AccessIT, AccessDM, Hollywood SW, Managed Services, FiberSat, ADM Cinema and Christie/AIX. All intercompany transactions and balances have been eliminated.

REVENUE RECOGNITION

Media Services revenues generated by Hollywood SW, FiberSat, and the Pavilion Theatre are revenues generated from the following sources and are in accordance as follows: software revenues are accounted for in accordance with Statement of Position ("SOP") 97-2, "Software Revenue Recognition" ("SOP 97-2"), and Staff Accounting Bulletin ("SAB") No. 104 "Revenue Recognition in Financial Statements" ("SAB No. 104"). Hollywood SW's revenues are generated from the following primary sources: (1) software licensing, including customer licenses and ASP agreements, (2) software maintenance contracts, and (3) professional consulting services, which includes systems implementation, training, custom software development services and other professional services. FiberSat revenues consist of satellite network monitoring and maintenance fees. These fees consist of monthly recurring billings pursuant to contracts, which are recognized as revenues in the month earned, and other billings, which are recognized on a time and materials basis in the period in which the services were provided. FiberSat revenues are accounted for in accordance with SAB No. 104. Additionally, the Pavilion Theatre consists of the sale of movie theatre admissions and concession food and beverages, which are made either in cash or via customer credit cards at the time of the transaction. Revenues are recognized at the time the transaction is complete, as the earnings process has been culminated, in accordance with SAB No. 104.

Software licensing revenue is recognized when the following criteria are met:

(a) persuasive evidence of an arrangement exists, (b) delivery has occurred and no significant obligations remain, (c) the fee is fixed or determinable and (d) collection is determined to be probable. Significant upfront fees are received in addition to periodic amounts upon achievement of contractual events for licensing of the Company's products. Such amounts are deferred until the revenue recognition criteria have been met, which typically occurs after delivery and acceptance.

For arrangements with multiple elements (e.g., delivered and undelivered products, maintenance and other services), the Company separately negotiates each element of the arrangement based on the fair value of the elements. The fair values for ongoing maintenance and support obligations are based upon vendor specific objective evidence. The fair values for services, such as training or consulting, are based upon hourly billing rates of these services

when sold separately to other customers. In instances where the Company develops customized software applications, the percentage-of-completion method of accounting is followed to recognize revenue.

Customers not wishing to license and operate the software themselves may use the software through an ASP arrangement, in which the Company hosts the application and provides customer access via the internet. Annual minimum ASP service fees are recognized ratably over the contract term. Overage revenues for usage in excess of stated minimums are recognized monthly.

Maintenance services and website subscription fees are recognized ratably over the contract term. Professional consulting services, sales of third party products and resale hardware revenues are recognized as services are provided. Software development revenues are recognized when delivery has occurred and no significant obligations remain.

Deferred revenue is recorded in cases of: (1) a portion or the entire contract amount cannot be recognized as revenue due to non-delivery or acceptance of licensed software or custom programming, (2) incomplete implementation of ASP service arrangements, 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 in the unaudited Consolidated Balance Sheet and are recognized as revenue in accordance with the Company's revenue recognition policies described above.

Revenues in the Media Services segment also include digital cinema - related revenues generated by AccessDM. These revenues consist of: (1) satellite delivery revenues, (2) data encryption and preparation fee revenues, and (3) landing fees for delivery to each movie theatre. These revenues are recognized upon completion of the related services.

Data Center Services revenues consist primarily of license fees for colocation, riser access charges, electric and cross connect fees, and non-recurring installation and consulting fees. Revenues from colocation, riser access charges, electric and cross connect fees are billed monthly and, in accordance with SAB No. 104, are recognized ratably over the term of the contract, generally one to nine years. Certain customer contracts contain periodic increases in the amount of license fees to be paid, and those amounts are recognized as license fee revenues on a straight-line basis over the term of the contracts. Installation fees are recognized on a time and materials basis in the period in which the services were provided and represent the culmination of the earnings process as no significant obligations remain. Amounts collected prior to satisfying the above revenue recognition criteria are classified as deferred revenue. Amounts satisfying revenue recognition criteria prior to billing are classified as unbilled revenue.

In addition, within our Data Center Services segment, Managed Services revenues consist of network monitoring and maintenance fees. These fees consist of monthly recurring billings pursuant to contracts, which are recognized as revenues in the month earned, and other billings which are recognized on a time and materials basis in the period in which the services were provided.

CAPITALIZED SOFTWARE COSTS

The Company accounts for software development costs under Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed" ("SFAS No. 86"). Software development costs that are incurred subsequent to establishing technological feasibility are capitalized until the product is available for general release. Amounts capitalized as software development costs are amortized periodically using the greater of revenues during the period compared to the total estimated revenues to be earned or on a straight-line basis over five years. The Company reviews capitalized software costs for impairment on a periodic basis. To the extent that the carrying amount exceeds the estimated net realizable value of the capitalized software cost, an impairment charge is recorded. No impairment was recorded for the six months ended September 30, 2004 and 2005, respectively. Amortization of capitalized software development costs, included in costs of revenues, for the six months ended September 30, 2004 and 2005 amounted to \$126 and \$296, respectively. Revenues relating to customized software development under a contract are recognized on a percentage of completion method. As of September 30, 2005, unbilled receivables under such contracts aggregated \$1,107.

NET LOSS PER SHARE

Computations of basic and diluted net loss per share of the Company's Class A common stock ("Class A Common Stock") and Class B common stock ("Class B Common Stock", and together with the Class A Common Stock, the "Common Stock") have been made in accordance with SFAS No. 128, "Earnings Per Share" ("SFAS No. 86"). Basic net loss per share is computed by dividing net loss (the numerator) by the weighted average number of shares of Common Stock outstanding (the denominator) during the period. Shares issued during the period are weighted for the portion of the period that they are outstanding. The computation of diluted net loss per share is similar to the computation of basic net loss per share except that the denominator is increased to include the number of additional shares of Common Stock that would have been outstanding if the dilutive potential shares of Common Stock had been issued and were outstanding. The numerator is adjusted for the impact of interest expense associated with potentially dilutive shares issuable upon conversion of convertible notes. The Company has incurred net losses for the six months ended September 30, 2004 and 2005; therefore, the impact of dilutive potential shares of Common Stock has been excluded from the computation as it would be anti-dilutive.

The following outstanding stock options, warrants (prior to the application of the treasury stock method), and convertible notes (on an as-converted basis) were excluded from the computation of diluted net loss per share:

SEPTEMBER 30,

	2004	2005
Stock options.....	544,897	1,030,897
Underwriter Warrants.....	120,000	3,775
Shares issuable related to 6% Convertible Notes.....	307,871	--
June 2004 Private Placement Warrants.....	304,375	241,875
July 2005 Private Placement Warrants.....	--	477,275
Conversion Agreement warrants.....	--	760,196

ISSUANCE OF STOCK BY SUBSIDIARIES

Sales of stock by a subsidiary are accounted for in accordance with Staff Accounting Bulletin No. 51, topic 5H, "Accounting for Sales of Stock of a Subsidiary" ("SAB No. 51"). At the time a subsidiary sells its stock to unrelated parties at a price different from the Company's book value per share, the Company's share of the subsidiary's net equity changes. If, at that time, the subsidiary is not a newly-formed, non-operating entity, nor a research and development, start-up or development stage company, nor is there question as to the subsidiary's ability to continue in existence, the Company records the change in its share of the subsidiary's net equity as a gain or loss in its unaudited Consolidated Statement of Operations. Otherwise, the increase is reflected in "subsidiaries' equity transactions" in the Company's unaudited Consolidated Statements of Shareholders' Equity.

STOCK-BASED COMPENSATION

The Company has stock based employee compensation plans, which are described more fully in Note 5. The Company accounts for its stock based employee compensation plans in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"), and related interpretations. As such, compensation is recorded on the date of grant only if the current fair value of the underlying stock exceeds the exercise price. The Company has adopted the disclosure standards of SFAS No. 148 "Accounting for Stock-Based Compensation - Transaction and Disclosures" ("SFAS No. 148"), which amends SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), which requires the Company to provide pro forma net loss and earnings per share disclosures for stock option grants made in 1995 and future years as if the fair-value-based method of accounting for stock options as defined in SFAS No. 123 had been applied. The following table illustrates the effect on net loss if the Company had applied the fair value recognition provisions to stock based compensation:

	THREE MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
	2004	2005	2004	2005
Net loss applicable to common shares, as reported	\$ (1,705)	\$ (9,260)	\$ (2,671)	\$ (11,750)
Add: Non-cash stock-based compensation expense included in net loss	--	--	4	--
Less: Stock-based compensation expense determined under fair value based method	(152)	(339)	(306)	(561)
Pro forma net loss	\$ (1,857)	\$ (9,599)	\$ (2,973)	\$ (12,311)
	=====	=====	=====	=====
Basic and diluted net loss per share attributable to common shareholders:				
As reported	\$ (0.18)	\$ (0.71)	\$ (0.29)	\$ (1.00)
Pro forma	\$ (0.19)	\$ (0.74)	\$ (0.32)	\$ (1.05)

USE OF ESTIMATES

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Company's most significant estimates related to software revenue recognition, capitalization of software development costs, amortization and impairment testing of intangible assets and depreciation of fixed assets. Actual results could differ from those estimates.

NOTE 3. RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board (the "FASB") issued SFAS 153, "Exchange of Non-Monetary Assets, an Amendment of APB Opinion No. 29" ("SFAS 153"). SFAS 153 addresses the measurement of exchanges of non-monetary assets and redefines the scope of transactions that should be measured on the fair value of the assets exchanged. The provisions of this statement are effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company is evaluating the requirements of SFAS 153 and has not determined the impact on its financial statements. The effective date for the Company to adopt this standard due to its fiscal reporting first interim or annual reporting period is April 1, 2006.

The FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity" ("SFAS No. 150"). SFAS 150, which became effective July 1, 2003, establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. There was no impact on the Company's financial statements due to the adoption of this standard.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment" ("Revised SFAS No. 123"). This statement revises the original guidance contained in SFAS No. 123 and supersedes APB Opinion No. 25, and its related implementation guidance. Under Revised SFAS No. 123, the Company will be required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions) and recognize such cost over the period during which an employee is required to provide service in exchange for the reward (usually the vesting period). For stock options and similar instruments, grant-date fair value will be estimated using option-pricing models adjusted for unique characteristics of instruments (unless observable market prices for the same or similar instruments are available). For small business issuers on a calendar reporting year this is effective as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. The effective date for the Company to adopt this standard due to its fiscal reporting first interim or annual reporting period is April 1, 2006.

Upon adoption of this standard, the actual costs of our stock-based payment plans will be based on grant-date fair value, which has not yet been determined.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections," ("SFAS No. 154"). SFAS No. 154 establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. The statement also addresses the reporting of a correction of error by restating previously issued financial

statements. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company will adopt this statement as required.

NOTE 4. NOTES PAYABLE

In November 2003, the Company issued two (2) 8% notes payable totaling \$3,000 to the founders of Hollywood SW as part of the purchase price for Hollywood SW (the "HS Notes"). As of September 30, 2005 the principal balance of the HS Notes was \$2,220. During the six months ended September 30, 2005, the Company repaid principal of \$0 on the HS Notes. Subsequently in October 2005, the Company repaid principal of \$136.

In March 2004, the Company completed an exchange (the "Exchange Offer") of its previously issued 5-year 8% notes (the "5-Year Notes") for either: (i) 6% convertible notes (the "6% Convertible Notes") or (ii) Class A Common Stock. Pursuant to the Exchange Offer, the Company issued 6% Convertible Notes having a principal amount of \$1,736 to several investors which are convertible into 307,871 shares of its Class A Common Stock: (1) at any time up to the maturity date at each holder's option or (2) automatically upon the date that the average closing price on the American Stock Exchange ("AMEX") of the Class A Common Stock for thirty (30) consecutive trading days has been equal to or greater than \$12.00. In September 2005, the 30-day average closing price of the Company's Class A Common Stock exceeded \$12.00, and therefore the Company converted all of the 6% Convertible Notes on September 13, 2005 into 307,871 shares of Class A Common Stock. Accordingly, the principal amount of the 6% Convertible Notes, net of approximately \$32 of unamortized debt issuance costs, was credited to additional paid-in capital on the Consolidated Balance Sheet.

The holders of all the HS Notes and holders of 5-Year Notes totaling \$220 (the "Remaining 5-Year Notes") of principal elected not to participate in the March 2004 Exchange Offer. Through September 2005, we made early principal repayments totaling \$70 on the Remaining 5-Year Notes. During the six months ended September 30, 2005, the Company made scheduled principal payments of \$12 on the Remaining 5-Year Notes. In July 2005, the Company made early repayments of \$138 of the Remaining 5-Year Notes, and as of September 30, 2005 all of the 5-Year Notes have been fully repaid.

In March 2004, in connection with the acquisition of certain digital cinema related assets of the Boeing Company (the "Boeing Digital Acquisition"), the Company issued a non-interest bearing note payable with a face amount of \$1,800 (the "Boeing Note"). The estimated fair value of the Boeing Note was determined to be \$1,367 on the closing date and interest is being imputed over the 4-year term of the Boeing Note, to non-cash interest expense in the unaudited Consolidated Statement of Operations. On September 30, 2005, the principal amount of the note (including imputed interest) was \$1,518 and was included in notes payable in the unaudited Consolidated Balance Sheet. During the six months ended September 30, 2004 and 2005, principal repayments of \$0 and \$450, respectively were made and non-cash interest expense resulting from the Boeing Note was \$82 and \$65.

In February 2005, the Company issued 7% convertible debentures (the "Convertible Debentures") and warrants (the "Convertible Debentures Warrants") to a group of institutional investors for aggregate proceeds of \$7,600. The Convertible Debentures have a 4-year term, with one third of the unconverted principal balance repayable in twelve (12) equal monthly installments beginning three (3) years after the closing. The remaining unconverted principal balance is repayable at maturity. The Company may pay the interest in cash or, if certain conditions are met, by issuing shares of its Class A Common Stock. If the Company is eligible to issue Class A Common Stock to pay interest, the number of shares issuable is based on 93% of the 5-day average closing price preceding the interest due date. During the six months ended September 30, 2005, the Company issued 81,365 shares of Class A Common Stock in payment of interest. The Convertible Debentures are initially convertible into 1,867,322 shares Class A Common Stock, based upon a conversion price of \$4.07 per share subject to adjustments from time to time. Upon the redemption of the Convertible Debentures, the Company may issue additional warrants exercisable for Class A Common Stock. Additionally, the Company issued to the investors Convertible Debentures Warrants to purchase up to 560,196 shares of Class A Common Stock, at an initial exercise price of \$4.44 per share, subject to adjustments from time to time. The Convertible Debentures Warrants are exercisable beginning on September 9, 2005 until five (5) years thereafter, and have been valued at \$1,100 which is accounted for as a debt issuance discount and is being accreted to non-cash interest expense in the Consolidated Statements of Operations. In addition, there is a beneficial conversion feature of \$605 which the Company recorded to non-cash interest expense, during the fiscal year ended March 31, 2005. The offering of the Convertible Debentures and the Convertible Debentures Warrants was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), under Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

The Company agreed to register, among other things, the Class A Common Stock underlying the Convertible Debentures and Convertible Debentures Warrants with the SEC within thirty (30) days from the closing. If, among other things, the registration statement was not filed within thirty (30) days or was not declared effective within ninety (90) days (120 days in the event of an SEC review), then cash delay payments equal to 1% of the offering proceeds per month would have applied. The Company filed such a registration statement on March 11, 2005, and the Form S-3 was declared effective by the SEC on March 21, 2005.

In August 2005 the Company reached an agreement (the "Conversion Agreement") with the investors holding the Convertible Debentures for the investors to: (1) convert all of their Convertible Debentures into 1,867,322 shares of Class A Common Stock; and (2) exercise their Convertible Debenture Warrants for 560,196 shares of Class A Common Stock and pay the \$2,500 exercise price to the Company, and for the Company to: (1) issue to the investors 760,196 warrants (the "New Warrants") to purchase Class A Common Stock at an exercise price of \$11.39 per share; and (2) issue to the investors 71,359 shares of Class A Common Stock (the "New Shares"). The New Warrants are immediately exercisable upon issuance and for a period of five (5) years thereafter. Because the issuance of the New Warrants and New Shares, when combined with the Convertible Debentures Warrants and the shares of Class A Common Stock underlying the Convertible Debentures exceeded 20% of the Company's then-outstanding shares of Class A Common Stock, under the AMEX's rules, shareholder approval was required to be obtained. The Company obtained such shareholder approval by written consent of a majority of the holders of Common Stock and a Schedule 14(C) Information Statement (the "Information Statement") was required, and was filed with the SEC in connection therewith in October 2005. The Company is required to register the shares underlying the New Warrants and the New Shares on Form S-3, within fifteen (15) days of the completion of shareholder approval, and the Form S-3 is required to be effective within a certain time period thereafter, or certain monetary penalties apply.

The Company accounted for the Conversion Agreement under the provisions of SFAS No. 84, "Induced Conversions of Convertible Debt" ("SFAS No. 84"), which requires the value of the New Warrants and the New Shares to be recorded as an expense. The New Warrants were valued by an independent appraiser at a value of \$4,990, and the New Shares were valued at \$906, based on the market price of the Company's Class A Common Stock on the date the Conversion Agreement was finalized. The value of the New Warrants and the New Shares was recorded to Debt Conversion Expense in the Consolidated Statements of Operations. Additionally, the remaining accretion on the value of the Convertible Debentures Warrants of \$999 was charged to Non-Cash Interest Expense, and the remaining unamortized debt issuance costs of \$730 were charged to interest expense. Also, the Company issued 8,780 shares to the placement agent involved in the transaction, and expense of \$111 was recorded to debt conversion expense. As a result of the Conversion Agreement, there are no Convertible Debentures outstanding as of September 30, 2005.

In connection with the Pavilion Theatre Acquisition, on February 10, 2005 ADM Cinema issued to the seller a 5-year, 8% note payable for \$1,700 (the "Pavilion Note"). Principal payments are to be made quarterly for five (5) years in the amount of \$42, with a balloon repayment of the remainder after five years. In September 2005 the Company and the seller agreed to an early repayment of the remaining Pavilion Note principal for a lump sum of \$500. The Company made the early repayment, and as a result, the Company has decreased goodwill by \$1,200 and there is no Pavilion Note outstanding as of September 30, 2005.

NOTE 5. STOCKHOLDERS' EQUITY

CAPITAL STOCK

In July 2005, the Company entered into a purchase agreement with certain institutional and other accredited investors in a private placement (the "July 2005 Private Placement") to issue and sell 1,909,115 unregistered shares of Class A Common Stock at a sale price of \$9.50 per share to the investors for gross proceeds of \$18,100. The Company intends to use the net proceeds primarily to fund the capital investments for the deployment of 2,500 to 4,000 digital cinema projectors and for working capital and general corporate purposes. The Company also issued to certain institutional and other accredited investors in the July 2005 Private Placement, warrants to purchase up to 477,275 shares of Class A Common Stock at an exercise price of \$11.00 per share, exercisable upon receipt (the "July 2005 Private Placement Warrants"). The Company agreed to register the resale of the Class A Common Stock and underlying warrants issued for the July 2005 Private Placement with the SEC by filing a Form S-3 on or

before August 20, 2005. The Company filed the Form S-3 on August 18, 2005, and the Form S-3 was declared effective by the SEC on August 31, 2005.

In February 2005, the Company issued 40,000 unregistered shares of Class A Common Stock in connection with the Pavilion Theatre Acquisition (See Note 4).

In November 2004, the Company issued 540,000 unregistered shares of Class A Common Stock in connection with the FiberSat Acquisition.

In October 2004, the Company entered into a stock purchase agreement with investors to issue and sell 282,776 unregistered shares of Class A Common Stock at \$3.89 per share to the investors for gross proceeds of \$1,100 (the "October 2004 Private Placement"). These shares carry piggyback and demand registration rights, at the sole expense of the investor. The net proceeds to the Company of approximately \$1,023 were used for the FiberSat Acquisition and for working capital. The investors exercised the piggyback registration rights and the Company registered the resale of all of the 282,776 shares of Class A Common Stock on a Form S-3, and the Form S-3 was declared effective by the SEC on March 21, 2005.

In August 2004, the Company's Board of Directors authorized the repurchase of up to 100,000 shares of Class A Common Stock. The shares will be purchased at prevailing prices from time-to-time in the open market depending on market conditions and other factors. As of September 30, 2005, the Company repurchased 51,440 Class A shares for a total purchase price of \$172, including fees, which have been recorded as Treasury Stock. During the six months ended September 30, 2005, no Class A Common Stock was repurchased. As of September 30, 2005, an additional 48,560 shares of Class A Common Stock may be repurchased.

In June 2004, the Company issued in a private placement (the "June 2004 Private Placement") 1,217,500 unregistered shares of Class A Common Stock at a sale price of \$4.00 per share. The total net proceeds to the Company, including fees and expenses to subsequently register the securities were approximately \$4,000. The Company used the net proceeds for capital investments and for working capital. The Company also issued to investors and the investment firm in the June 2004 Private Placement, warrants to purchase a total of 304,375 shares of Class A Common Stock at an exercise price of \$4.80 per share, exercisable upon receipt (the "June 2004 Private Placement Warrants"). The June 2004 Private Placement Warrants are callable by the Company at a price of \$0.05 per warrant if the closing price of the Company's Class A Common Stock is above \$8.92 for thirty (30) consecutive days. The Company agreed to register the Class A Common Stock issued and to be issued upon exercising of the June 2004 Private Placement Warrants with the SEC by filing a Form SB-2 on or before July 5, 2004. The Company filed a Form SB-2 on July 2, 2004, which was declared effective by the SEC on July 20, 2004. During the six months ended September 30, 2005, 62,500 June 2004 Private Placement Warrants were exercised for \$300 in cash, and the Company issued 62,500 shares of Class A Common Stock. As of September 30, 2005, 241,875 warrants issued for the June 2004 Private Placement remain unexercised.

In May 2004, the Company entered into an agreement with the holder of 750,000 shares of AccessDM's common stock, to exchange all of those shares for 31,300 unregistered shares of Class A Common Stock. This transaction was consummated in May 2004 and as a result, AccessIT holds 100% of AccessDM's common stock.

In March 2004, the Company acquired certain digital cinema related assets from the Boeing Company ("Boeing") in the Boeing Digital Asset Acquisition (See Note

4). The purchase price for the assets included 53,534 unregistered shares of Class A Common Stock Shares. At any time during the ninety (90) day period beginning March 29, 2005, Boeing had the option to sell its 53,534 unregistered shares of Class A Common Stock to the Company in exchange for \$250 in cash. The ninety (90) day period expired on June 29, 2005 and Boeing did not require the Company to repurchase the shares. From March 2004 until June 29, 2005, these shares were classified as Redeemable Class A Common Stock on the Consolidated Balance Sheet. As of September 30, 2005, these shares are classified in Stockholders' Equity in the unaudited Consolidated Balance Sheet.

As described in Note 4, in connection with the Conversion Agreement, the investors holding the Convertible Debentures Warrants exercised all such Convertible Debenture Warrants and the Company issued 560,196 shares of Class A Common Stock. The Company also issued 71,359 shares of Class A Common Stock to the investors, and another 8,780 shares of Class A Common Stock to the placement agent involved in the Conversion Agreement.

STOCK OPTION PLAN

AccessIT's stock option plan ("the Plan") currently provides for the issuance of up to 1,150,000 options to purchase shares of Class A Common Stock to employees, outside directors and consultants. On June 9, 2005, the Company's Board of Directors approved the expansion of the Plan from 850,000 to 1,150,000 options, which was approved by the stockholders at the annual meeting held on September 15, 2005 (the "Annual Meeting").

During the six months ended September 30, 2005, under the Plan, the Company granted 202,500 options to its employees, and 40,000 options to four (4) members of our Board of Directors, all at an exercise price range from \$6.01 to \$10.07 per share.

As of September 30, 2005, options covering 1,030,897 shares of the Company's Class A Common Stock had been granted under the Plan having been approved by the stockholders at the Annual Meeting.

As of September 30, 2005 under AccessDM's separate stock option plan, AccessDM has issued options to purchase 1,055,000 of its shares to employees, and there were options to purchase 945,000 shares of AccessDM common stock available for grant. During the six months ended September 30, 2005, AccessDM issued options to purchase 50,000 shares of its common stock to an employee at an exercise price to be determined following an appraisal of such options.

WARRANTS

In connection with the issuance of the 5-Year Notes, the Company issued warrants to the holders of the 5-Year Notes to purchase 440,500 shares of Class A Common Stock (the "5-Year Notes Warrants"). The 5-Year Notes Warrants were issued and were ascribed an estimated fair value of \$2,202, which was recognized as issuance cost and therefore was charged against the carrying value of the related notes payable. In March 2004, the Company completed the Exchange Offer covering the majority of the outstanding 5-Year Notes and related 5-Year Notes Warrants, and the remaining \$1,421 aggregate amount of underlying 5-Year Notes Warrants was amortized to non-cash interest expense. During the six months ended September 30, 2004, and 2005 a total of \$191 and \$33, respectively, was amortized to non-cash interest expense to accrete the remaining value of the notes to their face value over the expected term of the related notes. Additionally, in connection with the early repayment of the Remaining 5-Year Notes, in July 2005, the remaining value of the 5-Year Notes Warrants was amortized to non-cash interest expense, totaling \$43.

In connection with the July 2005 Private Placement, the Company issued to certain institutional and other accredited investors in the July 2005 Private Placement, warrants to purchase 477,275 shares of Class A Common Stock at an exercise price of \$11.00 per share. The July 2005 Private Placement Warrants are exercisable from the date of issuance and for a period of five (5) years thereafter. The July 2005 Private Placement Warrants are callable by the Company, subject to certain conditions, after the later of: (i) the seven (7) month anniversary from the date of the issuance and (ii) the date on which the registration statement required under the registration rights agreement referenced below is declared effective; provided that the trading price of the Company's Class A Common Stock is 200% of the applicable exercise price for twenty (20) consecutive trading days. The Company agreed to register the resale of the Class A Common Stock and the shares of the Class A Common Stock underlying the warrants issued for the July 2005 Private Placement with the SEC by filing a Form S-3 on or before August 20, 2005. The Company filed the Form S-3 on August 18, 2005, and the Form S-3 was declared effective by the SEC on August 31, 2005. As of September 30, 2005, no July 2005 Private Placements Warrants had been exercised.

In accordance with EITF 00-19, "Accounting for Derivative Financial Instruments Indexed To, and Potentially Settled In, a Company's Own Stock" ("EITF 00-19"), and the terms of the July 2005 Private Placement Warrants, the fair value of the July 2005 Private Placement Warrants were initially accounted for as a liability, with an offsetting reduction to the carrying value of the common stock. Such liability was reclassified to equity as of the August 31, 2005 effective date of the registration statement.

The fair value of the July 2005 Private Placement Warrants was estimated to be \$800 on the closing date of the transaction, using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3.84%, the contractual life of 5-years and volatility of 55%. The fair value of the July 2005 Private Placement Warrants was re-measured at August 31, 2005 and estimated to be \$1,050. The increase in the fair value of

\$250 from the transaction date to August 31, 2005 was recorded as other income, net in the unaudited Consolidated Statement of Operations.

In connection with the June 2004 Private Placement, the Company issued to the investors and to the investment firm the June 2004 Private Placement Warrants. The June 2004 Private Placement Warrants are exercisable from the date of issuance and for a period of five (5) years thereafter. However, the June 2004 Private Placement Warrants may be redeemed by the Company at any time after the date that is one (1) year from the issue date, upon thirty (30) days advance written notice to the holder, for \$0.05 per share pursuant to the June 2004 Private Placement Warrant to purchase shares of Class A Common Stock, provided, that: (i) a registration statement with the SEC is then in effect as to such Class A Common Stock and will be in effect as of a date thirty (30) days from the date of giving the resale of the redemption notice and (ii) for a period of twenty (20) trading days prior to the giving of the redemption notice the Class A Common Stock have closed at a price of \$8.29 per share or higher. The Company agreed to register the Class A Common Stock issued and to be issued upon exercising of the June 2004 Private Placement Warrants with the SEC by filing a Form SB-2 on or before July 5, 2004. The Company filed the Form SB-2 on July 2, 2004, which was declared effective on July 20, 2004. Through September 30, 2005, the investors exercised 62,500 June 2004 Private Placement Warrants in exchange for \$300 in cash. As of September 30, 2005, 241,875 June 2004 Private Placement Warrants remain unexercised.

In accordance with EITF 00-19, and the terms of the June 2004 Private Placement Warrants, the fair value of the June 2004 Private Placement Warrants were initially accounted for as a liability, with an offsetting reduction to the carrying value of the common stock. Such liability was reclassified to equity as of the July 20, 2004 effective date of the registration statement.

The fair value of the June 2004 Private Placement Warrants was estimated to be \$797 on the closing date of the transaction, using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 3.94%, a contractual life of five (5) years and volatility of 72%. The fair value of the warrants issued in the June 2004 Private Placement was re-measured at June 30, 2004 and estimated to be \$776. The decrease in the fair value of \$21 from the transaction date to June 30, 2004 was recorded as a credit to other income, net in the unaudited Consolidated Statement of Operations. The fair value of the June 2004 Private Placement Warrants decreased by \$70 from June 30, 2004 to July 20, 2004 and such decrease was recorded as a credit to Other income, net in the unaudited Consolidated Statement of Operations.

In February 2005, the Company issued the Convertible Debenture Warrants. The Convertible Debenture Warrants have an initial exercise price of \$4.44 per share, and were exercisable beginning on September 9, 2005 until five (5) years thereafter. Based on a valuation from an independent appraiser, the Convertible Debenture Warrants were assigned an estimated fair value of \$1,109, which was included in additional paid-in capital on the unaudited Consolidated Balance Sheet.

As detailed further in Note 4, in August 2005 the Company entered into the Conversion Agreement with the investors to: (1) convert their Convertible Debentures into 1,867,322 shares of Class A Common Stock; (2) exercise their Convertible Debentures Warrants for 560,196 shares of Class A Common Stock by paying \$2,500; (3) issue to the investors the 760,196 New Warrants to purchase Class A Common Stock at an exercise price of \$11.39 per share; and (4) issue to the investors 71,359 New Shares of Class A Common Stock. The New Warrants were immediately exercisable upon issuance and for a period of five (5) years thereafter. The Company is required to register the shares of Class A Common Stock underlying the New Warrants on Form S-3 on or before November 16, 2005.

In accordance with EITF 00-19, and the terms of the New Warrants, the fair value of the New Warrants is being initially accounted for as a liability, with an offsetting reduction to the carrying value of the common stock. As the Form S-3 had not been filed as of September 30, 2005, the New Warrants were reflected on the Company's unaudited Consolidated Balance Sheet. Such liability will be reclassified to equity when the Form S-3 is declared effective.

The fair value of the New Warrants was estimated to be \$4,990 on the closing date of the transaction, using the Black-Scholes option-pricing model with the following assumptions: no dividends; risk-free interest rate of 4.01%, the contractual life of 5-years and volatility of 56%. The fair value of the New Warrants was re-measured at September 30, 2005 and estimated to be \$3,490. The decrease in the fair value of \$1,500 from the transaction date to September 30, 2005 was recorded as to other expense, net in the unaudited Consolidated Statement of Operations.

In connection with the Company's initial public offering in 2003, the Company issued a warrant to purchase up to 120,000 shares of Class A Common Stock to the underwriter (the "Underwriter Warrants") at an exercise price of \$6.25 per share. The Underwriter Warrants were immediately exercisable and expire on November 7, 2007. The exercise price is subject to adjustment in certain circumstances, and in 2004 the exercise price was adjusted to \$6.03. Through September 2005, 49,725 Underwriter Warrants were exercised, for which the Company received \$300 and issued 49,725 shares of Class A Common Stock. In addition, 59,140 Underwriter Warrants were exercised on a cashless basis, which resulted in the issuance of 33,278 shares of Class A Common Stock. As of September 30, 2005, 3,775 Underwriter Warrants remain unexercised.

NOTE 6. COMMITMENTS AND CONTINGENCIES

On June 15, 2005, the Company entered into a digital cinema framework agreement (the "Framework Agreement") with Christie through the Company's newly formed wholly-owned subsidiary, Christie/AIX, whereby, among other things (1) Christie/AIX will seek to raise financing to purchase 200 of Christie's digital cinema projection systems (the "Systems") at agreed-upon prices; and (2) Christie/AIX would then seek to raise additional debt and/or equity financing to purchase an additional 2,300 Systems at agreed-upon prices. The Framework Agreement allows Christie/AIX to terminate the agreement for several reasons, including failure to: (1) execute definitive agreements with certain film distributors by August 31, 2005 to pay virtual print fees to Christie/AIX for deliveries of digital films made to the Systems, and (2) execute agreements with certain exhibitors by August 31, 2005 to license the Systems or to house them in the exhibitor locations.

An amendment to the Framework Agreement, dated August 31, 2005 extended the termination provisions through September 30, 2005 and pursuant to a second amendment to the Framework Agreement, dated September 30, 2005 Christie and Christie/AIX agreed to eliminate such termination provisions, except to allow for termination in the event that financing cannot be obtained to purchase the Systems. Additionally, the parties have agreed to extend the number of systems which may be ordered, to 4,000 Systems.

In connection with facilitating deployment of the Systems the Company has entered into digital cinema deployment agreements with certain distributors of motion pictures, for distribution of movie releases to theaters equipped with the Systems, and providing for payment of virtual print fees to Christie/AIX.

As of September 30, 2005, Christie / AIX has ordered 200 of the Systems from Christie. None of the Systems were delivered by Christie as of that date.

From inception through November 3, 2003, the Company had derived all of the revenues from monthly license fees and fees from other ancillary services provided by the Company at our IDCs, including fees from various services under the colocation space contract with KMC Telecom ("KMC"), which such contract expires on December 31, 2005. The Company has received an indication from KMC that they will not renew the contract for at least some of the current sites which are licensed under such contract. In addition, certain other data center customer contracts will expire over the next several months, and the Company has not yet received indications of whether and on which terms these contracts will be renewed. Total monthly revenue from KMC is approximately \$150. Additionally the Company has two (2) other large data center customer contracts that are expiring before July 1, 2006, which currently provide approximately \$108 of total monthly revenue. We have not yet received an indication as to whether these contracts will be renewed.

Certain of the Company's data center facility leases expire over the next several months, and the Company is in the process of evaluating whether it will renew those leases.

NOTE 7. SUPPLEMENTAL CASH FLOW DISCLOSURE

	THREE MONTHS ENDED SEPTEMBER 30,		SIX MONTHS ENDED SEPTEMBER 30,	
	2004	2005	2004	2005
Interest paid.....	\$205	\$357	\$275	\$813
Issuance of warrants to purchase common stock.....	\$70	\$3,490	\$706	\$3,490

NOTE 8. SEGMENT INFORMATION

Segment information has been prepared in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS No. 131"). The Company has two reportable segments: Media Services and Data Center Services. The segments were determined based on the products and services provided by each segment. Accounting policies of the segments are the same as those described in Note 2. Performance of the segments is evaluated on operating income before interest, taxes, depreciation and amortization. The Media Services segment consists of Hollywood SW, AccessDM, FiberSat and the Pavilion Theatre and Christie/AIX. Hollywood SW develops and licenses software to the theatrical distribution and exhibition industries, provides services as an ASP, and provides software enhancements and consulting services. AccessDM is in the business of storing and distributing digital content to movie theaters and other venues. FiberSat is in the business of providing satellite-based broadband video, data and Internet transmission and encryption services for multiple customers in the broadcast and cable television and communications industries, and also operates an outsourced networks operations center. The Pavilion Theatre is a nine-screen movie theatre and cafe. Christie/AIX serves as the financing vehicle and administrator for the deployment of digital cinema projection systems to exhibitors in the movie entertainment industry. The Data Center Services segment provides services through its nine IDC's including the license of data center space, provision of power, data connections to other businesses, and the installation of equipment, and the operations of Managed Services. Prior to November 3, 2003, the Company operated only in the Data Center Services segment. All of the Company's revenues were generated inside the United States.

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

	MEDIA SERVICES	DATA CENTER SERVICES	CORPORATE	TOTAL CONSOLIDATED
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004:				
Loss before other income/ (expense)	\$ (356)	\$ (517)	\$ (809)	\$ (1,682)
Depreciation and Amortization	309	453	26	788
Loss before interest, taxes, depreciation and amortization	\$ (47)	\$ (64)	\$ (783)	\$ (894)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005:				
Loss before other income/ (expense)	\$ (1,050)	(123)	\$ (1,213)	\$ (2,386)
Depreciation and Amortization	703	473	13	1,189
Income (loss) before interest, taxes, depreciation and amortization	\$ (347)	\$ 350	\$ (1,200)	\$ (1,197)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004:				
Loss before other income/ (expense)	\$ (690)	\$ 637	\$ (2,528)	\$ (2,581)
Depreciation and Amortization	600	912	50	1,562
Income (loss) before interest, taxes, depreciation and amortization	\$ (90)	\$ 1,549	\$ (2,478)	\$ (1,019)
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2005:				
Loss before other income/ (expense)	\$ (1,927)	\$ (137)	\$ (2,259)	\$ (4,323)
Depreciation and Amortization	1,484	41	928	2,453
Income (loss) before interest, taxes, depreciation and amortization	\$ (443)	\$ 791	\$ (2,218)	\$ (1,870)

AS OF SEPTEMBER 30, 2004:				
Total Assets	\$ 12,403	\$ 6,269	\$ 2,815	\$ 21,487
AS OF SEPTEMBER 30, 2005:				
Total Assets	\$ 33,499	3,509	\$ 13,227	\$ 50,235

NOTE 9. RELATED PARTY TRANSACTIONS

As of September 30, 2004 and 2005, the Company had principal amounts of \$4,000 and \$2,220 respectively, in notes payable to related parties, including officers of the Company. During the three months ended September 30, 2004 and 2005, there were \$254 and \$0, respectively, of principal repayments for these notes payable. During the six months ended September 30, 2004 and 2005, there were \$378 and \$134, respectively, of principal repayments for these notes payable. In addition, as described in Note 4, all of the Company's 6% Convertible Notes were converted into Class A Common Stock during the three months ended September 30, 2005. Included in this conversion was \$1,400 of 6% Convertible Notes payable to certain officers and directors of the Company, which was converted into 248,283 shares of Class A Common Stock.

NOTE 10. SUBSEQUENT EVENTS

In connection with the Conversion Agreement (see Note 4), in November 2005 the Company obtained the necessary shareholder approvals required to issue the New Warrants and the New Shares. The Company is required to file a Form S-3 with the SEC in order to register the resale of the New Shares and the shares of Class A Common Stock underlying the New Warrants, on or before November 16, 2005.

In October 2005, in order to adopt a more consistent naming strategy amongst its divisions, the Company began referring to Hollywood SW as "AccessIT Software" and FiberSat as "AccessIT Satellite and Support Services".

In October 2005, the Company sent notices to the investors in the June 2004 Private Placement, informing them that the call provision on their June 2004 Private Placement Warrants has been triggered. Within thirty (30) days, the investors must either exercise their June 2004 Private Placement Warrants for cash, on a cashless basis, or allow the Company to purchase the June 2004 Private Placement Warrants for \$0.05 each. In response, in November 2005 several investors exercised their June 2004 Private Placement Warrants to purchase a total of 60,000 shares by paying \$288 in cash.

In October 2005, Hollywood SW executed a lease agreement for a new headquarters facility. The Company entered in to a standby letter of credit in the amount of \$180 in connection with the lease.

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

THIS REPORT ON FORM 10-QSB CONTAINS FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS IN THIS REPORT ARE INDICATED BY WORDS SUCH AS "ANTICIPATES," "EXPECTS," "BELIEVES," "INTENDS," "PLANS," "ESTIMATES," "PROJECTS" AND SIMILAR EXPRESSIONS. THESE STATEMENTS REPRESENT OUR EXPECTATIONS BASED ON CURRENT INFORMATION AND ASSUMPTIONS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY SUBJECT TO RISKS AND UNCERTAINTIES. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE WHICH ARE ANTICIPATED OR PROJECTED AS A RESULT OF CERTAIN RISKS AND UNCERTAINTIES, INCLUDING, BUT NOT LIMITED TO A NUMBER OF FACTORS, SUCH AS OUR INCURRENCE OF LOSSES TO DATE; ACHIEVING SUFFICIENT VOLUME OF BUSINESS FROM OUR CUSTOMERS; OUR SUBSIDIARIES CONDUCTING BUSINESS IN AREAS IN WHICH WE HAVE LITTLE EXPERIENCE; ECONOMIC AND MARKET CONDITIONS; THE PERFORMANCE OF THE DATA CENTER SERVICES AND SOFTWARE RELATED BUSINESSES; CHANGES IN BUSINESS RELATIONSHIPS WITH OUR MAJOR CUSTOMERS AND IN THE TIMING, SIZE AND CONTINUATION OF OUR CUSTOMERS' PROGRAMS; COMPETITIVE PRODUCT AND PRICING PRESSURES; INCREASES IN COSTS THAT CANNOT BE RECOUPED IN PRODUCT PRICING; SUCCESSFUL INTEGRATION OF ACQUIRED BUSINESSES; AS WELL AS OTHER RISKS AND UNCERTAINTIES, SUCH AS THOSE DESCRIBED

UNDER QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK AND THOSE DETAILED HEREIN AND FROM TIME TO TIME IN OUR FILINGS WITH THE SEC. THOSE FORWARD-LOOKING STATEMENTS ARE MADE ONLY AS OF THE DATE HEREOF, AND WE UNDERTAKE NO OBLIGATION TO UPDATE OR REVISE THE FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. THE FOLLOWING DISCUSSION

SHOULD BE READ IN CONJUNCTION WITH THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING THE NOTES THERETO, INCLUDED ELSEWHERE IN THIS FORM 10-QSB.

OVERVIEW

AccessIT was organized on March 31, 2000 and we are in the business of providing software services and technology solutions to the motion picture industry, and operating IDC's and providing Managed IT Services. Recently, we have actively expanded into new and interrelated business areas relating to the delivery and management of digital cinema content to entertainment venues worldwide, and to support the rollout of digital cinema equipment nationwide. These businesses, supported by our internet data center and managed services business, have become our primary strategic focus.

We have two reportable segments: Media Services, which represents the operations of Hollywood SW, AccessDM (including the acquired assets of the Boeing Company ("Boeing"), the Pavilion Theatre, FiberSat and Christie/AIX, and Data Center Services, which comprise the operations of our nine IDCs and the operations of Managed Services. For the three and six months ended September 30, 2004, we received 30% and 27%, respectively, of our revenue from the Media Services segment and 70% and 73%, respectively, of our revenue from the Data Center Services segment. For the three and six months ended September 30, 2005, we received 58% and 59%, respectively, of our revenue from the Media Services segment and 42% and 41%, respectively, of our revenue from the Data Center Services segment.

From our inception through November 3, 2003, all of our revenues had been derived from monthly license fees and fees from other ancillary services provided by us at our IDCs, including fees from various services under the colocation space contract with KMC Telecom ("KMC"), which such contract expires on December 31, 2005. We have received an indication from KMC that they will not renew the contract for at least some of the current sites, which are licensed under such contract. In addition, certain other data center customer contracts will expire over the next several months, and we have not yet received indications of whether and on which terms these contracts will be renewed. Also, certain data center facility leases expire over the next several months, and we are in the process of evaluating whether we will renew those leases. Managed Services generates revenues primarily from managed network services. Hollywood SW generates revenues from software license fees, ASP fees, enhancements, and consulting and maintenance fees. AccessDM generates revenues from the delivery of movies and other content into movie theaters. FiberSat derives its revenues from satellite network monitoring and maintenance fees associated with the processing, storage, encryption and transmission of television and data signals. The Pavilion Theatre is a nine-screen fully functional multiplex theatre which generates mainly box office and concession revenue. Christie/AIX primary purpose is to acquire digital cinema equipment for movie theaters and generate revenues by collecting virtual print fees and other fees in connection with the transition to digital cinema. Through September 30, 2005, Christie/AIX has not generated any revenues. We incurred net losses of \$2.7 million and \$11.8 million in the six months ended September 30, 2004 and 2005, respectively, and we have an accumulated deficit of \$33.2 million as of September 30, 2005. We anticipate that, with our recent acquisitions, the operation of AccessDM, and the future operations of Christie/AIX our results of operations will improve. As we grow, we expect our operating costs and general and administrative expenses will also increase for the foreseeable future, but as a lower percentage of revenue. In order to achieve and sustain profitable operations, we will need to generate more revenues than we have in prior years and we may need to obtain additional financing.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our unaudited Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Our most significant estimates relate to software revenue recognition, capitalized software costs, depreciation of fixed assets and amortization of intangible assets. Actual results could differ from these estimates. On an on-going basis, we evaluate our estimates, including those related to the carrying values of our fixed assets and intangible assets, the valuation of deferred tax liabilities, and the valuation of assets acquired and liabilities assumed in purchase business combinations. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the

circumstances made, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates under different assumptions or conditions.

We believe that the following critical accounting policies and estimates affect our more significant estimates and judgments used in the preparation of our unaudited Consolidated Financial Statements.

REVENUE RECOGNITION

Media Services

Revenues are accounted for in accordance with Statement of Position 97-2 ("SOP 97-2") and Staff Accounting Bulletin ("SAB") No. 104. Our software revenues are generated from the following primary sources:

- o software licensing, including customer licenses and ASP agreements;
- o software maintenance contracts; and
- o professional consulting services, which includes systems implementation, training, custom software development services and other professional services.

Software licensing revenue is recognized when the following criteria are met:

- o persuasive evidence of an arrangement exists;
- o delivery has occurred and no significant obligations remain;
- o the fee is fixed or determinable; and
- o collection is determined to be probable.

Significant upfront fees are received in addition to periodic amounts upon achievement of contractual events for licensing of our products. Such amounts are deferred until the revenue recognition criteria have been met, which typically occurs after delivery and acceptance.

For arrangements with multiple elements (e.g., delivered and undelivered products, maintenance and other services), the Company separately negotiates each element of the arrangement based on the fair value of the elements. The fair values for ongoing maintenance and support obligations are based upon vendor specific objective evidence. The fair values for services, such as training or consulting, are based upon hourly billing rates of these services when sold separately to other customers. In instances where the Company develops customized software applications, the percentage-of-completion method of accounting is followed to recognize revenue.

Customers not wishing to license and operate our software themselves may use the software through an ASP arrangement, in which we host the application and provide customer access via the internet. Annual minimum ASP service fees are recognized ratably over the contract term. Overage revenues for usage in excess of stated minimums are recognized monthly.

Maintenance services and website subscription fees are recognized ratably over the contract term. Professional consulting services, sales of third party products and resale hardware revenues are recognized as services are provided. Software development revenues are recognized when delivery has occurred and no significant obligations remain.

Deferred revenue is recorded in cases of:

- o a portion or the entire contract amount cannot be recognized as revenue due to non-delivery or acceptance of licensed software or custom programming;
- o incomplete implementation of ASP service arrangements; or

o 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, this revenue is deferred and amortized over the contract term, or in the case of license fees, recognized in accordance with SOP 97-2 once the Company's commitments to provide the software and other related services to the customer are satisfied. Such amounts are classified as deferred revenue in the Consolidated Balance Sheet and are recognized as revenue in accordance with the Company's revenue recognition policies described above.

FiberSat revenues consist of satellite network monitoring and maintenance fees. These fees consist of monthly recurring billings pursuant to contracts with terms ranging from month to month and a maximum of six (6) years including renewals, which are recognized as revenues in the month earned, and other billings which are recognized on a time and materials basis in the period in which the services were provided.

AccessDM revenues consist of: (1) satellite delivery revenues, (2) encryption and preparation fee revenues, and (3) landing fees for delivery to each movie theatre. These revenues are recognized upon completion of the related services.

Additionally, the Pavilion Theatre revenues consist of the sale of movie theatre admissions and concession food and beverages, which are made, either in cash or via customer credit cards at the time of the transaction. Revenues are recognized at the time the transaction is complete, as the earnings process has been culminated, in accordance with SAB No. 104.

Data Center Services

Within our Data Center Services segment, IDC revenues consist of license fees for colocation space, riser access charges, electric and cross-connect fees, and non-recurring equipment installation fees. Revenues from our IDCs, riser access charges, electric and cross-connect fees are billed monthly and, in accordance with SAB 104, are recognized ratably over the terms of the contracts, which is generally one (1) to nine (9) years. Certain customer contracts contain periodic increases in the amount of license fees to be paid, and those amounts are recognized as license fee revenues on a straight-line basis over the term of the contracts. Installation fees are recognized on a time and materials basis in the period in which the services were provided and represent the culmination of the earnings process as no significant obligations remain. Amounts such as prepaid license fees and other amounts, which are collected prior to satisfying the above revenue recognition criteria, are classified as deferred revenues. Amounts satisfying revenue recognition criteria prior to billing are classified as unbilled revenues. In addition, within our Data Center Services segment, Managed Services revenues consist of network monitoring and maintenance fees. These fees consist of monthly recurring billings pursuant to contracts, which are recognized as revenues in the month earned, and other billings, which are recognized on a time and materials basis in the period in which the services were provided.

CAPITALIZED SOFTWARE COSTS

We account for software costs under SFAS No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed". Software development costs that are incurred subsequent to establishing technological feasibility are capitalized until the product is available for general release. Amounts capitalized as software development costs are amortized periodically using the greater of revenues during the period compared to the total estimated revenues to be earned or on a straight-line basis over five (5) years. We review capitalized software costs for impairment on an annual basis. To the extent that the carrying amount exceeds the estimated net realizable value of the capitalized software cost, an impairment charge is recorded. No impairment was recorded for the six months ended September 30, 2005. Amortization of capitalized software development costs, included in costs of revenues, for the six months ended September 30, 2004 and 2005 amounted to \$126,000 and \$296,000 respectively.

BUSINESS COMBINATIONS AND INTANGIBLE ASSETS

We have adopted SFAS No. 141, "Business Combinations" ("SFAS No. 141") and SFAS No. 142, "Goodwill and other Intangible Assets" ("SFAS No. 142"). SFAS No. 141 requires all business combinations to be accounted for using the purchase method

of accounting and that certain intangible assets acquired in a business combination must be recognized as assets separate from goodwill. SFAS No. 142 addresses the recognition and measurement of goodwill and other intangible assets subsequent to their acquisition. SFAS No. 142 also addresses the initial recognition and measurement of intangible assets acquired outside of a business combination, whether acquired individually or with a group of other assets. This statement provides that intangible assets with indefinite lives and goodwill will not be amortized but will be tested at least annually for impairment. If an impairment is indicated, then the asset will be written down to its fair value, typically based upon its future expected discounted cash flows. As of September 30, 2005, our finite-lived intangible assets consisted of customer agreements, covenants not to compete, Federal Communications Commission licenses for satellite transmission services, trade names and trademarks, and a liquor license which are estimated to have useful lives ranging from two (2) to ten (10) years. In addition, we have recorded goodwill in connection with the acquisitions of Hollywood SW, Managed Services, FiberSat, and the Pavilion Theatre.

PROPERTY AND EQUIPMENT

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

IMPAIRMENT OF LONG-LIVED ASSETS

We review the recoverability of our long-lived assets on a periodic basis in order to identify business conditions, which may indicate a possible impairment. The assessment for potential impairment is based primarily on our ability to recover the carrying value of our long-lived assets from expected future undiscounted cash flows. If the total of expected future undiscounted cash flows is less than the total carrying value of the assets, a loss is recognized for the difference between the fair value (computed based upon the expected future discounted cash flows) and the carrying value of the assets.

DESCRIPTION OF LINE ITEMS

The following is a description of certain line items from our statements of operations:

- o Media Services revenues include charges for software license fees, ASP service fees, consulting, development and maintenance fees, digital movie delivery fees, satellite delivery services, and box office and concession revenue. Media Services revenue are those generated by Hollywood SW, AccessDM, FiberSat, and the Pavilion Theatre. Through September 30, 2005, Christie/AIX has generated no revenue. Our Data Center Services revenues include charges for monthly license fees for IDC space, electric fees, riser access charges and installation fees, and managed network monitoring fees.
- o Cost of revenues consists 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, and film rental and other theatre operating expenses mainly related to labor and facility costs.
- o Selling, general and administrative expenses consist primarily of salaries and related personnel costs for management and other headquarters office employees, professional fees, advertising and marketing costs and our corporate and divisional headquarters facility costs.
- o Provision for doubtful accounts represents amounts deemed not probable of collection from customers.
- o Non-cash, stock-based compensation represents the value of employee and non-employee stock options and restricted stock grants, amortized over the vesting periods (if any).
- o Non-cash interest expense represents the accretion of the value of warrants attached to our five-year 8% promissory notes (the "5 Year Notes") and 7% convertible debentures (the "Convertible Debentures"), and the imputing of interest on a non-interest bearing note payable.
- o Debt conversion expense represents the value of common stock and warrants issued in our August 2005 conversion of convertible notes payable in common stock.

PRIVATE PLACEMENTS

On July 28, 2005, we entered into a private placement (the "July 2005 Private Placement") with certain institutional and other accredited investors to issue and sell 1,909,115 unregistered shares of our Class A Common Stock at a sale price of \$9.50 per share to certain investors for gross proceeds of \$18.1 million. We are using the net proceeds to fund the capital investments for the deployment of the first 200 Christie/AIX digital cinema projectors and related equipment under our previously announced Framework Agreement, and for working capital and general corporate purposes. We also issued to certain institutional and other accredited investors the July 2005 Private Placement warrants to purchase up to 477,275 shares of our Class A Common Stock at an exercise price of \$11.00 per share, exercisable upon receipt (the "July 2005 Private Placement Warrants"). We agreed to register the resale of Class A Common Stock issued and the shares of Class A Common Stock underlying warrants issued in the July 2005 Private Placement with the SEC by filing a Form S-3 on or before August 20, 2005. The Company filed the Form S-3 on August 18, 2005, and the Form S-3 was declared effective by the SEC on August 31, 2005.

On February 10, 2005, we completed a private placement of \$7.6 million of Convertible Debentures. The Convertible Debentures bear interest at the rate of 7% per year and are convertible into shares of our Class A Common Stock at the price of \$4.07 per share, subject to possible adjustments from time to time. In connection with the Convertible Debenture offering, we issued the participating institutional investors warrants (the "Convertible Debentures Warrants"), exercisable for up to 560,196 shares of Class A Common Stock at an initial exercise price of \$4.44 per share, subject to adjustments from time to time. The Convertible Debentures Warrants are exercisable beginning on September 9, 2005 until five (5) years thereafter, and have been valued at \$1.1 million which is accounted for as a debt issuance discount. As a result, there is a beneficial conversion feature and we recognized a \$605 charge, for the fiscal year ended March 31, 2005. The offering of the Convertible Debentures and the Convertible Debentures Warrants was exempt from the registration requirements of the Securities Act of 1933, under Section 4(2) of the Securities Act and Rule 506 promulgated thereunder.

We agreed to register for resale, among other things, the Class A Common Stock underlying the Convertible Debentures and Convertible Debentures Warrants with the SEC within thirty (30) days from the closing. If, among other things, the registration statement was not filed within thirty (30) days or was not declared effective within ninety (90) days (120 days in the event of an SEC review), then cash delay payments equal to 1% of the offering proceeds per month would have applied. We filed the registration statement on March 11, 2005; the registration statement was declared effective by the SEC on March 21, 2005.

In August 2005 we entered into a conversion agreement (the "Conversion Agreement") with the investors to: (1) convert their Convertible Debentures into 1,867,322 shares of Class A Common Stock; (2) exercise the Convertible Debenture Warrants for 560,196 shares of Class A Common Stock by paying \$2.5 million; (3) issue to the investors 760,196 warrants to purchase Class A Common Stock at an exercise price of \$11.39 per share; and (4) issue to the investors 71,359 shares of Class A Common Stock as payment of interest from August 2005 through February 10, 2007, which was the optimal redemption date. The New Warrants were immediately exercisable upon issuance and for a period of five (5) years thereafter. We are required to register the shares underlying the New Warrants on Form S-3 on or before November 16, 2005.

On October 26, 2004, we entered into a private placement with certain investors whereby we issued 282,776 unregistered shares of our Class A Common Stock at \$3.89 per share to certain accredited investors for gross proceeds of \$1.1 million. These shares carry piggyback and demand registration rights, at the sole expense of the investors. We realized net proceeds of approximately \$1.023 million, which were used for the FiberSat Acquisition and for working capital. The investors exercised their piggyback registration rights and we registered the resale of all of the 282,776 shares of Class A Common Stock on a Form S-3, and the Form S-3 was declared effective by the SEC on March 21, 2005.

On June 4, 2004, we concluded a private placement (the "June 2004 Private Placement") with several investors whereby we issued 1,217,500 unregistered shares of our Class A Common Stock at a sale price of \$4.00 per share. The total net proceeds, including fees and expenses to register the securities were approximately \$4.0 million, which is being used for capital investments and working capital. We also issued to investors and to the investment firm warrants to purchase a total of 304,375 shares of our Class A Common Stock at an exercise price of \$4.80 per share (the "June 2004 Private Placement Warrants"), which became exercisable upon receipt. The warrants issued at the June 2004 Placement are callable by the Company at a price of \$.05 per warrant if the closing price of our Class A Common Stock is above \$8.92 for thirty (30) consecutive days. We agreed to file a registration statement for the resale of the shares of Class A

Common Stock and the Class A Common Stock underlying the warrants issued in the June 2004 Private Placement with the SEC by filing a Form SB-2 on or before July 5, 2004. We filed the Form SB-2 on July 2, 2004, and the Form SB-2 was declared effective by the SEC on July 20, 2004. Through September 30, 2005, 62,500 June 2004 Private Placement Warrants were exercised in exchange for \$300,000 in cash and 241,875 June 2004 Private Placement Warrants remain unexercised. In October 2005, the Company sent notices to the investors informing them that the call provision has been triggered. Within thirty (30) days, the investors must either exercise their June 2004 Private Placement Warrants for cash, on a cashless basis, or allow the Company to purchase the warrants for \$.05 each.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS 153, "Exchange of Non-monetary Assets, an Amendment of APB Opinion No 29" ("SFAS 153"). SFAS 153 addresses the measurement of exchanges of non-monetary assets and redefines the scope of transactions that should be measured on the fair value of the assets exchanged. The provisions of this statement are effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. AccessIT is evaluating the requirements of SFAS 153 and has not determined the impact on its financial condition or results of operations. The effective date for AccessIT to adopt this standard due to its fiscal reporting first interim or annual reporting period is April 1, 2006.

The FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," "SFAS 150", which became effective July 1, 2003 and establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. There was no impact on AccessIT financial statements due to the adoption of this standard.

In December 2004, the FASB issued SFAS No. 123, as revised, which revises the original guidance contained in SFAS No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. Under SFAS No. 123, as revised, a publicly traded entity such as AccessIT will be required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions) and recognize such cost over the period during which an employee is required to provide service in exchange for the reward (usually the vesting period). For stock options and similar instruments, grant-date fair value will be estimated using option-pricing models adjusted for unique characteristics of instruments (unless observable market prices for the same or similar instruments are available). For small business issuers, including AccessIT, this is effective as of the beginning of the first interim or annual reporting period that begins after December 15, 2005, which is our fiscal year beginning April 1, 2006.

Upon adoption of this standard, the actual costs of our stock-based payment plans will be based on grant-date fair value.

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004 AND THE THREE MONTHS ENDED SEPTEMBER 30, 2005

REVENUES. Our total revenues were \$2.2 million and \$3.9 million for the three months ended September 30, 2004 and 2005, respectively, an increase of 77%. The increase was primarily attributable to \$1.6 million in revenues resulting from the FiberSat Acquisition and the Pavilion Theatre Acquisition (the "2005 Acquisitions"). The remaining was attributable to an increase in our existing businesses, with increased revenue from our Media Services and Data Center Services segments of \$20,000 and \$107,000 respectively.

COST OF REVENUES. Our cost of revenues was \$1.3 million and \$2.9 million for the three months ended September 30, 2004 and 2005, respectively, an increase of 123%. This increase was primarily attributable to costs associated with increased revenues from our 2005 Acquisitions, which resulted in added costs of \$1.2 million. Also contributing to the overall increase in cost of revenues were costs associated with increased revenues, software amortization expenses related to our TDS and EMS product lines, within our Media Services segment, and higher utility and data circuit costs in our Data Center Services segment.

GROSS PROFIT. Gross profit was \$935,000 and \$1.0 million for the three months ended September 30, 2004 and 2005, respectively. Our 2005 Acquisitions provided \$386,000 in gross profit, offset by a decreases in gross profit of our existing businesses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our selling, general and administrative expenses were \$1.2 million and \$2.0 million for the three months ended September 30, 2004 and 2005, respectively, an increase of 67%. The increase is primarily due to higher personnel costs associated with additional headcount from our 2005 Acquisitions and from our Christie/AIX division, compared to the prior year. As of September 30, 2004 and 2005, we had 44 and 108 employees, respectively, and six and 47 of whom were part-time employees, respectively.

PROVISION FOR DOUBTFUL ACCOUNTS. Our provision for doubtful accounts was \$527,000 and \$12,000 for the three months ended September 30, 2004 and 2005, respectively. The decrease is primarily due to the provision of \$499,000 during the three months ended September 30, 2004 related to the bankruptcy of Norvergence, a data center customer, which has since been written off.

RESEARCH AND DEVELOPMENT. We recorded expenses of \$120,000 and \$154,000 for the three months ended September 30, 2004 and 2005, respectively an increase of 28%. The increase is attributable to research and development efforts at Media Services related primarily to the development of digital software applications.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was \$788,000 and \$1.2 million for the three months ended September 30, 2004 and 2005, respectively, an increase of 53%. The 2005 Acquisitions resulted in increased depreciation and amortization of \$268,000, while the remainder of the increase was increased depreciation associated with capital investments in digital cinema assets.

INTEREST EXPENSE. Interest expense was \$91,000 and \$1.1 million for the three months ended September 30, 2004 and 2005, respectively. The increase was primarily due to interest associated with the \$7.6 million of 7% Convertible Debentures and \$1.7 million of 6% convertible notes issued in February 2005 (the "6% Convertible Notes"), and interest expense on our capital lease at the Pavilion Theatre. Additionally, \$730,000 of debt issuance costs was charged to expense in connection with the conversion of all of our Convertible Debentures and 6% Convertible Notes.

NON-CASH INTEREST EXPENSE. Non-cash interest expense was \$66,000 and \$1.1 million for the three months ended September 30, 2004 and 2005, respectively. Non-cash interest expense results from the accretion of the value of warrants to purchase shares of our Class A Common Stock attached to the \$7.6 million Convertible Debentures (which bear interest at 7% per year) and the 5-Year Notes. During the three months ended September 30, 2005, \$999,000 of expense was recorded representing the remaining accretion of the notes in connection with the conversion of the \$7.6 million of the Convertible Debentures.

DEBT CONVERSION EXPENSE. As discussed in Note 4, debt conversion expense resulted from the conversion of the \$7.6 million Convertible Debentures, representing the value of the New Shares and New Warrants in the amount of \$6,083 including related fees.

OTHER, INCOME NET. Other income, net was \$56 and \$1,250 for the three months ended September 30, 2004 and 2005, respectively. The 2005 amount is due to the change in value of the July 2005 Private Placement Warrants and the New Warrants.

INCOME TAX BENEFIT. Income tax benefit was \$78,000 for the three months ended September 30, 2004 and 2005, respectively. Both amounts are related to the amortization of a deferred tax liability related to our acquisition of Hollywood SW and Managed Services.

NET LOSS. As a result of the foregoing, we had net losses of \$1.7 million and \$9.3 million for the three months ended September 30, 2004 and 2005, respectively.

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004 AND THE SIX MONTHS ENDED SEPTEMBER 30, 2005

REVENUES. Our total revenues were \$4.4 million and \$7.9 million for the six months ended September 30, 2004 and 2005, respectively, an increase of 80%. The increase was primarily attributable to \$3.1 million in revenues resulting from the 2005 Acquisitions. The remaining was attributable to an increase in our existing businesses, with increased revenue from our Media Services and Data Center Services segments of \$360,000 and \$47,000, respectively.

COST OF REVENUES. Our cost of revenues was \$2.4 million and \$5.6 million for the six months ended September 30, 2004 and 2005, respectively, an increase of 133%. This increase was primarily attributable to costs associated with increased revenues from our 2005 Acquisitions, which resulted in added costs of \$2.4 million. Also contributing to the overall increase in cost of revenues were costs associated with increased revenues, software amortization expenses related to our TDS and EMS product lines, within our Media Services segment, and higher utility and data circuit costs in our Data Center Services segment.

GROSS PROFIT. Gross profit was \$2.0 million and \$2.2 million for the six months ended September 30, 2004 and 2005, respectively, an increase of 10%. Our 2005 Acquisitions provided \$711,000 in gross profit, while the remaining resulted from our existing businesses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our selling, general and administrative expenses were \$2.3 million and \$3.8 million for the six months ended September 30, 2004 and 2005, respectively, an increase of 65%. The increase is primarily due to higher personnel costs associated with additional headcount from our 2005 Acquisitions and from our Christie/AIX division compared to the prior year. As of September 30, 2004 and 2005, we had 44 and 108 employees, respectively, and six and 47 of whom were part-time employees, respectively.

PROVISION FOR DOUBTFUL ACCOUNTS. Our provision for doubtful accounts was \$527,000 and \$35,000 for the six months ended September 30, 2004 and 2005, respectively. The decrease is primarily due to the provision of \$499,000 during the three months ended September 30, related to the bankruptcy of Norvergence, a data center customer, which has since been written off.

RESEARCH AND DEVELOPMENT. We recorded expenses of \$167,000 and \$287,000 for the six months ended September 30, 2004 and 2005, respectively an increase of 72%. The increase is attributable to research and development efforts at Media Services related primarily to the development of digital software applications.

NON-CASH, STOCK-BASED COMPENSATION. We recorded non-cash, stock-based compensation of \$4,000 and \$0 for the six months ended September 30, 2004 and 2005, respectively. These amounts represent the fair value of stock options granted to non-employees in exchange for goods and services, amortized over the vesting period, which ranges from immediate vesting to three years. The types of services performed by non-employees in exchange for stock options included advisory services on real estate matters, and advertising and marketing. The fair value of these stock options was determined using the Black-Scholes option pricing model. The decrease was due to the full amortization of non-employee options in the prior year.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was \$1.6 million and \$2.5 million for the six months ended September 30, 2004 and 2005, respectively, an increase of 56%. The 2005 Acquisitions resulted in increased depreciation and amortization of \$626,000, while the remainder of the increase was depreciation associated with capital investments in digital cinema assets.

INTEREST EXPENSE. Interest expense was \$188,000 and \$1.5 million for the six months ended September 30, 2004 and 2005, respectively. The increase was primarily due to interest associated with the \$7.6 million of Convertible Debentures and \$1.7 million of 6% Convertible Notes issued in February 2005, and interest expense on our capital lease at the Pavilion Theatre. Additionally, \$730,000 of debt issuance costs was charged to expense in connection with the conversion of all of our Convertible Debentures and 6% Convertible Notes.

NON-CASH INTEREST EXPENSE. Non-cash interest expense was \$113,000 and \$1.3 million for the six months ended September 30, 2004 and 2005, respectively. Non-cash interest expense results from the accretion of the value of warrants to purchase shares of our Class A Common Stock attached to the \$7.6 million Convertible Debentures (which bear interest at 7% per year) and the 5-Year Notes. During the three months ended September 30, 2005, \$999,000 of expense was recorded representing the remaining accretion of the notes in connection with the conversion of the \$7.6 million of Convertible Debentures.

DEBT CONVERSION EXPENSE. As discussed in Note 4, debt conversion expense resulted from the conversion of the 7.6 million Convertible Debentures, representing the value of the New Shares and New Warrants in the amount of \$6,083, including related fees.

OTHER INCOME, NET. Other income, net was \$45 and \$1,234 for the six months ended September 30, 2004 and 2005, respectively. The 2005 amount is primarily due to the change in value of the July 2005 Private Placement Warrants and the New Warrants.

INCOME TAX BENEFIT. Income tax benefit was \$156,000 for the six months ended September 30, 2004 and 2005, respectively. Both amounts are related to the amortization of a deferred tax liability related to our acquisition of Hollywood SW and Managed Services.

NET LOSS. As a result of the foregoing, we had net losses of \$2.7 million and \$11.8 million for the six months ended September 30, 2004 and 2005, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have incurred operating losses in 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 IPO, and notes payable and common stock used to fund various acquisitions. We have no borrowings or line of credit arrangements with banks or other financial institutions.

On June 15, 2005, we entered into the Framework Agreement with Christie through AccessDM's wholly-owned subsidiary, Christie/AIX whereby, among other things (1) Christie/AIX will seek to raise financing to purchase 200 of Christie's Systems at agreed-upon prices; (2) Christie/AIX would then seek to raise additional debt and/or equity financing to purchase an additional 2,300 Systems at agreed-upon prices. The Framework Agreement allows Christie/AIX to terminate the agreement for several reasons, including failure to: (1) execute definitive agreements with certain film distributors by August 31, 2005 to pay virtual print fees to Christie/AIX for deliveries of digital films made to the Systems, and (2) execute agreements with certain exhibitors by August 31, 2005 to license the Systems, to house them in the exhibitor locations.

An amendment to the Framework Agreement, dated August 31, 2005 extended the termination provisions through September 30, 2005 and pursuant to a second amendment to the Framework Agreement, dated September 30, 2005 Christie and Christie/AIX agreed to eliminate such termination provisions, except to allow for termination in the event that financing cannot be obtained to purchase the Systems. Additionally, the parties have agreed to extend the number of systems which may be ordered to 4,000 Systems.

In connection with facilitating deployment of the Systems the Company has entered into digital cinema deployment agreements with certain distributors of motion pictures, for distribution of movie releases to theaters equipped with the Systems, and providing for payment of virtual print fees to Christie/AIX. The Company is attempting to negotiate agreements with additional distributors, and with exhibitors who would agree to place the Systems in their movie theaters.

As of September 30, 2005, Christie / AIX has ordered 200 of the Systems from Christie and has deposited some of the purchase price with Christie. None of the Systems were delivered by Christie as of that date.

In August 2005 we entered into the Conversion Agreement with the investors holding all of our Convertible Debentures to: (1) convert their Convertible Debentures into 1,867,322 shares of Class A Common Stock; (2) exercise their Convertible Debenture Warrants for 560,196 shares of Class A Common Stock by paying \$2.5 million; (3) issue to the investors 760,196 New Warrants to purchase Class A Common Stock at an exercise price of \$11.39 per share; and (4) issue to the investors 71,359 shares of Class A Common Stock as payment of interest from August 2005 through February 10, 2007, which was the optimal redemption date. The New Warrants were immediately exercisable upon issuance and for a period of five (5) years thereafter. We are required to register the shares underlying the New Warrants on Form S-3 by November 16, 2005. As a result of the Conversion Agreement we have no Convertible Debentures outstanding as of September 30, 2005.

In connection with the Pavilion Theater Acquisition in February 2005, we issued to the seller a 8%, 4-year \$1.7 million note (the "Pavilion Note"). In September 2005, the seller agreed to an early repayment of the Pavilion Note for \$500,000. As a result, as of September 30, 2005 the Pavilion Note has been fully repaid.

On November 17, 2004, we acquired substantially all of the assets and assumed certain specified liabilities of FiberSat. The initial purchase price for FiberSat consisted of 500,000 unregistered shares of our Class A Common Stock, and we agreed to repay certain liabilities of FiberSat on or before the closing of the acquisition, with up to \$500,000 in cash and 100,000 unregistered shares of our Class A Common Stock. We had the option to exchange up to 50,000 of such 100,000 shares of Class A Common Stock to increase the cash, and thereby decrease the Class A Common Stock portion of such repayment based on the ratio of one Class A Common Stock for each \$5.00 of additional cash. We repaid these liabilities by paying approximately \$381,000 and issuing 40,000 shares of our Class A Common Stock. In addition, we may be required to pay a contingent purchase price for any of the three (3) years following the acquisition in which certain earnings targets are achieved. We have also agreed to a one-time issuance of additional unregistered shares to the sellers in accordance with a formula if, during the ninety (90) days following the applicable lock-up period, the average value of our Class A Common Stock during such ninety (90) days declines below an average of \$3.17 per share. Since our Class A Common Stock did not trade below an average of \$3.17 per share during this period, no additional shares were issued.

On October 26, 2004, we entered into the October 2004 Private Placement with an investor whereby we issued 282,776 unregistered shares of Class A Common Stock at \$3.89 per share to the investors for gross proceeds of \$1.1 million. These shares carry piggyback and demand registration rights. We realized net proceeds of approximately \$1.0 million, which were used for the FiberSat Acquisition and for working capital. The investors exercised their piggyback registration rights and we registered the resale of all of the 282,776 shares of Class A Common Stock on a Form S-3, and the Form S-3 was declared effective by the SEC on March 21, 2005.

On July 2, 2004, we received notice that certain creditors of one of our data center customers named NorVergence filed an involuntary bankruptcy petition against NorVergence. On July 14, 2004, NorVergence agreed to the entry of an order granting relief under Chapter 11 of the United States Bankruptcy Code and then converted the Chapter 11 reorganization to Chapter 7 liquidation. We also have a first security interest in NorVergence accounts receivable. On January 26, 2005 the bankruptcy court approved a motion for the trustee to pay us \$121,000 for past due accounts receivable, and on February 25, 2005 we received the payment. As of September 30, 2005, we collected approximately \$35 of our claim against the customer accounts receivable.

On June 4, 2004, we concluded the June 2004 Private Placement with several investors whereby we issued 1,217,500 unregistered shares of our Class A Common Stock at a sale price of \$4.00 per share. The total net proceeds, including fees and expenses to register the securities were \$4.0 million, which is being used for capital investments and working capital. We also issued 304,375 June 2004 Private Placement Warrants, at an exercise price of \$4.80 per share, which became exercisable upon receipt. Through September 30, 2005, 62,500 June 2004 Private Placement Warrants were exercised and 241,875 June 2004 Private Placement Warrants remain unexercised. The June 2004 Private Placement warrants are callable by the Company at a price of \$.05 per warrant if the closing price of our Class A Common Stock is above \$8.92 for 30 consecutive days. In October 2005, the Company sent notices to the investors informing them that the call provision has been triggered. Within thirty (30) days, the investors must either exercise their June 2004 Private Placement Warrants for cash, on a cashless basis, or allow the Company to purchase the June 2004 Private Placement Warrants for \$.05 each.

On March 24, 2004, we refinanced \$4.2 million aggregate principal amount (plus accrued and unpaid interest) by completing an exchange (the "Exchange Offer") of our previously issued 5-year notes (the "5-Year Notes"). In exchange for those notes, we issued 707,477 unregistered shares of our Class A Common Stock and \$1.7 million aggregate principal amount of 6% convertible notes (the "Convertible Notes"), which were initially convertible into a maximum of 307,871 shares of our Class A Common Stock. The 6% Convertible Notes automatically convert into Class A Common Stock once the 30-day average closing price exceeds \$12.00. In September 2005, the 30-day average closing price exceeded \$12.00 and we converted the Convertible Notes on September 13, 2005 into 307,871 shares of Class A Common Stock. As of September 30, 2005 there are no 6% Convertible Notes outstanding.

Following the completion of the Exchange Offer in March 2004, the holders of the two (2) 8% notes ("HS Notes") payable totaling \$3.0 million to the founders of Hollywood SW as part of the acquisition price, and \$220,000 aggregate principal amount of 5-Year Notes, elected not to participate in the Exchange Offer. In July 2005 we made early repayments of \$70 of the remaining 5-Year Notes, and at September 30, 2005 there are no 5-Year Notes outstanding.

On March 29, 2004, we acquired certain digital cinema related assets from Boeing for use in AccessDM's digital cinema business. In connection therewith we issued a 4-year non-interest bearing note for \$1.8 million with equal repayments of \$450,000 due each year beginning in April 2005. In addition, at any time during the ninety (90) day period beginning March 29, 2005, Boeing could sell its 53,534 unregistered shares of our Class A Common Stock to us for \$250,000 in cash. The ninety (90) day period expired on June 29, 2005 and Boeing did not require the Company to repurchase the shares.

On November 3, 2003, we acquired all of the outstanding capital stock of Hollywood SW. In connection with this acquisition, we issued \$3.0 million aggregate principal amount of 8% HS Notes, which are secured and senior, with certain exceptions, to all indebtedness during their five (5) year term. Our obligations to repay the HS Notes and to pay any additional purchase price is secured by a pledge of all of Hollywood SW's capital stock and any distributions and proceeds there from, except that we are permitted to receive cash distributions from Hollywood SW to the extent that such distributions do not exceed Hollywood SW's cash flow from operations. As of September 30, 2005, the principal balance of the HS Notes is \$2.2 million.

As of September 30, 2005, we had cash and cash equivalents of \$14.1 million. Our working capital at September 30, 2005 was \$10.7 million.

Our operating activities resulted in net cash outflows of \$1.4 and \$1.8 million for the six months ended September 30, 2004 and 2005, respectively. The increase in cash outflow was primarily due to an increased net loss from operations offset in part by the add back of debt conversion expense and non-cash interest expense.

Investing activities used net cash of \$1.6 million and \$7.0 million for the six months ended September 30, 2004 and 2005, respectively. The increase was primarily due to various purchases of computer and other equipment, primarily to support our digital cinema and managed data storage businesses. We anticipate that we will experience an increase in our capital expenditures consistent with the anticipated growth in our operations, infrastructure and personnel.

Net cash provided by financing activities of \$3.5 million for the six months ended September 30, 2004 was primarily due to the June 2004 Private Placement, less repayments of notes payable and capital lease obligations. Net cash provided by financing activities of \$18.2 million for the six months ended September 30, 2005 was primarily due to the net proceeds from issuance of common stock, offset slightly by the repayments of notes payable, capital lease obligations,

We have acquired property and equipment under long-term capital lease obligations that expire at various dates through July 2022. As of September 30, 2005, we had an outstanding balance of \$6.3 million in capital lease obligations. Our capital lease obligations are at the following locations and in the following principal amounts: at the Pavilion Theatre, building, land and improvements for \$6.1 million; at FiberSat, certain computer and satellite equipment for \$248,000; at our executive offices, telephone equipment in the remaining principal amount of \$17,000, and computer equipment for use in Managed Service's operations of \$11,000. As of September 30, 2005, minimum future capital lease payments (including interest) totaling \$19.3 million, are due as follows: \$1.3 million for the twelve months ending September 30, 2006, \$1.1 million for each twelve month period ending from September 30, 2007 through September 30, 2010, and \$13.6 million thereafter (in total). During the six months ended September 30, 2004 and 2005, we made early repayments of \$159,000 and \$70,000 on capital leases, respectively, in order to achieve interest savings and aid future cash flow.

Other significant commitments consist of obligations under non-cancelable operating leases totaled \$14.5 million as of September 30, 2005 and are payable in varying monthly installments through 2015. As of September 30, 2005, minimum future operating lease payments for the twelve months ending September 30, 2006, 2007, 2008, 2009, 2010 and thereafter (in total) were \$2.5 million, \$2.4 million, \$2.4 million, \$2.1 million, \$1.5 million, and \$3.6 million, respectively.

In May 2004, we entered into an agreement with the holder of 750,000 shares of AccessDM's common stock, to exchange all of its shares for 31,300 Shares of unregistered Class A Common Stock.. As a result of the transaction, AccessIT holds 100% of AccessDM's common stock.

In August 2004, our Board of Directors authorized the repurchase of up to 100,000 shares of Class A Common Stock. The shares will be purchased at prevailing prices from time-to-time in the open market depending on market conditions and other factors. Through September 2005 we have purchased 51,440 shares for a total purchase price of \$172,000 at an average purchase price of \$3.34 per share. As of September 30, 2005, an additional 48,560 shares of Class A Common Stock may be repurchased.

During the six months ended September 30, 2004 and 2005, we have incurred losses of \$2.7 million and \$11.8 million, respectively, and cash outflows from operating activities of \$1.4 million and \$1.8 million, respectively. In addition, we have an accumulated deficit of \$33.2 million as of September 30, 2005. Furthermore, we have total debt service requirements totaling \$634,000 million for the twelve months beginning in October 2005.

Management expects that we will continue to generate operating losses for the foreseeable future due to depreciation and amortization, research and development, the continued efforts related to the identification of acquisition targets, marketing and promotional activities and the development of relationships with other businesses. Certain of these costs could be reduced if working capital decreased. We may attempt to raise additional capital from various sources for future acquisitions or for working capital as necessary, but there is no assurance that such financing will be completed as contemplated or under terms acceptable to us, or our existing shareholders. Failure to generate

additional revenues, raise additional capital or manage discretionary spending could have a material adverse effect on our ability to continue as a going concern and to achieve our intended business objectives.

Our management believes that the net proceeds generated by our financing transaction in July 2005 combined with our cash on hand and cash receipts from existing operations will be sufficient to permit us to continue our operations for at least twelve months from the date of this report.

SUBSEQUENT EVENTS

In connection with the Conversion Agreement, in November 2005 we obtained the necessary shareholder approvals required to issue the New Warrants and the New Shares. The Company plans to file a Form S-3 with the SEC on or before November 16, 2005 to register the resale of the New Shares and the Class A Common Stock underlying the New Warrants.

In October 2005, in order to adopt a more consistent naming strategy amongst its divisions, we began referring to Hollywood SW as "AccessIT Software" and FiberSat as "AccessIT Satellite and Support Services".

In October 2005, we sent notices to the investors in the June 2004 Private Placement, informing them that the call provision on the June 2004 Private Placement Warrants has been triggered. Within thirty (30) days, the investors must either exercise their June 2004 Private Placement Warrants for cash, on a cashless basis, or allow the Company to purchase the June 2004 Private Placement Warrants for \$.05 each. In response, in November 2005 several investors exercised their June 2004 Private Placement Warrants to purchase a total of 60,000 shares by paying \$288 in cash.

In October 2005, Hollywood SW executed a lease agreement for a new headquarters facility. We entered in to a standby letter of credit in the amount of \$180 in connection with the lease.

OFF-BALANCE SHEET ARRANGEMENTS

We are not a party to any off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our business is currently principally in the United States. As a result, our financial results are not affected by factors such as changes in foreign currency exchange rates or economic conditions in foreign markets. We do not engage in hedging transactions to reduce our exposure to changes in currency exchange rates, although if the geographical scope of our business broadens, we may do so in the future.

Our exposure to market risk for changes in interest rates relates primarily to the increase or decrease in the amount of interest income that we may earn on our invested cash. Because we currently do not have any variable rate debt, there is no risk associated with fluctuating interest expense. We do not plan to use any derivative financial instruments. We plan to help ensure the safety and preservation of invested principal funds by limiting default risks, market risk and investment risk. We plan to mitigate our default risk by investing generally in low-risk securities.

ITEM 3. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934 (the "Exchange Act"). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms.

There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On July 2, 2004, we received notice that certain creditors of one of our data center customers filed an involuntary bankruptcy petition against the customer. On July 14, 2004, the customer agreed to the entry of an order granting relief under Chapter 11 of the United States Bankruptcy Code and then converted the Chapter 11 reorganization to Chapter 7 liquidation. As of December 31, 2004, we had accounts receivable of \$121,000 recorded on the unaudited Consolidated Balance Sheet related to this customer. We have a first security interest in the customer's accounts receivable and the bankruptcy trustee is attempting to validate the amount and nature of the accounts receivable. Based on information received to date, we believe that the customers accounts receivable that are deemed to be collectible are substantially in excess of the amounts recorded on our unaudited Consolidated Balance Sheet. Therefore, we believe that the amounts owed to us, and recorded on the unaudited Consolidated Balance Sheet, will be collected.

On January 26, 2005 the bankruptcy court in the matter of Norvergence approved a motion for the trustee to pay the Company \$121,000 for past due accounts receivable. Additionally, the Company has been granted the right to pursue collection of Norvergence's customer accounts receivable. The Company in settlement of its claim against Norvergence will retain any amounts collected. As of September 30, 2005, we collected approximately \$35,000 of our claim against the customer accounts receivable.

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

Our Annual Meeting of stockholders was held on September 15, 2004. Proxies for the meeting were solicited pursuant to Regulation 14A under the Exchange Act. There was no solicitation of proxies in opposition to management's nominees as listed in the proxy statement and all of management's nominees were elected to our Board of Directors. Details of the voting are provided below:

PROPOSAL 1: Election of Directors and Directors whose terms continue beyond the 2005 Annual Meeting:
(Term expiring in 2006)

	VOTES FOR -----	VOTES WITHHELD -----
A. Dale Mayo	17,142,976	167,677
Kevin J. Farrell	17,087,876	222,777
Gary S. Loffredo	17,088,876	221,777
Brett E. Marks	17,088,876	221,777
Wayne L. Clevenger	17,099,976	210,677
Gerald C. Crotty	17,080,876	229,777
Robert Davidoff	17,025,676	284,977
Matthew W. Finlay	17,101,376	209,277

PROPOSAL 2:

To amend AccessIT's first amended and restated 2000 stock option Plan to increase the total number of Class A Shares available from the Grant of options thereunder from 850,000 to 1,100,000 share

	VOTES FOR -----	VOTES AGAINST -----	ABSTENTIONS -----
	15,239,091	209,243	34,795

PROPOSAL 3:

Election to approve the issuance of 453,175 shares of Class A Common Stock in connection with the Private Placement of Convertible Debentures Convertible into such Common Stock

	VOTES FOR -----	VOTES AGAINST -----	ABSTENTIONS -----
	15,217,330	156,207	109,592

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The exhibits are listed in the Exhibit Index beginning on page 35 herein.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACCESS INTEGRATED TECHNOLOGIES, INC. (Registrant)

Date: November 14, 2005

BY: /S/ A. DALE MAYO

A. Dale Mayo
President and Chief Executive
Officer and Director
(Principal Executive Officer)

Date: November 14, 2005

BY: /S/ BRIAN D. PFLUG

Brian D. Pflug
Senior Vice President - Accounting
& Finance
(Principal Financial Officer)

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
10.1*	Digital Cinema Framework Agreement, dated as of June 12, 2005, by and among Access Integrated Technologies, Inc., Access Digital Media, Inc., Christie/AIX, Inc., and Christie Digital Systems USA, Inc.
10.2	Letter Agreement Amending the Digital Cinema Framework Agreement, dated August 31, 2005 by and among Access Integrated Technologies, Inc., Access Digital Media Inc., Christie/AIX, Inc., and Christie Digital Systems USA, Inc.
10.3	Amended and Restated Digital Cinema Framework Agreement, dated as of September 30, 2005 by and among Access Integrated Technologies, Inc., Access Digital Media, Inc., Christie/AIX, Inc., and Christie Digital Systems USA, Inc.
10.4*	Digital Cinema Deployment Agreement, dated September 14, 2005 by and among Buena Vista Pictures Distribution, Christie/AIX, Inc., and Christie Digital Systems USA, Inc.
10.5*	Digital Cinema Deployment Agreement, dated October 12, 2005 by and between Twentieth Century Fox Film Corporation and Christie/AIX, Inc.
31.1	Officers Certificate 15 U.S.C. 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Officers Certificate 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

* Specific portions of this agreement have been omitted and have been filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment in accordance with Rule 24B-2 under the Securities Exchange Act of 1934

CONFIDENTIAL TREATMENT REQUESTED BY ACCESS INTEGRATED TECHNOLOGIES, INC. OF CERTAIN PORTIONS OF THIS AGREEMENT IN ACCORDANCE WITH RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934.

DIGITAL CINEMA FRAMEWORK AGREEMENT

DIGITAL CINEMA FRAMEWORK AGREEMENT, dated as of June 12, 2005 (this "Agreement"), by and among ACCESS INTEGRATED TECHNOLOGY, INC., a Delaware corporation ("AIX"), ACCESS DIGITAL MEDIA, INC., a Delaware corporation ("ADM"), CHRISTIE/AIX, INC., a Delaware corporation ("Christie/AIX"), and CHRISTIE DIGITAL SYSTEMS USA, INC., a California corporation ("Christie").

W I T N E S S E T H :

WHEREAS, ADM is a wholly-owned subsidiary of AIX, and Christie/AIX is a wholly-owned subsidiary of ADM;

WHEREAS, Christie is a leading provider of digital cinema projection systems and related services;

WHEREAS, the parties desire to implement a program for the deployment of digital cinema projection systems incorporating certain AIX technology, under which:

(a) Christie/AIX would enter into distributor agreements ("Distributor Agreements") with film distributors ("Distributors"), which Distributor Agreements would provide, inter alia, for the payment of virtual print fees for the booking of digital titles to cinema auditoriums equipped with Digital Systems (as defined below);

(b) Christie/AIX would enter into license agreements (or in lieu thereof such other form of agreement as the parties may determine to be suitable) ("Exhibitor License Agreements") with *** ("***) and one or more other film exhibitors ("Exhibitors"), which Exhibitor License Agreements would provide, inter alia, for the license and deployment of Digital Systems to the Exhibitor, the right to install a satellite dish on the roof of each cineplex where Digital Systems are deployed and a requirement that the Exhibitor acquire a Central Server (as defined below) as part of each Digital System deployed to the Exhibitor;

(c) Christie would enter into service contracts ("Digital Cinema Service Contracts") with Exhibitors, under which Christie would provide to Exhibitors installation, maintenance and support services for Digital Systems deployed pursuant to the Exhibitor License Agreements;

(d) Christie and Christie/AIX would enter into a supply agreement (the "Supply Agreement"), under which Christie would supply Digital Systems to Christie/AIX for license and deployment of such Digital Systems in accordance with the terms of the Exhibitor License Agreements; and

***** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE**

SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

(e) Christie/AIX would seek to raise at least *** in equity financing to fund the purchase from Christie of the first 200 Digital Cinema Projection Systems (as defined below) and associated Central Servers (as defined below) to be deployed under Exhibitor License Agreements, and would seek to arrange additional debt and/or additional equity financing to finance the purchase from Christie of up to an additional 2300 Digital Cinema Projection Systems and associated Central Servers for deployment under the Exhibitor License Agreements.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants hereinafter contained, the parties hereto hereby agree as follows:

ARTICLE I TERM

Section 1.01. TERM. Unless terminated earlier in accordance with the provisions of this Agreement, the term of this Agreement shall commence on the date of this Agreement and shall continue until December 31, 2018, and thereafter shall be automatically extended for additional one year periods unless either party gives to the other party written notice of termination, with or without cause, at least thirty (30) days prior to the end of the original term or any one-year extension period.

ARTICLE II DISTRIBUTOR TERM SHEETS AND DISTRIBUTOR AGREEMENTS

Section 2.01. DISTRIBUTOR TERM SHEETS. Prior to the date of this Agreement, Christie has executed a non-binding term sheet or letter of intent with each of Disney and Universal. For a reasonable period of time after the execution of this Agreement, Christie will use commercially reasonable efforts to negotiate and sign non-binding term sheets or letters of intent or other equivalents ("Term Sheets"), on the most favorable terms possible, with each of Fox, Paramount, Sony Pictures Entertainment and Warner Brothers (together with Disney and Universal, the "Major Film Distributors"), and such other Distributors, including Dreamworks and New Line, as the parties consider appropriate, regarding the payment of virtual print fees in connection with the booking of digital titles to cinema auditoriums equipped with Digital Systems. Christie and Christie/AIX will work closely together on all matters relating to the negotiation and execution of each Term Sheet, and Christie and Christie/AIX will promptly inform each other of any material changes or developments relating to the negotiation and execution of each Term Sheet.

Section 2.02. DISTRIBUTOR AGREEMENTS. When Term Sheets have been executed between Christie and three (3) of the Major Film Distributors, or two (2) of the Major Film Distributors and both of Dreamworks and New Line, then, upon the written approval of Christie/AIX (which approval will not be unreasonably

***** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE**

SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

withheld or delayed), Christie will assign such Term Sheets to Christie/AIX, and Christie/AIX will use commercially reasonable efforts to negotiate and execute a Distributor Agreement with each Distributor which is a party to an assigned Term Sheet, based on the relevant Term Sheet. Thereafter, when a Term Sheet is executed between Christie and a Distributor, then, upon the written approval of Christie/AIX (which approval will not be unreasonably withheld or delayed), Christie will assign such Term Sheet to Christie/AIX and Christie/AIX will use commercially reasonable efforts to negotiate and execute a Distributor Agreement with such Distributor based on such Term Sheet. Christie/AIX and Christie will work closely together on all matters relating to the negotiation and execution of each Distributor Agreement, and Christie/AIX and Christie will promptly inform each other of any material changes or developments relating to the negotiation and execution of each Term Sheet.

ARTICLE III EXHIBITOR LICENSE AGREEMENTS

Section 3.01. *** AGREEMENT. When Term Sheets have been executed between Christie and three (3) of the Major Film Distributors, or two (2) of the Major Film Distributors and both of Dreamworks and New Line, Christie/AIX will use commercially reasonable efforts to negotiate and execute an Exhibitor License Agreement with *** (the "*** Exhibitor License Agreement"). Christie/AIX and Christie will work closely together on all matters relating to the negotiation and execution of the *** Exhibitor License Agreement, and Christie/AIX and Christie will promptly inform each other of any material changes or developments relating to the negotiation and execution of the *** Exhibitor License Agreement.

Section 3.02. OTHER EXHIBITOR LICENSE AGREEMENTS. When and as considered appropriate by the parties, Christie/AIX will use commercially reasonable efforts to negotiate and execute an Exhibitor License Agreement with Exhibitors other than ***, including the owner of the *** theaters at the *** in *** and ***. Christie/AIX and Christie will work closely together on all matters relating to the negotiation and execution of each such Exhibitor License Agreement, and Christie/AIX and Christie will promptly inform each other of any material changes or developments relating to the negotiation and execution of each such Exhibitor License Agreement.

ARTICLE IV SUPPLY OF DIGITAL SYSTEMS BY CHRISTIE

Section 4.01. DEFINITIONS. As used in this Agreement:

(a) "DIGITAL CINEMA PROJECTION SYSTEM" means a digital cinema projection system consisting of a DLP Cinema(TM) 2k projector, capable of both 2-D and 3-D display, a digital cinema server, and such other system components and software as are required to meet the applicable technical specifications and any applicable system upgrade requirements specified in the Distributor Agreements and the Exhibitor License Agreements.

(b) "CENTRAL SERVER" means, collectively, a central library server, with AIX's Theatre Command Center software (including MySQL database software)

***** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.**

installed, connecting all Digital Cinema Projection Systems within a theatre complex, together with a storage array, computer rack, Uninterrupted Power Source (UPS), main switch and patch panel.

(c) "DIGITAL SYSTEM" means a system consisting of one or more Digital Cinema Projection Systems and one Central Server.

Section 4.02. SUPPLY OF DIGITAL SYSTEMS. As soon as reasonably practical following the execution of this Agreement, Christie and Christie/AIX shall in good faith negotiate and execute a mutually agreeable Supply Agreement for the supply of Digital Systems by Christie to Christie/AIX for deployment pursuant to the terms of the Exhibitor License Agreements. The Supply Agreement will include provisions for:

(a) the supply of up to 2500 Digital Cinema Projection Systems by Christie to Christie/AIX, as ordered from time to time by Christie/AIX from Christie, at a purchase price (FOB factory) of *** for the first 1000 Digital Cinema Projection Systems and *** for the remaining 1500 Digital Cinema Projection Systems;

(b) the supply of Central Servers by Christie to Christie/AIX, in such quantities as may be required for installation of Digital Systems at cineplex locations pursuant to the Exhibitor License Agreements, at a purchase price (FOB factory) equal to the sum of (i) the standard purchase price then quoted by Dell for its 2850 server and AX100 storage array or equivalent, (ii) the market price for computer rack, Uninterrupted Power Source (UPS), main switch and patch panel, (iii) the per server cost of the MySQL software license obtained by ADM for the MySQL database software included in the AIX Theater Command Software, as such cost is reimbursed by Christie to ADM, plus (iv) as reimbursement for license fees to be paid by Christie to ADM under the OEM License Agreement (as defined in Section 5.01 below), *** per screen for each screen in the cineplex location where such Central Server is installed (the total estimated amount of the items referred to in clauses (i) through (iii) being approximately ***);

(c) the purchase of an initial 100 Digital Cinema Projection Systems, and Central Servers associated therewith, subject to satisfaction or waiver of the following conditions (which are solely for the benefit of Christie/AIX and may be waived by Christie/AIX in writing):

(i) the execution of Term Sheets between Christie and each of three (3) of the Major Film Distributors, or two (2) of the Major Film Distributors and both of Dreamworks and New Line, and the assignment of such Term Sheets by Christie to Christie/AIX;

(ii) the availability to Christie/AIX of at least *** in First Tranche (as defined in Article VIII below) equity financing for the purchase of Digital Systems;

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(d) the purchase of an additional 100 Digital Cinema Projection Systems, and Central Servers associated therewith, subject to satisfaction or waiver of the following conditions (which are solely for the benefit of Christie/AIX and may be waived by Christie/AIX in writing):

(i) the execution of Distributor Agreements between Christie/AIX and three (3) of the Major Film Distributors, or two (2) of the Major Film Distributors and both of Dreamworks and New Line;

(ii) the execution of an Exhibitor License Agreement between Christie/AIX and ***; and

(iii) the availability to Christie/AIX of at least *** in Second Tranche (as defined in Article VIII below) equity financing for the purchase of Digital Systems;

(e) the purchase of up to 2300 additional Digital Cinema Projection Systems, and Central Servers associated therewith, subject to satisfaction or waiver of all of the conditions set forth in (c) and (d) above and subject to the continuing availability of the debt financing referred to in Section 8.02 below.

ARTICLE V LICENSE OF ACCESS SOFTWARE

Section 5.01. OEM LICENSE AGREEMENT. As soon as reasonably practical following the execution of this Agreement, Christie and ADM shall in good faith negotiate and execute a mutually agreeable OEM license agreement (the "OEM License Agreement") providing for the grant of a license by ADM to Christie to install AIX's Theatre Command Center Software to Central Servers and distribute AIX's Theatre Command Center Software as installed by Christie to such Central Servers. The OEM License Agreement will include provisions for:

(a) payment of license fees with respect to AIX's Theatre Command Center Software installed to Central Servers supplied by Christie to Christie/AIX for deployment by Christie/AIX to *** pursuant to the *** Exhibitor License Agreement, in the amount of *** per screen for each screen in the cineplex location where such Central Server is installed; and

(b) payment of license fees with respect to AIX's Theatre Command Center Software installed to Central Servers sold, leased or licensed by Christie (other than as provided for in paragraph (a) above), in the amount of *** for the first four (4) screens, and *** per screen for each screen in excess of four (4) screens, at the cineplex location where such Central Server is installed.

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**ARTICLE VI
DIGITAL SYSTEM SUPPORT SERVICES**

Section 6.01. *** SERVICE AGREEMENT. In connection with the execution of the *** Exhibitor License Agreement, Christie will use commercially reasonable efforts to concurrently sign a Digital Cinema Service Contract with *** (the "*** Service Agreement") to be coterminous with the term of the *** Exhibitor License Agreement. Christie and Christie/AIX will work closely together on all matters relating to the negotiation and execution of the *** Service Agreement, and Christie and Christie/AIX will promptly inform each other of any material changes or developments relating to the negotiation and execution of the *** Service Agreement.

Section 6.02. OTHER EXHIBITOR SERVICE AGREEMENTS. In connection with the execution of any Exhibitor License Agreement between Christie/AIX and any Exhibitor other than ***, Christie will use commercially reasonable efforts to concurrently execute a Digital Cinema Service Contract with such Exhibitor to be coterminous with the term of the Exhibitor License Agreement between Christie/AIX and such Exhibitor. Christie and Christie/AIX will work closely together on all matters relating to the negotiation and execution of each Digital Cinema Service Contract, and Christie and Christie/AIX will promptly inform each other of any material changes or developments relating to the negotiation and execution of each such Digital Cinema Service Contract.

Section 6.03. SCOPE OF SERVICES. Christie will use commercially reasonable efforts to include in the *** Service Agreement and any Digital Cinema Service Contract provisions:

- (a) for installation of Digital Systems, and for payment to Christie of an installation fee in the amount of *** for each Digital Cinema Projection System installed;
- (b) for at least 19/7 technical support by telephone, preventative and emergency maintenance services and monitoring services, and for payment to Christie of an annual service fee in the amount of **** per screen, adjusted annually in accordance with any increase in the CPI index;
- (c) consistent with any service related requirements under any of the Distribution Agreements in effect as of the time the *** Service Agreement or any Digital Cinema Service Contract is entered into; and
- (d) for assignability to an alternate service provider in the event Christie is required to assign the *** Service Agreement and/or any Digital Cinema Service Contract to an alternate service provider as may be required under such terms as may be agreed to by Christie in connection with any debt financing made available to Christie/AIX.

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Section 6.04. DELIVERY SERVICES. Christie will cooperate with AIX and Christie/AIX in connection with the efforts of AIX and Christie/AIX to become the exclusive provider of digital delivery services (whether through satellite, fiber, hard-drive or other means) to any Distributors or Exhibitors requiring such services.

**ARTICLE VII
SERVICES PROVIDED BY AIX TO CHRISTIE/AIX**

Section 7.01. BACK OFFICE SERVICES. AIX will provide Christie/AIX with back office services, including with respect to accounting and personnel. AIX will charge Christie/AIX customary fees for providing such services, not to exceed a budgeted amount as agreed to between AIX and Christie from time to time and in any event such budgeted amount shall be agreed upon no less frequently than annually.

**ARTICLE VIII
FINANCING**

Section 8.01. INITIAL EQUITY FINANCING. Christie/AIX will use commercially reasonable efforts to obtain, on terms and conditions acceptable to Christie/AIX in its sole discretion, at least *** in equity financing to fund the purchase from Christie and deployment of the first 200 Digital Cinema Projection Systems and associated Central Servers to be deployed under Exhibitor License Agreements. Christie/AIX will seek to obtain such equity financing in a first tranche of up to *** to be completed by July 31, 2005 (the "First Tranche") and a second tranche of up to *** to be completed by September 30, 2005 (the "Second Tranche"), *** of each such tranche, for a total of ***, to be allocated for use as contemplated by the preceding sentence.

Section 8.02. DEBT AND/OR ADDITIONAL EQUITY FINANCING. Christie/AIX will use commercially reasonable efforts to arrange or obtain, on terms and conditions acceptable to Christie/AIX in its sole discretion, debt financing and/or additional equity financing to fund the purchase from Christie and deployment of up to an additional 2300 Digital Cinema Projection Systems and associated Central Servers to be deployed under Exhibitor License Agreements.

Section 8.03. COOPERATION. Christie will use commercially reasonable efforts to assist AIX and/or Christie/AIX in securing the equity and debt financing contemplated by this Article VIII. The parties hereto will reasonably cooperate to seek to accommodate reasonable requests of funding sources with respect to any such equity or debt financing, including amendment of this Agreement or agreements entered into pursuant to this Agreement in respects which do not materially affect the economic benefits accruing to the parties under this Agreement or agreements entered into pursuant to this Agreement.

Section 8.04. POSSIBLE EQUITY PARTICIPATION BY CHRISTIE IN CHRISTIE/AIX. In connection with the funding of either the First Tranche or the Second Tranche, Christie shall have the right to acquire shares of Christie/AIX in

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exchange for an equity investment of up to *** on the same terms and conditions as are applicable to other equity participants in the First Tranche or Second Tranche, as applicable. Christie/AIX shall give Christie reasonable prior notice of the closing date of, and the material terms and conditions of, the First Tranche and Second Tranche, and shall specify a reasonable period of time within which Christie shall be required to respond in order to be able to exercise its right to participate in either the First Tranche or the Second Tranche.

ARTICLE IX JOINT MARKETING

Section 9.01. **MARKETING AND PROMOTION.** Each of Christie/AIX and Christie agree to cross-market each other's products and services and to undertake such additional promotional activities as may be agreed to between the parties from time to time; provided, however, that neither Christie/AIX nor Christie shall be obligated to market or promote a product or service of the other party if such product or service competes with any of its own products or services.

ARTICLE X CASH FLOW SHARE

Section 10.01. **CASH FLOW SHARE.** If Christie/AIX is successful in obtaining the equity funding and debt financing referred to in Article VIII, and Christie/AIX installs more than 200 Digital Cinema Projection Systems (with associated Central Servers), any positive cash flow generated by Christie/AIX after deducting any and all of its costs and expenses, including, without limitation, interest expenses, taxes, debt service and any and all amounts payable by Christie/AIX to AIX and/or Christie for products and services (including administrative charges) provided hereunder or under the agreements contemplated hereby (the "Cash Flow"), shall be allocated and paid as follows:

- (a) first, until all interest, principal and other amounts in respect of the debt financing contemplated by Article VIII have been paid in full, such amounts up to 100% of Cash Flow as are required to satisfy current debt service, debt repayment and cash retention requirements relating to such debt financing;
- (b) then, to the extent of Cash Flow remaining after application of paragraph (a) and until all payments under this paragraph (b) have been made in full:
 - (i) first, such amounts up to 100% of Cash Flow as are required to pay to the equityholders of Christie/AIX (the "Equityholders") a cumulative dividend equal to ***% per annum with respect to the outstanding balance (as reduced from time to time by payments under (b(ii)) of the equity funding made available by the Equityholders to Christie/AIX; and
 - (ii) second, such amounts up to 100% of Cash Flow as are required to pay to the Equityholders dividends in a total aggregate amount equal to the equity funding amount made available by the Equityholders to Christie/AIX; and

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(c) then, after all interest, principal and other amounts in respect of the debt financing contemplated by Article VIII and all amounts required under paragraph (b) have been paid in full and until the end of the calendar year in which the last payment of virtual print fees is made under any of the Distributor Agreements, *** percent (***) of the Cash Flow shall be allocated to and paid to Christie and *** percent (***) of the Cash Flow shall be allocated to Christie/AIX, which allocation and disposition shall be made as often as reasonably practical, but not less than annually.

Section 10.02. DISPUTED PAYMENTS; ARBITRATION. If a dispute arises in good faith with respect to any amount due under this Agreement or any other agreement executed between any of the parties hereto as contemplated hereby, the payor shall pay any undisputed amount, if any, when and as due, and shall promptly pay such further amount as may be required upon resolution of the dispute. If any such dispute cannot be resolved by amicable discussion between the parties, such dispute shall be arbitrated in accordance with the rules, procedures and practices of the American Arbitration Association before a single arbitrator located in New York City and agreed to by the parties.

Section 10.03. CURRENCY. All invoices hereunder shall be rendered, and all payments hereunder shall be made, in U.S. Dollars.

Section 10.04. NO EQUITY INTEREST OR PARTNERSHIP. Nothing contained in this Article X does give or shall be construed as giving to Christie any equity interest in Christie/AIX, or creates or shall be construed as creating any partnership or joint venture between Christie and Christie/AIX.

ARTICLE XI ADM CINEMA CORPORATION ROLL-IN

Section 11.01. ADM CINEMA CORPORATION ROLL-IN. ADM Cinema Corporation, a Delaware corporation and wholly owned subsidiary of AIX ("ADM Cinema") previously purchased from Christie, and is the owner of, five (5) digital cinema projectors and related equipment (the "ADM Cinema Units") currently located at the Pavillion Movie Theater, 188 Prospect Park West, Brooklyn, NY 11215. Christie and Christie/AIX agree that, in connection with the deployment of Digital Systems by Christie/AIX, Christie and Christie/AIX will, upon the execution of an Exhibitor License Agreement between Christie/AIX and ADM Cinema and a Digital Cinema Service Agreement between Christie and ADM Cinema with respect to the ADM Cinema Units, proceed as follows:

(a) Christie will invoice to ADM Cinema the *** per projector installation charge payable by ADM Cinema to Christie under the Digital Cinema Service Agreement to be entered into between ADM Cinema and Christie, and will

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credit against such amount the installation charges previously paid by ADM Cinema to Christie for installation of the ADM Cinema Units;

(b) Christie will refund to ADM Cinema the full purchase price of the ADM Cinema Units previously paid by ADM Cinema to Christie, less the outstanding invoice amount after credit under the invoice issued by Christie under paragraph (a) above, which invoice shall thereupon be satisfied;

(c) Christie will invoice Christie/AIX in the amount of *** per unit for each of the ADM Cinema Units; and

(d) Christie/AIX will pay the amount of such invoice to Christie.

ARTICLE XII USE OF CHRISTIE NAME

Section 12.01. USE OF CHRISTIE NAME. AIX and Christie/AIX acknowledge that "Christie" is a registered trademark of Christie. Christie/AIX shall have the right to use the name "Christie" in its corporate name until such time as Christie may require discontinuation of such use by written notice thereof given by Christie to Christie/AIX. Upon any such notice, Christie/AIX shall, as promptly as reasonably possible, change its corporate name to remove "Christie" therefrom and discontinue use of the Christie name in connection with its business. For so long as the name "Christie" is included in the corporate name of Christie/AIX, Christie/AIX shall refrain from any action which may be injurious to the good reputation of Christie.

ARTICLE XIII TERMINATION

Section 13.01. TERMINATION FOR CHRISTIE BREACH. AIX or Christie/AIX may terminate this Agreement by written notice to Christie in the event Christie materially breaches or defaults in its performance under this Agreement and fails to cure such breach within thirty (30) days after notice of such breach by the notifying party.

Section 13.02. TERMINATION FOR AIX OR CHRISTIE/AIX BREACH. Christie may terminate this Agreement by written notice to AIX in the event AIX or Christie/AIX materially breaches or defaults in its performance under this Agreement and fails to cure such breach within thirty (30) days after notice of such breach by the notifying party.

Section 13.03. DISTRIBUTOR MATTERS. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event that

(a) Christie has not executed, and assigned to Christie/AIX, Term Sheets with at least three (3) of the Major Film Distributors, or, alternatively, at least two (2) of the Major Film Distributors and both of Dreamworks and New Line, on or before June 30, 2005; or

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(b) Christie/AIX has not signed Distributor Agreements with at least three (3) of the Major Film Distributors, or, alternatively, at least two (2) of the Major Film Distributors and both of Dreamworks and New Line, on or before August 31, 2005.

Section 13.04. *** MATTERS. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event that both the *** Exhibitor License Agreement between Christie/AIX and *** and the *** Service Agreement between *** and Christie have not been executed by the respective parties thereto on or before August 31, 2005.

Section 13.05. INITIAL PURCHASE ORDER. Christie may terminate this Agreement by written notice to the other parties to this Agreement in the event Christie/AIX does not submit to Christie a firm purchase order for the initial 100 Digital Cinema Projection Systems and associated Central Servers on or before July 31, 2005 and a firm purchase order for the next 100 Digital Cinema Projection Systems and associated Central Servers on or before September 30, 2005.

Section 13.06. UNAVAILABILITY OF EQUITY FINANCING. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event that the First Tranche has not funded on or before July 31, 2005 or in the event the Second Tranche has not funded on or before September 30, 2005.

Section 13.07. UNAVAILABILITY OF DEBT FINANCING. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event that, at any time after initial deployment of Digital Systems to ***, deployment of Digital Systems is suspended for more than a three (3) month period due to the unavailability of debt financing during such period.

Section 13.08. OCCURRENCE OF CERTAIN EVENTS. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event of the filing of any petition under any bankruptcy law by or against any other party, the admission in writing by any other party of its inability to pay its debts when and as due, the making of any assignment for the benefit of creditors by any other party, the appointment of a receiver for any or all of the assets of any other party, the cessation of any other party's business, or the dissolution of any other party.

ARTICLE XIV EFFECT OF TERMINATION

Section 14.01. GENERAL. In the event of the expiration or any termination of this Agreement, all rights and obligations of the respective parties shall terminate as of the effective date of such expiration or termination, except

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that (i) such expiration or termination shall not constitute a waiver of any rights that any party may have by reason of a breach of this Agreement, (ii) such expiration or termination shall not constitute a waiver of any right to receive payments that are due and owing pursuant to this Agreement, including, without limitation, any payments required to be made by any Distributor or Exhibitor utilizing the Digital Systems paid for by Christie/AIX, which payments shall continue to be made to Christie/AIX, and (iii) the provisions of Articles VIII and XVI shall continue in full force and effect in accordance with their respective terms.

Section 14.02. **TERMINATION PRIOR TO DEPLOYMENT.** In the event this Agreement is terminated prior to the initial deployment of any Digital Systems by Christie due to a material breach of this Agreement by Christie/AIX, Christie/AIX shall, at the request of Christie, assign to Christie any Distributor Agreements executed by Christie/AIX pursuant to Term Sheets assigned by Christie to Christie/AIX.

ARTICLE XV WARRANTY DISCLAIMER

Section 15.01. **DISCLAIMER OF GENERAL WARRANTY BY AIX AND CHRISTIE/AIX.** EACH OF AIX AND CHRISTIE/AIX MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE PERFORMANCE OF THEIR RESPECTIVE OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE. IN NO EVENT SHALL AIX OR CHRISTIE/AIX BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, REVENUES OR DATA WHETHER BASED ON BREACH OF CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT ANY OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE LIABILITY OF CHRISTIE/AIX FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IS LIMITED TO, AND WILL NOT EXCEED, ANY DIRECT DAMAGES.

Section 15.02. **DISCLAIMER OF GENERAL WARRANTY BY CHRISTIE.** CHRISTIE MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE. IN NO EVENT SHALL CHRISTIE BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, REVENUES OR DATA WHETHER BASED ON BREACH OF CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT ANY OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE LIABILITY OF CHRISTIE FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IS LIMITED TO, AND WILL NOT EXCEED, ANY DIRECT DAMAGES.

**ARTICLE XVI
CONFIDENTIALITY**

Section 16.01. CONFIDENTIALITY. Except as may otherwise be required by applicable law, rule and regulation, including without limitation the federal securities laws and the rules and regulations promulgated thereunder, each party agrees that for the longest period permitted by applicable law, it shall hold in strictest confidence and, without the prior written approval of the other parties hereto, not use for its own benefit or disclose to any person, firm or corporation (other than as required by applicable law) any confidential proprietary information concerning the business and affairs of the other parties hereto; provided, however, that the foregoing limitations and restrictions shall not apply to information that (a) is or becomes generally available to the public other than as a result of a disclosure by the directors, officers, shareholders, partners, affiliates, employees, agents or advisors of any party, or (b) is or becomes available to one of the parties on a non-confidential basis from a source other than one of the other parties hereto or any of its advisors, agents or affiliates, provided that such source is not known by such other party, as the case may be, to be bound by a confidentiality agreement with or other obligation of secrecy to the other parties hereto. Each of the parties recognize that the absence of a time limitation in this Section 16.01 is reasonable and properly required for the protection of the other parties hereto and in the event that the absence of such limitation is deemed to be unreasonable by a court of competent jurisdiction, each party agrees submit to the imposition of such limitation(s) as said court shall deem reasonable.

Section 16.02. EQUITABLE REMEDIES Each party specifically recognizes that any breach of Section 16.01 will cause irreparable injury to the other parties hereto and that actual damages may be difficult to ascertain, and in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), each party agrees that in the event of any such breach, the other parties hereto shall be entitled to injunctive relief in addition to such other legal and equitable remedies that may be available. In addition, each party agrees that the provisions of Section 16.01 shall be considered separate and apart from the remaining provisions of this Agreement and shall be enforced as such.

**ARTICLE XVII
MISCELLANEOUS**

Section 17.01. FURTHER ASSURANCES. Each party will, at any time and from time to time after the date hereof, upon the request of any other party, do, execute, acknowledge and deliver, or shall cause to be done, executed, acknowledged and delivered, all such other instruments as may be reasonably required in connection with the performance of this Agreement and each shall take all such further actions as may be reasonably required to carry out or further effect the transactions contemplated by this Agreement. Upon request, each party will cooperate, and will its best efforts to have its officers, directors and other employees cooperate, at the requesting party's expense,

during and after the term of this Agreement in furnishing information, evidence, testimony and other assistance in connection with any actions, proceedings, arrangements or disputes involving any of the other parties hereto.

Section 17.02. NOTICES. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered

(a) when delivered personally or by private courier, (b) when actually delivered by registered or certified United States mail, return receipt requested and postage prepaid or (c) when sent by telecopy (provided, that, it is simultaneously electronically confirmed), addressed as follows:

If to Christie:

Christie Digital Systems USA, Inc.
10550 Camden Drive
Cypress, CA 90630
Attention: President

If to Christie/AIX or AIX:

c/o Access Integrated Technologies, Inc.
55 Madison Avenue
Suite 300
Morristown, NJ 07960
Attention: Gary Loffredo, Esq.

with a copy to:

Kelley Drye & Warren LLP
101 Park Avenue
New York, New York 10178
Fax No.: (212) 808-7897
Attention: Jonathan Cooperman, Esq.

or to such other address as such party may indicate by a notice delivered to the other party hereto pursuant to the terms hereof.

Section 17.03. NO MODIFICATION EXCEPT IN WRITING. This Agreement shall not be changed, modified, or amended except by a writing signed by the party to be charged and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

Section 17.04A. ENTIRE AGREEMENT. This Agreement and all other documents to be delivered in connection herewith set forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between them.

Section 17.04B. SEVERABILITY. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held

invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected unless the provision held invalid shall substantially impair the benefits of the remaining portions of this Agreement.

Section 17.05. ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by Christie without the prior written consent of Christie/AIX. AIX and/or Christie/AIX may assign this Agreement, in whole or in part, to any Affiliate of AIX or Christie/AIX or in connection with a financing, special purpose entity, merger or consolidation of AIX or Christie/AIX or a sale of all or substantially all of AIX or Christie/AIX's business. Except as provided in the preceding sentence, this Agreement may not be assigned by Christie/AIX without the prior written consent of Christie. "Affiliate" as used in this Agreement shall mean any person directly or indirectly controlling or controlled by or under direct or indirect common control with such person.

Section 17.06. PUBLICITY; ANNOUNCEMENTS. Subject to applicable law, Christie/AIX and Christie shall each be entitled to issue one or more press releases relating to the subject matter of this Agreement and/or the transactions contemplated herein; provided, however, that prior to the issuance of any such press release, the party not issuing such press release shall be entitled to review and provide reasonable comments with respect to such press release, but shall not otherwise be entitled to prevent the issuance thereof.

Section 17.07. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflict of laws principles thereof. For purposes of this Agreement, each party hereby irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York, sitting in New York County, and the courts of the United States for the Southern District of New York. Each party irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court, any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum and the right to object, with respect to any such suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such party. In any such suit, action or proceeding, each party waives, to the fullest extent it may effectively do so, personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail, addressed to such party at its address set forth in Section 17.02. Each party agrees that a final non-appealable judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding.

Section 17.08. CAPTIONS. The captions appearing in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope and intent of this Agreement or any of the provisions hereof.

Section 17.09. INTERPRETATION. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons referred to may require.

Section 17.10. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CHRISTIE/AIX, INC.

By /s/ A. Dale Mayo

Name: A. Dale Mayo
Title: CEO

ACCESS INTEGRATED TECHNOLOGIES, INC.

By/s/ A. Dale Mayo

Name: A. Dale Mayo
Title: President/CEO

ACCESS DIGITAL MEDIA, INC.

By/s/ A. Dale Mayo

Name: A. Dale Mayo
Title: CEO

CHRISTIE DIGITAL SYSTEMS USA, INC

By/s/ John M. Kline

Name: John M. Kline
Title: President/COO

**ACCESS INTEGRATED TECHNOLOGIES, INC.
ACCESS DIGITAL MEDIA, INC.
CHRISTIE/AIX, INC.**

55 Madison Avenue, Suite 300
Morristown, New Jersey 07960
973-290-0080

August 31, 2005

CHRISTIE DIGITAL SYSTEMS USA, INC.

10550 Camden Drive
Cypress, California 90360
Attention: Mr. John M. Kline
President and Chief Operating Officer

Dear Mr. Kline:

Reference is hereby made to that certain Digital Cinema Framework Agreement dated as of June 15, 2005 by and among ACCESS INTEGRATED TECHNOLOGY, INC., a Delaware corporation, ACCESS DIGITAL MEDIA, [INC., a Delaware corporation, CHRISTIE/AIX, INC., a Delaware corporation, and CHRISTIE DIGITAL SYSTEMS USA, INC., a California corporation (the "Framework Agreement").

The parties hereto hereby amend the Framework Agreement as follows:

(1) In SECTION 13.03(B) of the Framework Agreement, the date "August 31, 2005" shall be deleted and replaced with "September 30, 2005"; and

(2) In SECTION 13.04 Of the Framework Agreement, the date "August 31, 2005" shall be deleted and replaced with "September 30, 2005."

This letter agreement amends only the matters specifically set forth herein, and this letter agreement is not intended to otherwise amend, modify or waive any other term, condition or other provision of the Framework Agreement or the rights or obligations of the parties under the Framework Agreement.

August 31, 2005

This letter agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflict of laws principles thereof.

This letter agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute but one and the same agreement.

If this letter agreement is consistent with your understanding of the subject matter hereof, please so confirm by executing this letter agreement.

Very truly yours,

**ACCESS INTEGRATED
TECHNOLOGIES, INC.**

/S/ A. DALE MAYO
By:-----
Name: A. Dale Mayo
Title: CEO

ACCESS DIGITAL MEDIA, INC.

/S/ A. DALE MAYO
By:-----
Name: A. Dale Mayo
Title: CEO

CHRISTIE/AIX, INC.

/S/ A. DALE MAYO
By:-----
Name: A. Dale Mayo
Title: CEO

Acknowledged and agreed as of this 31st
day of August, 2005

CHRISTIE DIGITAL SYSTEMS USA, INC.

By: */S/JOHN M. KLINE*

Name: John M. Kline
Title: President/COO

**AMENDED AND RESTATED
DIGITAL CINEMA FRAMEWORK AGREEMENT**

AMENDED AND RESTATED DIGITAL CINEMA FRAMEWORK AGREEMENT, dated as of September 30, 2005 (this "Agreement"), by and among ACCESS INTEGRATED TECHNOLOGY, INC., a Delaware corporation ("AIX"), ACCESS DIGITAL MEDIA, INC., a Delaware corporation ("ADM"), CHRISTIE/AIX, INC., a Delaware corporation ("Christie/AIX"), and CHRISTIE DIGITAL SYSTEMS USA, INC., a California corporation ("Christie").

W I T N E S S E T H :

WHEREAS, ADM is a wholly-owned subsidiary of AIX, and Christie/AIX is a wholly-owned subsidiary of ADM;

WHEREAS, Christie is a leading provider of digital cinema projection systems and related services;

WHEREAS, the parties desire to implement a program for the deployment of digital cinema projection systems incorporating certain AIX technology, under which:

(a) Christie/AIX would enter into distributor agreements ("Distributor Agreements") with film distributors ("Distributors"), which Distributor Agreements would provide, inter alia, for the payment of virtual print fees for the booking of digital titles to cinema auditoriums equipped with Digital Systems (as defined below);

(b) Christie/AIX would enter into license agreements (or in lieu thereof such other form of agreement as the parties may determine to be suitable) ("Exhibitor License Agreements") with one or more film exhibitors ("Exhibitors"), which Exhibitor License Agreements would provide, inter alia, for the license and deployment of Digital Systems to the Exhibitor, the right to install a satellite dish on the roof of each cineplex where Digital Systems are deployed and a requirement that the Exhibitor acquire a Central Server (as defined below) as part of each Digital System deployed to the Exhibitor;

(c) Christie would enter into service contracts ("Digital Cinema Service Contracts") with Exhibitors, under which Christie would provide to Exhibitors installation, maintenance and support services for Digital Systems deployed pursuant to the Exhibitor License Agreements;

(d) Christie and Christie/AIX would enter into a supply agreement (the "Supply Agreement"), under which Christie would supply Digital Systems to Christie/AIX for license and deployment of such Digital Systems in accordance with the terms of the Exhibitor License Agreements; and

(e) Christie/AIX would seek to raise at least \$15,000,000 in equity financing to fund the purchase from Christie of the first 200 Digital Cinema

Projection Systems (as defined below) and associated Central Servers to be deployed under Exhibitor License Agreements, and would seek to arrange additional equity and/or debt financing to finance the purchase from Christie of up to an additional 3800 Digital Cinema Projection Systems and associated Central Servers for deployment under the Exhibitor License Agreements.

WHEREAS, the parties have previously executed a Digital Cinema Framework Agreement dated as of June 21, 2005, as amended (the "Prior Agreement"),

WHEREAS, the parties desire to amend and restate the Prior Agreement to read in its entirety as set forth herein,

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants hereinafter contained, the parties hereto agree that the Prior Agreement is hereby amended and restated to read in its entirety as set forth herein:

ARTICLE I TERM

Section 1.01. **TERM.** Unless terminated earlier in accordance with the provisions of this Agreement, the term of this Agreement shall commence on the date of this Agreement and shall continue until December 31, 2018, and thereafter shall be automatically extended for additional one year periods unless either party gives to the other party written notice of termination, with or without cause, at least thirty (30) days prior to the end of the original term or any one-year extension period.

ARTICLE II DISTRIBUTOR TERM SHEETS AND DISTRIBUTOR AGREEMENTS

Section 2.01. **DISTRIBUTOR TERM SHEETS.** Prior to the date of this Agreement, Christie has executed a non-binding term sheet or letter of intent with each of Disney, Fox and Universal. For a reasonable period of time after the execution of this Agreement, Christie will use commercially reasonable efforts to negotiate and sign non-binding term sheets or letters of intent or other equivalents ("Term Sheets"), on the most favorable terms possible, with each of Paramount, Sony Pictures Entertainment and Warner Brothers (together with Disney, Fox and Universal, the "Major Film Distributors"), and such other Distributors as the parties consider appropriate, regarding the payment of virtual print fees in connection with the booking of digital titles to cinema auditoriums equipped with Digital Systems. Christie and Christie/AIX will work closely together on all matters relating to the negotiation and execution of each Term Sheet, and Christie and Christie/AIX will promptly inform each other of any material changes or developments relating to the negotiation and execution of each Term Sheet.

Section 2.02 **DISTRIBUTOR AGREEMENTS.** Christie has assigned to Christie/AIX the Term Sheets executed between Christie and each of Disney, Fox and Universal, and Christie/AIX will use commercially reasonable efforts to negotiate and execute a Distributor Agreement with each Distributor which is a party to such assigned Term Sheets, based on the relevant Term Sheet. When any Term Sheet is

hereafter executed between Christie and a Distributor, then, upon the written approval of Christie/AIX (which approval will not be unreasonably withheld or delayed), Christie will assign such Term Sheet to Christie/AIX and Christie/AIX will use commercially reasonable efforts to negotiate and execute a Distributor Agreement with such Distributor based on such Term Sheet. The parties may at any time choose to proceed directly to negotiation of a Distributor Agreement between Christie/AIX and a Distributor without the execution of a Term Sheet between Christie and such Distributor. Christie/AIX and Christie will work closely together on all matters relating to the negotiation and execution of each Distributor Agreement, and Christie/AIX and Christie will promptly inform each other of any material changes or developments relating to the negotiation and execution of each Term Sheet.

ARTICLE III EXHIBITOR LICENSE AGREEMENTS

Section 3.01 EXHIBITOR LICENSE AGREEMENTS. Christie/AIX will use commercially reasonable efforts to negotiate and execute an Exhibitor License Agreement with appropriate Exhibitors, including the owner of the Citywalk theaters at the Universal theme parks in Orlando, Florida and Los Angeles, California. Christie/AIX and Christie will work closely together on all matters relating to the negotiation and execution of each such Exhibitor License Agreement, and Christie/AIX and Christie will promptly inform each other of any material changes or developments relating to the negotiation and execution of each such Exhibitor License Agreement.

ARTICLE IV SUPPLY OF DIGITAL SYSTEMS BY CHRISTIE

Section 4.01. DEFINITIONS. As used in this Agreement:

(a) "DIGITAL CINEMA PROJECTION SYSTEM" means a digital cinema projection system consisting of a DLP Cinema(TM) 2k projector, capable of both 2-D and 3-D display, a digital cinema server, and such other system components and software as are required to meet the applicable technical specifications and any applicable system upgrade requirements specified in the Distributor Agreements and the Exhibitor License Agreements.

(b) "CENTRAL SERVER" means, collectively, a central library server, with AIX's Theatre Command Center software (including MySQL database software) installed, connecting all Digital Cinema Projection Systems within a theatre complex, together with a storage array, computer rack, Uninterrupted Power Source (UPS), main switch and patch panel.

(c) "DIGITAL SYSTEM" means a system consisting of one or more Digital Cinema Projection Systems and one Central Server.

Section 4.02 SUPPLY OF DIGITAL SYSTEMS. Christie and Christie/AIX have executed a Digital System Supply Agreement dated as of August 5, 2005.

Concurrently with the execution of this Agreement, Christie and Christie/AIX have executed an Amended and Restated Digital System Supply Agreement.

**ARTICLE V
LICENSE OF ACCESS SOFTWARE**

Section 5.01 OEM LICENSE AGREEMENT. Pursuant to this Agreement, Christie and ADM have executed an OEM License Agreement for the grant of a license by ADM to Christie to install AIX's Theatre Command Center Software to Central Servers and distribute AIX's Theatre Command Center Software as installed by Christie to such Central Servers.

**ARTICLE VI
DIGITAL SYSTEM SUPPORT SERVICES**

Section 6.01 SERVICE CONTRACTS WITH EXHIBITORS. In connection with the execution of any Exhibitor License Agreement between Christie/AIX and any Exhibitor, Christie will use commercially reasonable efforts to concurrently execute a Digital Cinema Service Contract with such Exhibitor to be coterminous with the initial term of the Exhibitor License Agreement between Christie/AIX and such Exhibitor. Christie and Christie/AIX will work closely together on all matters relating to the negotiation and execution of each Digital Cinema Service Contract, and Christie and Christie/AIX will promptly inform each other of any material changes or developments relating to the negotiation and execution of each such Digital Cinema Service Contract.

Section 6.02 SCOPE OF SERVICES. Christie will use commercially reasonable efforts to include in any Digital Cinema Service Contract provisions:

- (a) for payment to Christie of an up front fee in an amount not to exceed \$11,000 for each Digital Cinema Projection System installed, and annual per screen service fees, adjusted in accordance with any increase in the CPI index;
- (b) for at least 19/7 technical support by telephone, for twice yearly preventative maintenance services, for prompt emergency repair services, and for monitoring services; and
- (c) for assignability to an alternate service provider in the event Christie is required to assign any Digital Cinema Service Contract to an alternate service provider as may be required under such terms as may be agreed to by Christie in connection with any debt financing made available to Christie/AIX.

Section 6.03 DELIVERY SERVICES. Christie will cooperate with AIX and Christie/AIX in connection with the efforts of AIX and Christie/AIX to become the exclusive provider of digital delivery services (whether through satellite, fiber, hard-drive or other means) to any Distributors or Exhibitors requiring such services.

**ARTICLE VII
SERVICES PROVIDED BY AIX TO CHRISTIE/AIX**

Section 7.01. **BACK OFFICE SERVICES.** AIX will provide Christie/AIX with back office services, including with respect to accounting and personnel. AIX will charge Christie/AIX customary fees for providing such services, not to exceed a budgeted amount as agreed to between AIX and Christie from time to time and in any event such budgeted amount shall be agreed upon no less frequently than annually.

**ARTICLE VIII
FINANCING**

Section 8.01. **INITIAL EQUITY FINANCING.** Christie/AIX will use commercially reasonable efforts to obtain, on terms and conditions acceptable to Christie/AIX in its sole discretion, at least \$15,000,000 in equity financing to fund the purchase from Christie and deployment of the first 200 Digital Cinema Projection Systems and associated Central Servers to be deployed under Exhibitor License Agreements. Christie/AIX has obtained equity financing in a first tranche of \$7,500,000 (the "First Tranche") and will seek to obtain equity financing in a second tranche of \$7,500,000 (the "Second Tranche") for a total of \$15,000,000.

Section 8.02 **DEBT AND/OR ADDITIONAL EQUITY FINANCING.** Christie/AIX will use commercially reasonable efforts to arrange or obtain, on terms and conditions acceptable to Christie/AIX in its sole discretion, debt financing and/or additional equity financing to fund the purchase from Christie and deployment of up to an additional 3800 Digital Cinema Projection Systems and associated Central Servers to be deployed under Exhibitor License Agreements.

Section 8.03 **COOPERATION.** Christie will use commercially reasonable efforts to assist AIX and/or Christie/AIX in securing the equity and debt financing contemplated by this Article VIII. The parties hereto will reasonably cooperate to seek to accommodate reasonable requests of funding sources with respect to any such equity or debt financing, including amendment of this Agreement or agreements entered into pursuant to this Agreement in respects which do not materially affect the economic benefits accruing to the parties under this Agreement or agreements entered into pursuant to this Agreement.

Section 8.04 **POSSIBLE EQUITY PARTICIPATION BY CHRISTIE IN CHRISTIE/AIX.** Christie has elected not to participate in the funding of the First Tranche. In connection with the funding of the Second Tranche, Christie shall have the right to acquire shares of Christie/AIX in exchange for an equity investment of up to \$2,000,000 on the same terms and conditions as are applicable to other equity participants in the Second Tranche. Equity participation in the Second Tranche and in any future tranches of equity investment by AccessIT or its Affiliates, and any equity participation by Christie in the Second Tranche, will be at the same price per share as equity participation in the First Tranche, i.e. for a purchase price of \$75000 per share. Christie/AIX shall give Christie reasonable prior notice of the closing date of, and the material terms and conditions of,

the Second Tranche, and shall specify a reasonable period of time within which Christie shall be required to respond in order to be able to exercise its right to participate in the Second Tranche.

ARTICLE IX JOINT MARKETING

Section 9.02. **MARKETING AND PROMOTION.** Each of Christie/AIX and Christie agree to cross-market each other's products and services and to undertake such additional promotional activities as may be agreed to between the parties from time to time; PROVIDED, HOWEVER, that neither Christie/AIX nor Christie shall be obligated to market or promote a product or service of the other party if such product or service competes with any of its own products or services.

ARTICLE X CASH FLOW SHARING

Section 10.01. **CASH FLOW SHARE.** If Christie/AIX installs more than 200 Digital Cinema Projection Systems (with associated Central Servers), any positive cash flow generated by Christie/AIX after deducting any and all of its costs and expenses, including, without limitation, interest expenses, taxes, debt service and any and all amounts payable by Christie/AIX to AIX and/or Christie for products and services (including administrative charges) provided hereunder or under the agreements contemplated hereby (the "Cash Flow"), shall be applied as follows:

(a) first, until all interest, principal and other amounts in respect of any debt financing have been paid in full, such amounts up to 100% of Cash Flow as are required to satisfy current debt service, debt repayment and cash retention requirements relating to such debt financing;

(b) then, to the extent of Cash Flow remaining after application of paragraph (a) and until all applications under this paragraph (b) have been made in full:

(i) first, such amounts up to 100% of Cash Flow as are required to pay or reserve for payment to the equityholders of Christie/AIX (the "Equityholders") a cumulative dividend (whether or not distributed) equal to 25% per annum with respect to the outstanding balance of the equity funding made available by the Equityholders to Christie/AIX; and

(ii) second, such amounts up to 100% of Cash Flow as are required to pay or reserve for payment to the Equityholders dividends (whether or not distributed) in a total aggregate amount equal to the equity funding amount made available by the Equityholders to Christie/AIX; and

(c) then, after all interest, principal and other amounts in respect of any debt financing and all amounts required to be paid or reserved under paragraph

(b) have been paid or reserved in full and until the end of the calendar year in which the last payment of virtual print fees is made under any of the Distributor Agreements, fifty percent (50%) of the Cash Flow shall be allocated

to and paid to Christie and fifty percent (50%) of the Cash Flow shall be allocated to Christie/AIX, which allocation and disposition shall be made as often as reasonably practical, but not less than annually.

Section 10.02. **DISPUTED PAYMENTS; ARBITRATION.** If a dispute arises in good faith with respect to any amount due under this Agreement or any other agreement executed between any of the parties hereto as contemplated hereby, the payor shall pay any undisputed amount, if any, when and as due, and shall promptly pay such further amount as may be required upon resolution of the dispute. If any such dispute cannot be resolved by amicable discussion between the parties, such dispute shall be arbitrated in accordance with the rules, procedures and practices of the American Arbitration Association before a single arbitrator located in New York City and agreed to by the parties.

Section 10.03. **CURRENCY.** All invoices hereunder shall be rendered, and all payments hereunder shall be made, in U.S. Dollars.

Section 10.04 **NO EQUITY INTEREST OR PARTNERSHIP.** Nothing contained in this Article X does give or shall be construed as giving to Christie any equity interest in Christie/AIX, or creates or shall be construed as creating any partnership or joint venture between Christie and Christie/AIX.

ARTICLE XI ADM CINEMA CORPORATION ROLL-IN

Section 11.01 **ADM CINEMA CORPORATION ROLL-IN.** ADM Cinema Corporation, a Delaware corporation and wholly owned subsidiary of AIX ("ADM Cinema") previously purchased from Christie, and is the owner of, five (5) digital cinema projectors and related equipment (the "ADM Cinema Units") currently located at the Pavillion Movie Theater, 188 Prospect Park West, Brooklyn, NY 11215. ADM Cinema will promptly pay to Christie the unpaid purchase price of the ADM Cinema Units. Christie and Christie/AIX agree that, in connection with the deployment of Digital Systems by Christie/AIX, Christie and Christie/AIX will, upon the execution of an Exhibitor License Agreement between Christie/AIX and ADM Cinema and a Digital Cinema Service Agreement between Christie and ADM Cinema with respect to the ADM Cinema Units, proceed as follows:

(a) Christie will invoice to ADM Cinema an \$8,000 per projector installation charge payable by ADM Cinema to Christie to be provided for in the Digital Cinema Service Agreement to be entered into between ADM Cinema and Christie, and will credit against such amount the installation charges previously paid by ADM Cinema to Christie for installation of the ADM Cinema Units;

(b) Christie will refund to ADM Cinema the full purchase price of the ADM Cinema Units as paid by ADM Cinema to Christie, less the outstanding invoice amount after credit under the invoice issued by Christie under paragraph (a) above, which invoice shall thereupon be satisfied;

(c) Christie will invoice Christie/AIX in the amount of \$72,722 per unit for each of the ADM Cinema Units; and

(d) Christie/AIX will pay the amount of such invoice to Christie.

Christie and Christie/AIX further agree that the ADM Cinema Units will be deemed included as 5 of the last 50 of the initial 200 Digital Cinema Projection Systems to be purchased by Christie/AIX from Christie.

ARTICLE XII USE OF CHRISTIE NAME

Section 12.01 USE OF CHRISTIE NAME. AIX and Christie/AIX acknowledge that "Christie" is a registered trademark of Christie. Christie/AIX shall have the right to use the name "Christie" in its corporate name until such time as Christie may require discontinuation of such use by written notice thereof given by Christie to Christie/AIX. Upon any such notice, Christie/AIX shall, as promptly as reasonably possible, change its corporate name to remove "Christie" therefrom and discontinue use of the Christie name in connection with its business. For so long as the name "Christie" is included in the corporate name of Christie/AIX, Christie/AIX shall refrain from any action which may be injurious to the good reputation of Christie.

ARTICLE XIII TERMINATION

Section 13.01. TERMINATION FOR CHRISTIE BREACH. AIX or Christie/AIX may terminate this Agreement by written notice to Christie in the event Christie materially breaches or defaults in its performance under this Agreement or under the Amended and Restated Supply Agreement between Christie and Christie/AIX executed concurrently herewith, and fails to cure such breach within thirty (30) days after notice of such breach by the notifying party.

Section 13.02 TERMINATION FOR AIX OR CHRISTIE/AIX BREACH. Christie may terminate this Agreement by written notice to AIX in the event AIX or Christie/AIX materially breaches or defaults in its performance under this Agreement or in the event Christie/AIX materially breaches or defaults in its performance under the Amended and Restated Supply Agreement between Christie and Christie/AIX executed concurrently herewith, and fails to cure such breach within thirty (30) days after notice of such breach by the notifying party.

Section 13.03 UNAVAILABILITY OF FINANCING. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event that the continued unavailability of equity or debt financing prevents or interrupts the deployment of Digital Systems for a continuous period of more than two (2) months

Section 13.04 OCCURRENCE OF CERTAIN EVENTS. Any party may terminate this Agreement by written notice to the other parties to this Agreement in the event

of the filing of any petition under any bankruptcy law by or against any other party, the admission in writing by any other party of its inability to pay its debts when and as due, the making of any assignment for the benefit of creditors by any other party, the appointment of a receiver for any or all of the assets of any other party, the cessation of any other party's business, or the dissolution of any other party.

**ARTICLE XIV
EFFECT OF TERMINATION**

Section 14.01. GENERAL. In the event of the expiration or any termination of this Agreement, all rights and obligations of the respective parties shall terminate as of the effective date of such expiration or termination, except that (i) such expiration or termination shall not constitute a waiver of any rights that any party may have by reason of a breach of this Agreement, (ii) such expiration or termination shall not constitute a waiver of any right to receive payments that are due and owing pursuant to this Agreement, including, without limitation, any payments required to be made by any Distributor or Exhibitor utilizing the Digital Systems paid for by Christie/AIX, which payments shall continue to be made to Christie/AIX, and (iii) the provisions of Articles VIII and XVI shall continue in full force and effect in accordance with their respective terms.

**ARTICLE XV
WARRANTY DISCLAIMER**

Section 15.01. DISCLAIMER OF GENERAL WARRANTY BY AIX AND CHRISTIE/AIX. EACH OF AIX AND CHRISTIE/AIX MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE PERFORMANCE OF THEIR RESPECTIVE OBLIGATIONS UNDER THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE. IN NO EVENT SHALL AIX OR CHRISTIE/AIX BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, REVENUES OR DATA WHETHER BASED ON BREACH OF CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT ANY OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE LIABILITY OF CHRISTIE/AIX FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IS LIMITED TO, AND WILL NOT EXCEED, ANY DIRECT DAMAGES.

Section 15.02. DISCLAIMER OF GENERAL WARRANTY BY CHRISTIE. CHRISTIE MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, CONCERNING THE PERFORMANCE OF ITS OBLIGATIONS HEREUNDER, INCLUDING ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY OR OTHERWISE. IN NO EVENT SHALL CHRISTIE BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, REVENUES OR DATA WHETHER BASED ON BREACH OF CONTRACT, TORT OR OTHERWISE, WHETHER OR NOT ANY OTHER PARTY HAS BEEN ADVISED OF

THE POSSIBILITY OF SUCH DAMAGES. THE LIABILITY OF CHRISTIE FOR DAMAGES OR ALLEGED DAMAGES HEREUNDER, WHETHER IN CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IS LIMITED TO, AND WILL NOT EXCEED, ANY DIRECT DAMAGES.

ARTICLE XVI CONFIDENTIALITY

Section 16.01. CONFIDENTIALITY. Except as may otherwise be required by applicable law, rule and regulation, including without limitation the federal securities laws and the rules and regulations promulgated thereunder, each party agrees that for the longest period permitted by applicable law, it shall hold in strictest confidence and, without the prior written approval of the other parties hereto, not use for its own benefit or disclose to any person, firm or corporation (other than as required by applicable law) any confidential proprietary information concerning the business and affairs of the other parties hereto; PROVIDED, HOWEVER, that the foregoing limitations and restrictions shall not apply to information that (a) is or becomes generally available to the public other than as a result of a disclosure by the directors, officers, shareholders, partners, affiliates, employees, agents or advisors of any party, or (b) is or becomes available to one of the parties on a non-confidential basis from a source other than one of the other parties hereto or any of its advisors, agents or affiliates, provided that such source is not known by such other party, as the case may be, to be bound by a confidentiality agreement with or other obligation of secrecy to the other parties hereto. Each of the parties recognize that the absence of a time limitation in this Section 16.01 is reasonable and properly required for the protection of the other parties hereto and in the event that the absence of such limitation is deemed to be unreasonable by a court of competent jurisdiction, each party agrees submit to the imposition of such limitation(s) as said court shall deem reasonable.

Section 16.02. EQUITABLE REMEDIES Each party specifically recognizes that any breach of Section 16.01 will cause irreparable injury to the other parties hereto and that actual damages may be difficult to ascertain, and in any event, may be inadequate. Accordingly (and without limiting the availability of legal or equitable, including injunctive, remedies under any other provisions of this Agreement), each party agrees that in the event of any such breach, the other parties hereto shall be entitled to injunctive relief in addition to such other legal and equitable remedies that may be available. In addition, each party agrees that the provisions of Section 16.01 shall be considered separate and apart from the remaining provisions of this Agreement and shall be enforced as such.

ARTICLE XVII MISCELLANEOUS

Section 17.01. FURTHER ASSURANCES. Each party will, at any time and from time to time after the date hereof, upon the request of any other party, do, execute, acknowledge and deliver, or shall cause to be done, executed, acknowledged and delivered, all such other instruments as may be reasonably required in connection with the performance of this Agreement and each shall take all such further actions as may be reasonably required to carry out or further effect the transactions contemplated by this Agreement. Upon request,

each party will cooperate, and will its best efforts to have its officers, directors and other employees cooperate, at the requesting party's expense, during and after the term of this Agreement in furnishing information, evidence, testimony and other assistance in connection with any actions, proceedings, arrangements or disputes involving any of the other parties hereto.

Section 17.02. NOTICES. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered

(a) when delivered personally or by private courier, (b) when actually delivered by registered or certified United States mail, return receipt requested and postage prepaid or (c) when sent by telecopy (provided, that, it is simultaneously electronically confirmed), addressed as follows:

If to Christie Christie Digital Systems USA, Inc.
10550 Camden Drive
Cypress, CA 90630
Attention: President

If to Christie/AIX or AIX:

c/o Access Integrated Technologies, Inc.
55 Madison Avenue
Suite 300
Morristown, NJ 07960
Attention: Gary Loffredo, Esq.

with a copy to:

Kelley Drye & Warren LLP 101 Park Avenue
New York, New York 10178 Fax No.: (212) 808-7897 Attention: Jonathan Cooperman, Esq.

or to such other address as such party may indicate by a notice delivered to the other party hereto pursuant to the terms hereof.

Section 17.03. NO MODIFICATION EXCEPT IN WRITING. This Agreement shall not be changed, modified, or amended except by a writing signed by the party to be charged and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by the party to be charged.

Section 17.04. ENTIRE AGREEMENT. This Agreement and all other documents to be delivered in connection herewith set forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements and understandings of every kind and nature between them.

Section 17.04. SEVERABILITY. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected unless the provision held invalid shall substantially impair the benefits of the remaining portions of this Agreement.

Section 17.05. ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by Christie without the prior written consent of Christie/AIX. AIX and/or Christie/AIX may assign this Agreement, in whole or in part, to any Affiliate of AIX or Christie/AIX or in connection with a financing, special purpose entity, merger or consolidation of AIX or Christie/AIX or a sale of all or substantially all of AIX or Christie/AIX's business. Except as provided in the preceding sentence, this Agreement may not be assigned by Christie/AIX without the prior written consent of Christie. "Affiliate" as used in this Agreement shall mean any person directly or indirectly controlling or controlled by or under direct or indirect common control with such person.

Section 17.06. PUBLICITY; ANNOUNCEMENTS. Subject to applicable law, Christie/AIX and Christie shall each be entitled to issue one or more press releases relating to the subject matter of this Agreement and/or the transactions contemplated herein; PROVIDED, HOWEVER, that prior to the issuance of any such press release, the party not issuing such press release shall be entitled to review and provide reasonable comments with respect to such press release, but shall not otherwise be entitled to prevent the issuance thereof.

Section 17.07. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to the conflict of laws principles thereof. For purposes of this Agreement, each party hereby irrevocably submits to the nonexclusive jurisdiction of the courts of the State of New York, sitting in New York County, and the courts of the United States for the Southern District of New York. Each party irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court, any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum and the right to object, with respect to any such suit, action or proceeding brought in any such court, that such court does not have jurisdiction over such party. In any such suit, action or proceeding, each party waives, to the fullest extent it may effectively do so, personal service of any summons, complaint or other process and agrees that the service thereof may be made by certified or registered mail, addressed to such party at its address set forth in Section 17.02. Each party agrees that a final non-appealable judgment in any such suit, action or proceeding brought in such a court shall be conclusive and binding.

Section 17.08. CAPTIONS. The captions appearing in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope and intent of this Agreement or any of the provisions hereof.

Section 17.09. INTERPRETATION. All pronouns and any variations thereof

shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons referred to may require.

Section 17.10. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CHRISTIE/AIX, INC.

By /s/ A. Dale Mayo

Name: A. Dale Mayo
Title: CEO

ACCESS INTEGRATED TECHNOLOGIES, INC.

By /s/ A. Dale Mayo

Name: A. Dale Mayo
Title: President/CEO

ACCESS DIGITAL MEDIA, INC.

By /s/ A. Dale Mayo

Name: A. Dale Mayo
Title: CEO

CHRISTIE DIGITAL SYSTEMS USA, INC

By /s/ John M. Kline

Name: John M. Kline
Title: President/COO

**CONFIDENTIAL TREATMENT REQUESTED BY ACCESS INTEGRATED TECHNOLOGIES, INC.
OF CERTAIN PORTIONS OF THIS AGREEMENT IN ACCORDANCE WITH
RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934.**

DIGITAL CINEMA DEPLOYMENT AGREEMENT

THIS DIGITAL CINEMA DEPLOYMENT AGREEMENT ("AGREEMENT"), made and entered into by and among Buena Vista Pictures Distribution, 500 South Buena Vista, Burbank, CA 91521 ("Distributor"), Christie/AIX, a subsidiary of Access Integrated Technologies, Inc., 55 Madison Avenue, Suite 300, Morristown, NJ 07960 ("CHRISTIE/AIX"), and Christie Digital Systems USA, Inc., 10550 Camden Drive, Cypress, CA 90630, ("CHRISTIE"), sets forth and describes the parties' understanding with respect to the services described below (the "TRANSACTION").

WHEREAS Christie/AIX is in the business of funding the deployment of digital projection systems for theatrical presentations in the United States and Canada and Christie is in the business of developing and manufacturing digital projectors for use in theatrical presentations in the United States and Canada.

WHEREAS Distributor distributes films produced by WALT DISNEY PICTURES and TOUCHSTONE PICTURES and is interested in having films it distributes under these banners distributed digitally.

In consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the sufficiency of which the parties acknowledge, the parties agree as follows:

1. DEFINITIONS

(a) "APPROVED EXHIBITOR" is

(i) a Group 1 Exhibitor which has entered into an agreement with Christie/AIX to have Projection Systems installed in the Territory, during the Roll-Out Period by Christie/AIX in a minimum of ***% of the exhibitor's total screens and a minimum of ***% of the screens per complex;

(ii) more than one Group 1 Exhibitors which have each entered into an agreement with Christie/AIX to have Projection Systems installed in the Territory, during the Roll-Out Period by Christie/AIX in a minimum of ***% of each Group 1 Exhibitor's total screens and a minimum of ***% of the screens per complex;

(iii) both Group 2 Exhibitors which have entered into an agreement with Christie/AIX to have Projection Systems installed in the Territory, during the Roll-Out Period by Christie/AIX in a minimum of ***% of each exhibitor's total screens and a minimum of ***% of the screens per complex;

(iv) one Group 1 Exhibitor and one Group 2 Exhibitor which have each entered into an agreement with Christie/AIX to have Projection Systems installed in the Territory, during the Roll-Out Period by Christie/AIX in a minimum of ***% of each exhibitor's total screens and a minimum of ***% of the screens per complex; or

(v) any other Exhibitor as approved in writing by Distributor.

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(b) "CONTRACT YEAR" means a one-year period beginning on October 1st of one year and ending on September 30th the following year. The "FIRST CONTRACT YEAR" is October 1, 2005 to September 30, 2006.

(c) "DCI" means Digital Cinema Initiatives, LLC.

(d) "DCI SPEC" means the DCI Technical Specification Version 1.0.

(e) "DIGITAL SYSTEM" means collectively one or more Projection Systems, a central storage server connecting all Projection Systems within a theatre complex, a theater management system, and such other system components and software as are required to meet the standards set forth in the DCI Spec.

(f) "DIGITAL TITLE" means a digitized version of a theatrical motion picture released by a motion picture studio.

(g) "EXHIBITOR" means any exhibitor in the Territory to which Distributor licenses motion pictures for theatrical presentation.

(h) "ENGAGEMENT" means the period of time beginning with an opening date of a Digital Title within a theatre complex and ending on the closing date of that Digital Title within that same theatre complex.

(i) "GROUP 1 EXHIBITORS" means ***, ***, ***, *** and ***.

(j) "GROUP 2 EXHIBITORS" means *** and ***.

(k) "INSTALLATION DATE" means the date which is two weeks after the date that all components necessary for installation of a Digital System have been received at the site where the Digital System will be installed.

(l) "MXF PLAN" means, collectively, the MXF Interoperability Compliance Test Plan as set forth in ATTACHMENT A-1, and the MXF Interoperability Digital Cinema Requirements, as set forth in ATTACHMENT A-2.

(m) "OTHER EXHIBITORS" means any Exhibitor which is not an Approved Exhibitor.

(n) "PROJECTION SYSTEM" means collectively a system deployed by Christie/AIX consisting of a DLP Cinema 2k projector, capable of both 2-D and 3-D display, and a digital cinema server for each theatre screen. Each Projection System will be a part of a Digital System.

(o) "ROLL-OUT PERIOD" means *** through ***.

(p) "TERRITORY" means the United States, including its territories and possessions, and Canada.

2. TERM. The term of this Agreement will commence on August 1, 2005 ("EFFECTIVE DATE") and terminate on September 30, 2020 (the "TERM").

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3. DEPLOYMENT.

(a) Beginning of Deployment. Christie/AIX will begin deployment of the Digital Systems immediately upon reaching written agreement concerning the theatrical release of Digital Titles with (i) Distributor and at least two of Fox, Paramount, Sony Pictures Entertainment, Universal and Warner Bros. (each a "MAJOR STUDIO") or, alternatively, with Distributor, one Major Studio and both DreamWorks and New Line; and (ii) at least one Exhibitor. Notwithstanding the foregoing, Christie/AIX reserves the right to commence deployment at any time prior to entering into such written agreements. If Distributor has not entered into written agreements with an Exhibitor as set forth in Section 7 below, within 2 months after this Agreement has been fully executed, Christie/AIX may terminate this Agreement with no further obligation to Distributor. Christie/AIX will retain the services of Christie to install the Digital Systems according to the Roll-Out Schedule which Christie/AIX must supply to Distributor within one week of Christie/AIX's creation of the schedule. If for any reason Christie/AIX does not commence deployment before October 31, 2005, it may terminate this Agreement with no further obligation to Distributor.

(b) Minimum deployment. If for any reason Christie/AIX does not meet the following minimum requirements, Distributor may terminate this Agreement with no further obligation to Christie/AIX:

- (i) Deploy a minimum of *** fully operational Projection Systems no later than ***;
- (ii) Have agreements for deployment with an Approved Exhibitor no later than ***; and
- (iii) Deploy fully operational Projection Systems to greater than ***% of the screens in a complex.

(c) Maximum Deployment. The maximum number of Projection Systems which Christie/AIX may include in this Agreement is *** ("MAXIMUM DEPLOYMENT"), of which the maximum number of Projections Systems deployed to Other Exhibitors is ***.

(d) Financing issues. If for any reason Christie/AIX does not meet the following minimum requirements, other than by reason of failing to obtain debt financing on reasonable terms, Distributor may terminate this Agreement with no further obligation to Christie/AIX:

- (i) Deploy a minimum of *** fully operational Projection Systems no later than ***; and
- (ii) Deploy a minimum of *** fully operational Projection Systems, no later than the end of the Roll-Out Period.

4. GUARANTEE BY CHRISTIE. Christie unconditionally and irrevocably guarantees all of Christie/AIX's obligations pursuant to this Agreement, including without limitation all financial obligations, representations and warranties, and indemnifications.

5. DCI SPEC COMPLIANCE. Digital Systems which Christie/AIX deploys during the Roll-Out Period will meet or exceed the standards set forth in the DCI Spec. If systems compliant with the DCI Spec are not available at the commencement of the

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Roll-Out Period, then Christie/AIX will deploy MXF Plan-compliant systems until systems compliant with the DCI Spec become available. When the technology necessary to make Digital Systems compliant with the DCI Spec becomes available, Christie/AIX will (a) thereafter deploy only Digital Systems which are compliant with the DCI Spec and (b) within four (4) months after such availability upgrade all Digital Systems previously deployed to bring such Digital Systems into compliance with the DCI Spec, at no incremental cost to Distributor, provided that by *** all Digital Systems then deployed will be compliant with the DCI Spec. Christie/AIX represents and warrants that it will require all exhibitors utilizing Digital Systems to permit Distributor or its authorized representative to verify compliance of such Digital Systems with the DCI Spec and to observe installation methods and utilization of Digital Systems, and that it will require all exhibitors to cooperate fully with on-site Distributor inspections.

6. JPEG 2000 / MXF INTEROPERABILITY. Christie/AIX will install all Digital Systems deployed under this Agreement in the JPEG 2000 format if the format is commercially available from at least three vendors at the time of installation, and will upgrade all Digital Systems which were deployed before such time to JPEG 2000. Christie/AIX will complete all such upgrades within three months of the date that such format is commercially available from at least three vendors. All Digital Systems which Christie/AIX deploys prior to the time that JPEG 2000 format is available will comply with the MXF Plan.

7. DISTRIBUTOR'S OBLIGATION REGARDING DIGITAL RELEASES. Nothing in this Agreement obligates Distributor or its affiliates to license any motion picture to any theatre, in any format, except as agreed by Distributor or its affiliates and an exhibitor, in their sole discretion, on a picture by picture, theatre by theatre basis: provided, however, that if an exhibitor and Distributor or its affiliates agree to license a picture to a screen equipped with a Digital System, Distributor will make the picture available, subject to ATTACHMENT B, as a Digital Title. Distributor will use commercially reasonable efforts to enter into a written agreement with any Exhibitor with which Christie/AIX has agreed to deploy Digital Systems, concerning the general terms and conditions of Distributor's licensing Digital Titles, but Distributor will have no obligation under this Agreement until it has entered into such an agreement any such Exhibitor. Subject to Distributor entering into such written agreements, if Christie/AIX has deployed between *** and *** fully operational Projection Systems, then Distributor will make available as Digital Titles at least *** of its theatrical motion picture releases each Contract Year. Once Christie/AIX has deployed *** or more fully operational Projection Systems, then Distributor will make available Digital Titles in the minimum percentage, as shown on ATTACHMENT B, of all theatrical motion pictures it releases each Contract Year.

8. DISTRIBUTOR'S OBLIGATION REGARDING VIRTUAL PRINT FEES AND WATERMARKING LICENSE FEES.

(a) Distributor or its affiliates will pay to Christie/AIX one virtual print fee ("VPF"), in the applicable amount set forth on ATTACHMENT C, per Digital Title, per Projection System, and per Engagement, regardless of the number of exhibitions. Distributor will not pay a VPF for:

(i) trailers;

(ii) material of less than 15 minutes duration which Distributor programs and licenses to be exhibited only with the Digital Title (e.g., short subjects, cartoons);

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(iii) moveovers, i.e., presentation of a Digital Title on a screen other than where it opened at the beginning of the Engagement, but within the same complex;

(iv) a screen where the Digital System malfunctions (by reason of system defects and not due to operator error or power surges) preventing more than one (1) exhibition of a Digital Title, except that on up to ten (10) occasions aggregated Territory-wide per Contract Year, Christie/AIX may charge a VPF where only two (2) consecutive exhibitions are missed;

(v) exhibition on a Digital System more than 10 years after the Installation Date of that Digital System.

(b) If Christie/AIX licenses watermarking technology in order to have Digital Systems comply with the DCI Spec, Distributor will negotiate with Christie/AIX to determine what additional fee should be paid by Distributor for the watermarking technology, provided however that (i) the fee will be based upon Christie/AIX's actual direct out-of-pocket costs prorated over all of Christie/AIX's customers; (ii) the maximum fee will be an increase of \$*** per VPF; and (iii) the cost to Distributor to recover the watermark identification will be reasonably competitive with DCI compliant watermarking systems.

9. DISTRIBUTOR'S AFFILIATES. This Agreement applies to all films produced by WALT DISNEY PICTURES and TOUCHSTONE PICTURES regardless of whether the films are distributed by Distributor or its affiliates. Distributor may, at its election, include in this Agreement, on a picture by picture basis, any motion picture in which Distributor or a Distributor affiliate has distribution rights or a financial interest. Christie/AIX will calculate and charge VPFs based upon all Digital Titles which Distributor releases combined with VPF on titles for affiliates which Distributor has elected to have included in this Agreement.

10. QUALITY, RELIABILITY AND PERFORMANCE. Christie/AIX or its permitted assignees will retain title to and will be responsible for maintaining and servicing the Digital Systems for the Term. Christie/AIX or its permitted assignees, agents representatives or subcontractors will:

(a) maintain an adequate staff of technicians to provide technical support via telephone to exhibitors utilizing the Digital Systems. Such technical support will be available to each exhibitor during theatre operating hours, regardless of a theatre's location or time zone, seven days per week;

(b) provide a 2-hour on-site response time to theatre locations in the United States (except that on any ten (10) occasions aggregated Territory-wide in any Contract Year response time may be within 4 hours), and on-site response time as promptly as possible in Canada, to provide technical assistance, repairs and maintenance for Digital Systems;

(c) maintain the highest levels of quality and reliability in the design, manufacture, deployment, performance and support of its Digital Systems;

(d) perform all services, including delivery, installation, and maintenance, in a first class manner, and will comply with minimum standards of quality and security which Distributor and Christie/AIX agree upon from time to time; and

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(e) perform all services with fully trained and technically qualified personnel. Christie/AIX will change and improve its services whenever necessary to meet industry standards set by the DCI Spec and to maintain its position as a leader in the digital cinema industry.

11. INVOICING, RECORD KEEPING AND AUDITS.

(a) Invoicing. Christie/AIX will issue one invoice to Distributor per month for VPFs, in the month following the month in which the payment obligation for the VPFs accrues. Distributor will pay invoices net forty-five (45) days from the date of the invoice. Distributor will pay Christie/AIX only if the invoices are substantiated to Distributor's reasonable satisfaction. Distributor reserves the right to demand and receive explanation and further supporting documentation for any invoice before payment.

Christie/AIX must address all invoices as follows:

Buena Vista Pictures Distribution
500 South Buena Vista Street
Burbank, CA 91521-1272
Attn: Deb White

(b) Reports. Christie/AIX will provide quarterly written reports to Distributor indicating the amount and location of all Digital Systems deployed under this Agreement, and Distributor will regularly report to Christie/AIX locations and dates of all bookings of Digital Titles by Distributor to such locations. Christie/AIX will make available to Distributor all reports of all exhibitions of Digital Titles on Digital Systems. Christie/AIX will, for at least four (4) years from the date of invoice, keep records of all information on which invoices to Distributor are based and records of rates charged to other customers for which Christie/AIX provided the same or similar services.

(c) Audits. Distributor, at its sole expense, will have the right to audit, during normal business hours and upon reasonable advance notice, but no more than once in any calendar year, such records for the purpose of verifying Christie/AIX and exhibitor obligations to Distributor, and for the purpose of verifying Christie/AIX's compliance with its obligations under this Agreement, including but not limited to the provisions of Sections 17 and 21. Distributor will bear the cost and expense of such audit unless a material discrepancy is found, in which case the cost of the audit will be borne by Christie/AIX. A discrepancy is material if it involves an overpayment of 5% or more. Distributor will, for at least four (4) years, keep records of all bookings of Digital Titles, and Christie/AIX, at its sole expense, will have the right to audit such records, during normal business hours and upon at least 15 days prior written notice, solely for the purpose of verifying amounts payable by Distributor to Christie/AIX.

12. LIMITATIONS ON LIABILITY.

(a) Limitations.

(i) Except as provided in Section 12(a)(iii) below, Distributor's only remedy for Christie/AIX's breach of section 3 or 10 of this Agreement is to terminate this Agreement.

(ii) If Christie/AIX deploys, installs and maintains Digital Systems according to its obligations in Sections 5 and 6, it will not be liable for any loss to Distributor caused by the unreliability of the Digital Systems, including but not limited to security failures (including only by way of example flaws or breaches to security) or caused by the Digital Systems unreliability, then Distributor's only remedy is termination of this Agreement.

(iii) If a Digital System malfunctions (by reason of system defects and not due to operator error or power surges), Christie/AIX's only liability for the missed exhibition(s) will be to reimburse Distributor's out-of-pocket costs (excluding only the actual print cost) up to a maximum amount of \$*** per malfunction, incurred to substitute a 35mm print at a screen where exhibition of a Digital Title would be delayed more than 2 hours due to such malfunction; provided however, that on up to ten (10) occasions aggregated Territory-wide per Contract Year such reimbursement will be waived where no more than two (2) consecutive exhibitions are missed.

(b) Exclusions to Limitations. Nothing contained in this Agreement limits the liability of Christie/AIX

(i) for its willful or negligent acts; or

(ii) arising out of any personal injury, death or property damage attributable to manufacturing defects in the Digital Systems or to any installation, maintenance or support services provided with respect to Digital Systems.

13. EXCLUDED COSTS. Distributor is responsible for costs of digital print content preparation and distribution, including any and all costs relating to producing, encoding, encrypting, packaging, watermarking (other than watermarking which is part of the DCI Spec), marketing and delivering Digital Titles. Distributor is also responsible for costs of key generation, delivery and management. Distributor will not be responsible for payment to Christie/AIX of any cost items arising out of or in connection with the deployment of Digital Systems, including without limitation installation, testing, training, and other on-site costs.

14. PROGRAM EXTENSION. The Maximum Deployment may be extended to subsequent deployments of Digital Systems during or after the Roll-Out Period only by written agreement of Christie/AIX and Distributor. Neither Christie/AIX nor Distributor will be obligated to extend the Transaction to any subsequent deployments of Digital Systems.

15. NON-EXCLUSIVITY / NON-INTERFERENCE. The Transaction is non-exclusive and each party is free at all times to make agreements with others concerning digital cinema. While this Agreement remains in effect, Christie/AIX agrees that time is of the essence in providing the services. Christie/AIX may not render any services to third parties which would interfere with the performance of services under this Agreement.

16. PRESS RELEASE/NO USE OF DISNEY NAME. Except as required under applicable law, neither party may disclose the content of this Agreement to any unaffiliated third party (and any disclosure to an affiliated party will be on a strictly confidential basis), or make any public statement or announcement regarding this Agreement or the content hereof, without the prior written

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approval of the other party. Buena Vista Pictures Distribution, Access Integrated Technologies, Inc., Christie/AIX and Christie will work together to agree to a joint press release regarding the execution of this Agreement, but no party will have the right to issue a press release regarding the execution of this Agreement unless each party mentioned in the press release approves, in writing in its sole discretion, the text of the release. By the operation of this Agreement, Christie/AIX acquires no right to use, and must not use, the name "Buena Vista Pictures Distribution", "The Walt Disney Company", "ABC", or "ESPN" or any derivation of such names, or any fanciful characters, trademarks, trade names or designs of The Walt Disney Company or its subsidiary, affiliated and related companies in advertising, publicity or promotion, to express or to imply endorsement of products or services, nor in any other manner whatsoever without the prior written approval of Distributor.

17. MOST FAVORABLE TERMS.

(a) **AGGREGATE TERMS.** If Christie/AIX or its affiliates provides comparable services to any other customer at rates that, net of all consideration, are lower than those charged to Distributor under this Agreement, then it will reduce the rate charged to Distributor to the lower rate, effective as of the date the Christie/AIX or its affiliates commenced charging the lower rate, or afforded other consideration, to the other customer. Under this Section 17, "CONSIDERATION" means anything of value, however denominated, afforded by Christie/AIX or its affiliates to customers including, but not limited to, all incentives, credits, discounts, up-front payments, loans, free services, rebates and adjustments.

(b) **LINE ITEM SERVICES.** If Christie/AIX or its affiliates provides services comparable to services provided under this Agreement to another customer for any separate service lower than the rate charged to Distributor under this Agreement, then it will notify Distributor in writing of the entire pricing schedule it is providing to the other customer. Distributor will have the option, exercisable in its sole discretion within 30 days of receipt of the notice, to substitute into this Agreement the entire pricing schedule utilized for the other customer.

18. **KEY EMPLOYEE.** The services of Bud Mayo, who works for Christie/AIX, and Jack Kline, who works for Christie (each a "KEY EMPLOYEE") are of particular importance to Christie/AIX's and Christie's properly complying with their obligations under this Agreement, and if a Key Employee ceases to be employed by Christie/AIX, or Christie, respectively, Christie/AIX or Christie, as appropriate, will immediately provide Distributor with written notice.

19. TERMINATION.

(a) **Distributor's Rights.** In addition to the termination rights set forth in Section 3, above, Distributor may immediately terminate this Agreement, in whole or in part, upon written notice to Christie/AIX if:

(i) the Digital Systems do not perform at the highest quality level available in the digital cinema industry for 2k systems as of the time of deployment, and at the reliability level of 35mm projection systems as of the time of deployment, and Christie/AIX fails to cure the failure within 45 days from the date of Christie/AIX's receipt of notice, so long as Christie/AIX commences immediately and diligently to remedy such failure;

(ii) there is any violation of the confidentiality or security provisions of Sections 20 and 21, respectively;

(iii) Christie/AIX ceases to support the program contemplated by this Agreement;

(iv) Christie/AIX makes any assignment for the benefit of creditors or files a petition in bankruptcy or is adjudged bankrupt or becomes insolvent or is placed in the hands of a receiver or if any of the equivalent of any of the foregoing proceedings or acts referred to in this clause, though known or designated by some other name or term occurs;

(v) Christie/AIX breaches any other material term or provision of this Agreement and fails to cure such breach within 45 days from the date of Christie/AIX's receipt of notice, so long as Christie/AIX commences immediately and diligently upon notice to remedy such breach;

(vi) a Key Employee ceases to be employed by Christie/AIX or Christie, as appropriate, during the first three Contract Years, and Distributor, in its discretion, determines that Christie/AIX or Christie may not be able to adequately perform its obligations under this Agreement; or

(vii) there is a change in ownership of Christie/AIX.

(b) Christie/AIX's Rights. Christie/AIX may terminate this Agreement, in whole or in part, upon written notice to Distributor if:

(i) Distributor violates the confidentiality provisions of this Agreement, or

(ii) Distributor breaches any other material term or provision of this Agreement and fails to cure such breach within 45 days from the date of Distributor's receipt of such notice, so long as Distributor commences immediately and diligently upon notice to remedy such breach.

20. CONFIDENTIAL INFORMATION. Distributor and Christie/AIX agree to keep confidential this Agreement and all its provisions, along with any and all information furnished to it by the other party, or their subsidiaries or affiliates, representative or independent public accountants in connection with the transactions contemplated by this Agreement except to the extent (i) any such information is or becomes generally available to the public other than as a result of disclosure by Distributor or Christie/AIX; (ii) any such information is required to be disclosed by a court of competent jurisdiction or governmental agency pursuant to subpoena or similar power; or (iii) any such information was or becomes available to Distributor or Christie/AIX on a non-confidential basis and from a source (other than a party to this Agreement or any advisor of such party) that is not bound by a confidentiality agreement, and Distributor and Christie/AIX will instruct their officers, employees and other representatives having access to such information of such obligation of confidentiality. Distributor agrees that auditors engaged by any of Christie/AIX's other customers conducting a most favored nations audit of Christie/AIX shall have access to this Agreement to the same extent as Distributor's auditors have access to other Christie/AIX customer contracts pursuant to the provisions of Section 11. The foregoing obligations will survive the termination or cancellation or rescission of this Agreement and the same will not relieve the parties of their obligations regarding confidentiality.

21. SECURITY.

(a) Christie/AIX represents and warrants that it will implement and maintain security procedures, to safeguard all Digital Titles, Disney Materials (as defined in Section 22) and the Results and Proceeds (as defined in Section 23), including but not limited to during transport of any kind by or on behalf of Christie/AIX, from damage and loss due to any cause, including but not limited to conversion, misuse, destruction, loss, theft, loan, gift, misdelivery, or other misappropriation, and that the security procedures it maintains, must be equivalent in all respects to the highest standards prevailing in the industry and agrees that the same will continue to be true during the Term. Christie/AIX will provide Distributor with descriptive and verifying documentation of its security procedures and will immediately notify Distributor in writing if there is a breach or alleged breach of the security procedures.

(b) Christie/AIX grants Distributor the right to periodic inspection of Christie/AIX's security procedures, and promises that it will cooperate with Distributor to the fullest extent possible in such periodic inspections and resultant recommendations.

22. APPROVED USE OF DISNEY MATERIALS, OWNERSHIP OF COPYRIGHTS AND TRADEMARKS.

(a) Distributor grants to Christie/AIX a limited license to use the Digital Titles and their underlying and constituent elements, including, but not limited to artwork, designs, characters, logos and other materials (the "DISNEY MATERIALS") which are owned by Distributor or its parent, related or affiliated companies (collectively, the "COMPANIES"), solely in connection with the performance of Christie/AIX's services under this Agreement. Christie/AIX acknowledges that the copyrights and all other proprietary rights in and to Disney Materials are exclusively owned by and reserved to the Companies. Christie/AIX will neither acquire nor assert copyright ownership or any other proprietary rights in the Disney Materials or in any derivation, adaptation, variation or name of such Disney Materials.

(b) Except as specifically provided for in this Agreement, it is agreed that Distributor is not granting to Christie/AIX, and Christie/AIX will not acquire, any right to or interest in any copyright, trademark or service mark relating to the Digital Titles or any other Disney Materials. All uses of the Companies' trademarks by Christie/AIX under this Agreement will inure to the Companies' benefit. Christie/AIX acknowledges that the Companies are the exclusive owners of the trademarks, and of any trademark incorporating all or any part of any Disney Materials, and the trademark rights created by such uses. Without limiting the foregoing, Christie/AIX assigns to Distributor all the trademarks, and any trademark incorporating all or any part of any Disney Materials, and the trademark rights created by such uses, together with the goodwill attaching to that part of the business in connection with which such trademarks are used. Christie/AIX agrees to execute and deliver to Distributor such documents as Distributor requires in order that protection and/or registrations for the trademarks may be obtained or maintained and to follow Distributor's instructions for proper use of the trademarks.

23. RESULTS AND PROCEEDS.

(a) Christie/AIX hereby acknowledges that the results and proceeds of Christie/AIX's Services under this Agreement (the "RESULTS AND PROCEEDS") will be deemed a work made for hire and/or work specially ordered or commissioned by Distributor as part of a contribution to a collective work,

as part of a motion picture or other audiovisual work. Distributor will be the sole author of the Results and Proceeds and will have the right to obtain copyrights and/or other protection thereof. Christie/AIX acknowledges that Distributor is and will be the sole and exclusive owner of all rights of every kind and will have the right to use, distribute and/or transfer the Results and Proceeds of Christie/AIX's services and Distributor will have the right to change, alter, add to, subtract from, rearrange or combine it with any other material as Distributor may elect, throughout the world, in perpetuity, in all languages.

(b) If for any reason the Results and Proceeds of Christie/AIX's work are not deemed to be a work made for hire, Christie/AIX as beneficial owner hereby assigns to Distributor all now known or later known existing rights of every kind throughout the universe, in perpetuity and in all languages and formats, in the Results and Proceeds (including without limitation, the copyright and trademark thereto), including all rights of renewal and extension. Christie/AIX agrees to execute and deliver to Distributor, at any time upon Distributor's request, such further documents or do such other acts as may be required to evidence, confirm, perfect, renew or extend Distributor's ownership of rights in the Results and Proceeds.

(c) The provisions in this Section 23 will apply only to Disney Materials, and Distributor will not claim ownership of any upgrades, improvements or new technology developed by Christie/AIX, Christie or their suppliers merely on the ground that the upgrades, improvements or new technology was developed in whole in part based upon services provided by Christie/AIX under this Agreement.

24. INSURANCE.

(a) Christie/AIX will maintain during the term of this Agreement:

(i) Commercial General Liability Insurance including contractual and products/completed operations, with minimum limits of \$10,000,000 on per occurrence basis, and Automobile Liability coverage with minimum combined single limits of \$10,000,000, protecting Christie/AIX and Distributor from claims for personal or bodily injury (including death) and property damage which may arise from or in connection with the performance of Christie/AIX's services under this Agreement or from or out of any wrongful or negligent act or omission of Christie/AIX, its officers, directors, agents, contractors or employees; and

(ii) Workers' Compensation Insurance as required by applicable law and Employer's Liability Insurance with minimum limits of \$1,000,000 per occurrence.

(b) All such insurance required in this Section 24 must be evidenced on standard industry forms and must provide that the coverage may not be reduced or canceled unless thirty (30) days unrestricted prior written notice is furnished to Distributor. All insurance must be primary and not contributory with regard to any other available insurance to Distributor. All insurance must be written by companies with a BEST Guide rating of B+ VII or better. Christie/AIX must furnish certificates of insurance (or copies of policies, if required by Distributor) to Distributor before providing any services under this Agreement, and such policies must include Distributor, its parent, and all affiliated and related companies as additional "insureds" and contain a waiver of subrogation. (The additional "insured" requirement applies to all coverages except Workers' Compensation and Employers Liability. The waiver of subrogation applies to all coverages.) Distributor's payment obligations

under this Agreement are contingent upon receipt of a certificate of insurance which complies with the above. Waiver of this requirement for a payment or several payments does not constitute waiver of this requirement for any other payment.

25. INDEMNIFICATION.

(a) Each party (the "INDEMNIFYING PARTY") will, at its sole expense, defend, indemnify and hold harmless the other party and its parent company and any subsidiaries, related and affiliated companies of each, and the officers, directors, agents, employees and assigns of each (collectively, the "INDEMNIFIED PARTIES"), from and against any and all claims, demands, suits, judgments, losses or expenses of any nature whatsoever (including reasonable attorneys' fees expended in actions for claims under this Agreement or in pursuing any rights granted under this Agreement against the Indemnifying Party) arising directly or indirectly from or out of:

- (i) any wrongful or negligent act, error or omission of the Indemnifying Party, its officers, directors, agents, contractors, or employees;
- (ii) any occupational injury or illness sustained by an employee or agent of the Indemnifying Party in furtherance of the Indemnifying Party's services under this Agreement, to the extent benefits pursuant to applicable Workers' Compensation laws are claimed against or held to be payable by any Indemnified Party;
- (iii) any failure of the Indemnifying Party to perform its obligations under this Agreement in accordance with the highest generally accepted professional standards;
- (iv) the Indemnifying Party violation of the rights of any third party; and
- (v) any other material breach of the Indemnifying Party's obligations, representations and warranties as set forth in this Agreement.

(b) The Indemnifying Party may not, without the Indemnified Party's written consent, settle any Claim if such settlement arises from or is part of any criminal action, suit or proceeding or contains a stipulation to or admission or acknowledgment of any wrongdoing (whether in contract, tort or otherwise) on the part of the Indemnified Party.

(c) Notwithstanding the foregoing, the Indemnified Parties may, in their absolute discretion, employ attorneys of their own choice and institute or defend any claim, action or proceeding and take other appropriate steps to protect all rights, title and interest in and to any trademarks, trade names, designs, or other intellectual property or other materials or property provided to the Indemnifying Party by the Indemnified Party under this Agreement, and in connection therewith, settle, compromise, or in any manner dispose of any such claim, action or proceeding and satisfy any judgment that may be rendered in any manner, as the Indemnified Party may in its sole discretion may determine.

(d) The indemnities are not limited by the insurance requirements set forth in Section 24. The provisions of this Section 25 will survive the expiration or earlier termination of this Agreement.

26. WARRANTIES.

(a) Distributor represents and warrants to Christie/AIX that Distributor has the full right, power and authority to enter into and perform this Agreement.

(b) Christie/AIX represents and warrants to the Companies that Christie/AIX has the full right, power and authority to enter into and perform this Agreement; that Christie/AIX has the experience and skill to perform the services; that Christie/AIX will comply with all applicable Federal, state and local laws including licensing and permit requirements; that all services will comply with industry standards and practices, including improvements in those standards and practices; and that Christie/AIX will perform the services in accordance with the highest generally accepted professional standards and in the most expeditious and economical manner consistent with the best interests of the Companies.

(c) Christie/AIX represents and warrants that: (a) the media on which any software that is embedded or otherwise utilized within the Digital Systems will not contain any computer instructions whose purpose is to copy, disrupt, damage or interfere with Distributor's or its Affiliates' use of any Digital Title or any of their data, programs or computer or telecommunications facilities for their commercial purposes; and (b) unless expressly authorized in writing by Distributor, the software will not contain (i) any mechanism which electronically notifies Christie/AIX of any fact or event, nor (ii) any key, node lock, time-out, logic bomb or other function, implemented by any means, which may restrict Distributor's use of or access to any Digital Title, programs, data or equipment. Nothing contained in this Section 26(c) restricts the monitoring of Digital System performance and operation for maintenance and support purposes.

27. **ASSIGNMENT.** This Agreement is not assignable by Christie/AIX without the written consent of Distributor and any attempted assignment without such consent will be void. No assignment will relieve the assignor from its obligations under this Agreement. Notwithstanding the foregoing, Christie/AIX may assign this Agreement to a bankruptcy remote vehicle ("BRV") established in connection with the financing of the acquisition of Digital Systems for deployment as contemplated by this Agreement, and, in connection with any such financing, Christie/AIX or any such BRV may grant security interests in or collaterally assign this Agreement in favor of any bank or insurance company which is directly or indirectly publicly held and whose primary business is finance or insurance or any collateral agent for any such banks or insurance companies (the "FINANCING PARTY"); provided, however, that any such assignment will not relieve the assignor from its obligations under this Agreement. Neither the BRV or the Financing Party may be affiliated with an exhibitor, distributor or producer of theatrical motion pictures.

28. **FORCE MAJEURE.** If any loss or damage of any kind occurs by reason of any act or omission of either party due to, or if either party is substantially delayed in, or prevented from the performance of any of the covenants (other than the payment of money) on its part to be performed pursuant to this Agreement on account of, any cause beyond its control, including but not limited to acts of God, the elements, strikes, walk-outs, fire, failure of transportation agencies, public enemy, inability to obtain, or the failure of others to deliver, or the delay of others in delivering, raw stock or other necessary material, machinery or equipment, to the extent such party uses reasonable efforts and due diligence to recover and resume performance, it shall be excused and the period of such delay shall be disregarded in calculating the time of its performance and no

claim, offset or cause of action shall lie against any party at any time on account thereof.

29. **RELATIONSHIP BETWEEN THE PARTIES.** The parties expressly agree that the relationship between them is that of two principals dealing with each other as independent contractors. Accordingly, nothing contained in this Agreement nor activities undertaken by the parties pursuant to this Agreement or the contemplated services will be deemed to create a joint venture, partnership, employment or agency relationship between Christie/AIX and Distributor or Christie/AIX and the Companies. Further, Christie/AIX is solely responsible for the payment of all Federal, state and local income taxes, social security taxes, Federal and state unemployment insurance and similar taxes and all other assessments, contributions, dues or sums payable as a result of or in connection with the services performed by Christie/AIX and Christie/AIX will sign and file all related returns, forms and certificates (including I-9) with respect to any of the foregoing. Christie/AIX has no authority to bind or contract on behalf of Distributor or the Companies and must not hold itself out to any third party as having any such authority. Christie/AIX is not entitled to participate in, or to receive any benefits from, any of the Companies' benefit or similar programs, specifically including, but not limited to, coverage under the Companies' worker's compensation program. The Companies have no obligation whatsoever to compensate Christie/AIX on account of any damages or injuries which Christie/AIX may sustain as a result, or in the course, of the performance of Christie/AIX's services.

30. **SUBCONTRACTORS.** With the exception of Christie, if Christie/AIX uses the services of any subcontractors ("SUBCONTRACTORS") to perform services for Christie/AIX in conjunction with its obligations under this Agreement, Christie/AIX warrants and represents that it will: (i) identify in advance to Distributor who it intends to use; (ii) allow Distributor to approve Christie/AIX's choice prior to Christie/AIX's engaging the services; (iii) require all Subcontractors to enter into a Services Agreement, utilizing the form which is attached to this Agreement as ATTACHMENT D; (iv) provide Subcontractors with written instructions on security which require the Subcontractor to meet all security measures imposed by Distributor on Christie/AIX; and (v) when executed, provide Distributor with copies of all Subcontractors' Services Agreements. Christie/AIX will remain, in all respects, directly and primarily liable to Distributor for all Services that it elects to have performed by Subcontractors. Distributor approves Christie as a Subcontractor of Christie/AIX.

31. **ADDITIONAL DOCUMENTS.** At either party's request, the other party will provide and execute any documents required by Federal, state and local authorities, insurance companies and all other documents consistent with the terms in this Agreement which are reasonably necessary to carry out the intent and purpose of this Agreement.

32. **NOTICES.** Notices will be effective when delivered to the specified address and must be sent via certified mail; expedited delivery; or by messenger service, with each of the foregoing providing for a written confirmation of delivery; or via facsimile with verbal confirmation of receipt. Distributor will send notices and correspondence to Christie/AIX at the address first set forth above. Christie/AIX will send notices and correspondence to Distributor at the following addresses:

Buena Vista Pictures Distribution
350 South Buena Vista Street
Burbank, CA 91521
Attn: Chuck Viane

With a copy to:

FOR ITEMS SENT VIA U.S. MAIL

Buena Vista Pictures Distribution
350 South Buena Vista Street
Burbank, CA 91521-6451
Attn: Denise D. Brown

ALL OTHER METHODS

Buena Vista Pictures Distribution
3900 W. Alameda Ave., Ste. 833
Burbank, CA 91505-6451
Attn: Denise D. Brown

33. MISCELLANEOUS.

(a) **CHOICE OF LAW.** This Agreement will be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be wholly performed within such State (without giving effect to any conflict of laws principles under California law).

(b) **JUDICIAL INTERPRETATION.** Should any provision of this Agreement require judicial interpretation, it is agreed that the terms of this Agreement will not be more strictly construed against the party who prepared this Agreement, it being further agreed that each party has participated in the negotiation of this Agreement and was given sufficient opportunity to consult legal counsel before the execution of this Agreement.

(c) **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, including by facsimile transmission, each of which will be deemed an original and all of which together will constitute one and the same instrument.

(d) **HEADINGS.** The headings and titles contained in this Agreement are for the sake of convenience only and have no bearing on the content or substance of this Agreement.

(e) **SEVERABILITY.** If any provision of this Agreement is adjudicated void, illegal, invalid or unenforceable, the remaining terms and conditions will not be affected, and each of the remaining terms and conditions of this Agreement will be valid and enforceable to the fullest extent permitted by law, unless a party demonstrates by a preponderance of the evidence that the invalid provision was an essential economic term of this Agreement.

(f) **FULL EXECUTION.** This Agreement will not be effective until fully executed by both parties or their duly authorized representatives.

(g) **ENTIRE AGREEMENT.** This Agreement, including any exhibits, contains the entire understanding of the parties relating to the subject matter contained in this Agreement and supersedes all prior discussions and writings between them. In the event of any inconsistency between the provisions of this Agreement and the provisions of any exhibit to this Agreement, the provisions contained in this Agreement will prevail. This Agreement may not be modified by language contained in any purchase order, invoice or other business form, and may only be amended by a written instrument signed by the duly authorized representatives of each of the parties which expressly amends this Agreement. If Distributor pays Christie/AIX pursuant to an invoice, purchase order or other business form submitted by Christie/AIX, the terms of this Agreement

will prevail if the terms of this Agreement are inconsistent with the terms of the invoice.

**ACCEPTED AND AGREED TO:
CHRISTIE/AIX BUENA VISTA PICTURES DISTRIBUTION**

<i>/S/ A. DALE MAYO</i>	<i>/S/ CHUCK VIANE</i>
By: -----	By: -----
<i>A. Dale Mayo</i>	<i>Chuck Viane</i>
Its: <i>CEO</i>	Its: <i>President</i>

Federal Tax ID. No.: _____

CHRISTIE DIGITAL SYSTEMS USA, INC.

<i>/S/ JOHN M. KLINE</i>
By: -----
<i>John M. Kline</i>
Its: <i>President/COO</i>

ATTACHMENT LIST

A-1 MXF INTEROPERABILITY COMPLIANCE TEST PLAN

A-2 MXF INTEROPERABILITY DIGITAL CINEMA REQUIREMENTS

B MINIMUM DIGITAL TITLE AVAILABILITY

C VIRTUAL PRINT FEES

D SUBCONTRACTOR'S SERVICES AGREEMENT

ATTACHMENT A-1

MXF INTEROPERABILITY COMPLIANCE TEST PLAN

ATTACHMENT A-2

MXF INTEROPERABILITY DIGITAL CINEMA REQUIREMENTS

ATTACHMENT B

MINIMUM DIGITAL TITLE AVAILABILITY

During each Contract Year specified below, the number of Distributor Digital Titles will, as a percentage of all Distributor wide release titles (defined as *** or more screens on initial national release) during that Contract Year, equal or exceed the applicable percentage shown below. (If the percentage results in a fractional number, Distributor may round down to the next whole number.)

CONTRACT YEAR	MINIMUM PERCENTAGE
1st	***%
2nd	***%
3rd	***%
4th	***%
5th	***%
6th	***%
7th	***%
8th	***%
9th	***%
10th	***%
11th	***%
12th	***%

In calculating the minimum percentages above, Distributor may subtract from the number of wide release titles per Contract Year, the following:

CONTRACT YEAR	NUMBER TO BE EXCLUDED/SUBTRACTED
1st	*** movies
2nd	*** movies
3rd and thereafter	*** movies per Contract Year

*** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

ATTACHMENT C

VIRTUAL PRINT FEES ("VPF")

1. a. STANDARD RATE. The first *** VPFs paid by Distributor to Christie/AIX in any Contract Year will be at the applicable rate set forth in the table below (the "STANDARD RATE") for

- (i) Approved Exhibitors when the deployment occurred according to the percentages set forth in Section 3(b); and
- (ii) for Other Exhibitors.

CONTRACT YEAR	VIRTUAL PRINT FEE
1st	\$***
2nd	\$***
3rd	\$***
4th	\$***
5th	\$***
6th	\$***
7th	\$***
8th	\$***
9th	\$***
10th	\$***
11th	\$***
12th	\$***
13th	\$***
14th	\$***
15th	\$***

b. Volume Discounts.

(i) After the Standard Rate is paid on the first *** VPFs, the next *** VPFs paid by Distributor to Christie/AIX in any Contract Year (i.e., *** - *** VPFs) will be at a discount of ***% from the Standard Rate. (ii) Thereafter, the next *** VPFs paid by Distributor to Christie/AIX in any Contract Year (i.e., *** - *** VPFs) will be at a discount of ***% from the Standard Rate. (iii) Thereafter, any VPFs paid by Distributor to Christie/AIX in any Contract Year (VPFs in excess of *** VPFs) will be at a discount of ***% from the Standard Rate.

c. Combined titles. VPFs for Digital Titles released by Distributor will be combined with VPF on titles for affiliates which Distributor has elected to have included in this Agreement pursuant to Section 9, for the purpose of determining total VPFs paid in order to calculate discounts. For example, if

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in a given contract year, Distributor pays *** VPFs and an affiliate of Distributor pays *** VPFs, the total VPFs for the purposes of calculating discounts will be *** and the first *** VPFs are paid by Distributor or its affiliate are paid according to the applicable rate set forth above and the following *** VPFs paid by either Distributor or its affiliate will qualify for a discount of ***% from the applicable VPF rate according to the Contract Year.

2. REDUCED DEPLOYMENT RATE.

The Standard Rate will be revised according to the chart below ("REDUCED DEPLOYMENT RATE") if

- (a) Christie/AIX fails to deploy ***% of the total screens for the Approved Exhibitors as set out in Section 1(a)(i)(iii) during the Roll-Out Period;
- (b) Christie/AIX fails to deploy ***% of the total screens for the Approved Exhibitors as set out in Section 1(a)(ii) during the Roll-Out Period; or
- (c) Christie/AIX fails to deploy ***% of the total screens for the Approved Exhibitors as set out in Section 1(a)(iv) during the Roll-Out Period.

CONTRACT YEAR	VIRTUAL PRINT FEE
1st	\$***
2nd	\$***
3rd	\$***
4th	\$***
5th	\$***
6th	\$***
7th	\$***
8th	\$***
9th	\$***
10th	\$***
11th	\$***
12th	\$***
13th	\$***
14th	\$***
15th	\$***

3. SCREENINGS. Christie/AIX will not charge Distributor the Standard Rate or the Reduced Deployment Rate for Screenings, but in place of the Standard Rate will charge a VPF of \$***. "SCREENINGS" means all exhibitions which are for invited guests only and for which the guests are not charged an admission, including but not limited to screenings for the Academy of Motion Pictures, trade screenings, press events, or charitable events.

4. TEN YEAR LIMIT. Although the VPFs set forth in the tables above are specified according to Contract Year, Christie/AIX will charge a VPF for any Digital System for only the ten (10) year period following after the Installation Date of that Digital System. For example, if the

Standard Rate applies:

(a) if a Digital System is installed during the 1st Contract Year, VPFs on that Digital System will be (before any applicable discount):

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- (i) \$*** for the remainder of the 1st Contract Year,
 - (ii) \$*** for the 2nd and 3rd Contract Years,
 - (iii) \$*** for the 4th and 5th Contract Years,
 - (iv) \$*** for the 6th Contract Year through the expiration of the ten (10) year period occurring in the 11th Contract Year, and
 - (v) \$*** for the remainder of the 11th Contract Year and for the 12th , 13th, 14th and 15th Contract Years; and
- (b) if a Digital System is installed during the 2nd Contract Year, VPFs on that Digital System will be (before any applicable discount):
- (i) \$*** for the remainder of the 2nd Contract Year,
 - (ii) \$*** for the 3rd Contract Year,
 - (iii) \$*** for the 4th and 5th Contract Years,
 - iv) \$*** for the 6th Contract Year through the expiration of the ten (10) year period occurring in the 12th Contract Year, and
 - (v) \$*** for the remainder of the 12th Contract Year and for the 13th, 14th, and 15th Contract Year.

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ATTACHMENT D

SUBCONTRACTOR'S SERVICES AGREEMENT

_____ ("PROVIDER") as an independent contractor to Christie/AIX ("VENDOR") acknowledges that Buena Vista Pictures Distribution ("BVPD") has imposed the following conditions on all of Vendor's independent contractors. As a precondition to providing services to Vendor in support of its obligations to BVPD ("SERVICES"), Provider accepts the following conditions:

1. **OWNERSHIP OF RESULTS AND PROCEEDS.** Provider expressly agrees that all of the results and proceeds of all Services to be performed by Provider will be deemed a work-made-for-hire for BVPD and that BVPD will be the author and copyright owner of all such results and proceeds.
2. **CONFIDENTIALITY OF MATERIAL.** While providing Services, Provider may acquire knowledge of confidential information, data and other information of or with respect to BVPD which may not be accessible or known to the general public ("CONFIDENTIAL INFORMATION"). Any Confidential Information acquired by Provider may not be used, published or divulged by without first having obtained the written permission of BVPD, which BVPD may grant or withhold at BVPD's sole discretion.
3. **PROMOTION BY PROVIDER.** Provider acquires no right to use, and may not use the name "Disney" (either alone of in conjunction with or as a part of any other word or name) or any fanciful characters, designs, trademarks or trade names of The Walt Disney Company or any of its related, affiliated, or subsidiary companies (a) in any advertising, publicity, promotion; (b) to express or to imply any endorsement of Provider's products or services; nor (c) in any other manner (whether or not similar to uses prohibited by Subparagraphs (a) and (b) above).
4. **SECURITY.** Provider will comply will all security measures set forth by Vendor.
5. **WARRANTY.** Provider warrants that all material provided to Vendor is wholly original with Provider, or in the public domain; that Provider will comply with all applicable federal, state and local laws including all permit and license requirements; and that Provider will perform all services to be provided to Vendor in accordance with the highest generally accepted standards in the industry.
6. **REMUNERATION SOLE RESPONSIBILITY OF VENDOR.** Provider will look solely to Vendor for all compensation and other remuneration for any Services Provider renders.
7. **INSURANCE.** Provider will maintain throughout the performance of its services:
 - (a) Commercial General Liability Insurance (to include contractual and products/completed operations endorsements) with minimum limits of \$10,000,000 on an occurrence form basis, and Automobile Liability coverage with minimum combined single limits of \$10,000,000 protecting it and BVPD from claims for bodily injury (including death) and property damage which may arise from or in connection with the performance of Provider's Services or from or out of any wrongful or negligent act or omission of Provider, its officers, directors, agents, subcontractors or employees; and

(b) Workers' Compensation Insurance as required by applicable law and Employer's Liability Insurance with minimum limits of \$1,000,000 per occurrence.

All such insurance required in Paragraph 7.a. above must be evidenced on standard industry forms and must provide that the coverage may not be reduced or canceled unless thirty (30) days unrestricted prior written notice thereof is furnished to BVPD. All insurance must be written by companies with a BEST Guide rating of B+ VII or better. Certificates of insurance (or copies of policies, if required by BVPD) must be furnished to BVPD, and such policies must include BVPD, its parent, and all affiliated and related companies as additional "insureds."

8. INDEMNIFICATION. Provider will defend (if requested by BVPD and with counsel selected by BVPD), indemnify and hold BVPD, its parent company, or any subsidiaries, related and affiliated companies of each, and the officers, directors, agents, employees and assigns of each, harmless from and against any and all claims, demands, suits, judgments, losses, or expenses of any nature whatsoever (including reasonable attorneys' fees) arising directly or indirectly from or out of: any wrongful or negligent act, error, or omission of Provider, its subcontractors or their respective officers, directors, agents, subcontractors, invitees or employees; any occupational injury or illness sustained by an employee or agent of Provider in furtherance of Provider's services to the extent benefits claimed pursuant to applicable Workers' Compensation laws are claimed against or held to be payable by any of those indemnified pursuant to this Section; or any other material breach of Provider's obligations, representations and warranties as set forth in this Agreement. The indemnities will not be limited by the insurance requirements of Paragraph 6(a) above. The provisions of this paragraph will survive the expiration or sooner termination of Provider's Agreement with Vendor.

DATE _____

_____ ("Provider")

BY: _____

NAME: _____

TITLE: _____

**CONFIDENTIAL TREATMENT REQUESTED BY ACCESS INTEGRATED
TECHNOLOGIES, INC. OF CERTAIN PORTIONS OF THIS AGREEMENT IN ACCORDANCE
WITH RULE 24B-2 UNDER THE SECURITIES EXCHANGE ACT OF 1934.**

DIGITAL CINEMA DEPLOYMENT AGREEMENT

THIS DIGITAL CINEMA DEPLOYMENT AGREEMENT ("AGREEMENT") is made and entered into as of October 12, 2005 by and between Twentieth Century Fox Film Corporation ("DISTRIBUTOR") and Christie/AIX, a Delaware corporation ("CHRISTIE/AIX").

WHEREAS, Christie/AIX is in the business of deploying and funding the deployment of digital projection systems for theatrical presentations in the United States and Canada.

WHEREAS, Distributor produces and distributes movies and is interested in distributing digital versions of movies.

WHEREAS, Christie Digital Systems USA, Inc., a California corporation ("Christie"), is in the business of supplying digital projectors for use in theatrical presentations in the United States and Canada.

WHEREAS, concurrently with the execution of this Agreement, Christie has executed a Guaranty in favor of Distributor, to guarantee obligations of Christie/AIX to Distributor under this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the sufficiency of which the parties acknowledge, the parties agree as follows:

1. DEFINITIONS

(a) "AFFILIATE" means, with respect to any party, any corporation or other entity which Controls, is Controlled by or is under common Control with such party.

(b) "CHRISTIE" has the meaning specified in the third Whereas clause above.

(c) "CHRISTIE CHANGE IN CONTROL" means any transaction, or series of transactions, pursuant to which the Ultimate Controlling Party of Christie immediately prior to such transaction or series of transactions either (i) ceases to directly or indirectly Control Christie, or (ii) is acquired by way of merger, tender offer, takeover, stock sale, going private transaction, assets acquisition or other reorganization.

(d) "CHRISTIE/AIX CHANGE IN CONTROL" means any transaction, or series of transactions, pursuant to which the Ultimate Controlling Party of Christie/AIX immediately prior to such transaction or series of transactions either (i) ceases to directly or indirectly Control Christie/AIX, or (ii) is acquired by way of merger, tender offer, takeover, stock sale, going private transaction, assets acquisition or other reorganization.

(e) "CONTRACT YEAR" means a one-year period beginning on November 1st of one year and ending on October 31st of the following year. The first "CONTRACT YEAR" is November 1, 2005 to October 31, 2006.

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(f) "CONTROL" of a party means the power (through security ownership, economic interest, contractual entitlement, arrangement, understanding, relationship or any other means), direct or indirect, to determine the policies or management of such party, whether through the power to elect, appoint or approve, directly or indirectly, the directors, officers, managers or trustees of such party or otherwise.

(g) "DCI" means Digital Cinema Initiatives, LLC.

(h) "DCI SPEC" means the Digital Cinema System Specification V1.0 issued July 20, 2005 by DCI.

(i) "DIGITAL SYSTEM" means collectively one or more Projection Systems, a central storage server connecting all Projection Systems within a complex, a theater management system, and such other system components and software as are required to meet the standards set forth in the DCI Spec.

(j) "DIGITAL TITLE" means a digitized version of a theatrical motion picture released by a motion picture studio.

(k) "ENDEMIC QUALITY FAILURE" means, for the calendar quarter commencing January 1, 2007 and for each calendar quarter thereafter during the term of this Agreement, the failure of more than *** percent (***) of the Projection Systems deployed as of the commencement of such calendar quarter to perform in accordance with the DCI Spec at any time during such quarter, which failures need not be concurrent.

(l) "ENGAGEMENT" means the period of time beginning with an opening date of a Digital Title within a complex and ending on the closing date of that Digital Title within that same complex.

(m) "EXHIBITOR" means the owner or operator of one or more complexes used for the exhibition of motion pictures.

(n) "INSTALLATION DATE" means, in respect of a Digital System, the date on which the Digital System becomes operational.

(o) "PROJECTION SYSTEM" means collectively a system deployed by Christie/AIX consisting of a DLP Cinema 2k projector, capable of both 2-D and 3-D display, and a digital cinema server for each screen. Each Projection System will be a part of a Digital System.

(p) "ROLL-OUT PERIOD" means *** through ***.

(q) "SECURITY FAILURE" means the occurrence of events or circumstances which establish that compliance with the DCI Spec is not adequate to protect content displayed on the Digital Systems from unauthorized use or distribution.

(r) "TERRITORY" means the United States, including its territories and possessions, and Canada.

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(s) "ULTIMATE CONTROLLING PARTY" means, in respect of Christie and Christie/AIX, the highest tier publicly traded corporation which as of the date of this Agreement directly or indirectly Controls Christie or Christie/AIX, respectively.

2. TERM. The term of this Agreement will commence on October 12, 2005 ("EFFECTIVE DATE") and terminate on October 31, 2020 (the "TERM").

3. DEPLOYMENT.

(a) Christie/AIX will begin deployment of the Digital Systems immediately upon reaching written agreement concerning the theatrical release of Digital Titles with (i) Distributor and at least two of Buena Vista Pictures Distribution, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Universal City Studios LLLP, and Warner Bros. Entertainment Inc. (each a "MAJOR STUDIO") or, alternatively, with Distributor, one Major Studio and both DreamWorks SKG and New Line Cinemas; and (ii) at least one Exhibitor. Notwithstanding the foregoing, Christie/AIX reserves the right to commence deployment at any time prior to entering into such written agreements. Subject to Section 29, Christie/AIX will retain the services of Christie to install the Digital Systems. If for any reason Christie/AIX has not deployed a minimum of *** fully operational Digital Systems by ***, Christie/AIX may terminate this Agreement with no further obligation to Distributor.

(b) If for any reason Christie/AIX does not meet either of the following minimum requirements, Distributor may terminate this Agreement with no further obligation to Christie/AIX:

(i) Deploy a minimum of *** fully operational Projection Systems by ***; or

(ii) Deploy fully operational Projection Systems in greater than ****% of the screens in any complex where any Projection System is deployed by Christie/AIX.

(c) If on the first day of any Contract Year other than the first Contract Year fewer than *** fully operational Projection Systems are then deployed by Christie/AXI, Distributor may terminate this Agreement with no further obligation to Christie/AIX;

(d) If for any reason Christie/AIX does not meet either of the following minimum requirements, other than by reason of failing to obtain debt financing on reasonable terms, Distributor may terminate this Agreement with no further obligation to Christie/AIX:

(i) Deploy a minimum of *** fully operational Projection Systems no later than ***; or

(ii) Deploy a minimum of *** fully operational Projection Systems no later than the end of the Roll-Out Period.

(e) Christie/AIX will require each Exhibitor to which Digital Systems are deployed to agree, in substance, to:

(i) not do anything which would render Digital Systems non-compliant with, or prevent Digital Systems from being non-compliant with, the DCI Spec during the term of this Agreement;

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(ii) maintain during the term of this Agreement an adequate theater staff properly trained in the use of Digital Systems;

(iii) maintain Digital Systems in good order and repair during the term of this Agreement; and

(iv) for so long as this Agreement is in effect, to comply with the following (in whatever wording the following concept may be expressed):

So long as greater than *** percent (***) of the screens in any complex are equipped with Projection Systems, then, if a theatrical motion picture which an Exhibitor desires to license from Distributor for exhibition in such complex is available from Distributor in both a Digital Title version and a film print version, Exhibitor will license and exhibit the Digital Title version rather than the film print version on a Projection System in such complex provided that there is a screen equipped with a Projection System that is open to be booked with the Digital Title version commencing on the opening date of that theatrical motion picture.

(f) Nothing in this Agreement shall apply to complexes located or Digital Titles exhibited outside of the Territory.

(g) Christie/AIX shall only deploy Projection Systems to complexes existing as of the date of this Agreement for auditoriums in such complexes existing as of the date of this Agreement, except that *** percent (***) of all fully operational Projection Systems which are deployed pursuant to this Agreement shall not be subject to restriction under this Section 3(g).

4. INTENTIONALLY OMITTED

5. DCI SPEC COMPLIANCE. When the technology necessary to make Digital Systems compliant with the DCI Spec becomes available, Christie/AIX will (a) thereafter deploy only Digital Systems which are compliant with the DCI Spec and (b) within four (4) months after such availability upgrade all Digital Systems previously deployed to bring such Digital Systems into compliance with the DCI Spec, at no incremental cost to Distributor, provided that by March 31, 2006 all Digital Systems then deployed will be compliant with the DCI Spec. All Digital Systems deployed by Christie/AIX will, from the time of first deployment, have JPEG2000 capability and the capability of receiving digital content in any form expressly permitted by the DCI Spec. Christie/AIX represents and warrants that it will require all Exhibitors utilizing Digital Systems to permit Distributor or its authorized representative to verify compliance of such Digital Systems with the DCI Spec and to observe installation methods and utilization of Digital Systems, and that it will require all Exhibitors to cooperate fully with on-site Distributor inspections.

6. CHANGES TO THE DCI SPEC. In the event the DCI Spec is amended or modified in any material respect, the parties will, at the request of either party, meet and confer and negotiate in good faith on matters of interest or concern to either party relating to any such amendment or modification, including, but not limited to, whether upgrades will be made to the Digital Systems deployed hereunder so that they comply with any such amendment or modification to the DCI Spec and whether and/or the extent to which either party will bear any or all of the cost

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of any such upgrades required for the Digital Systems deployed hereunder to comply with any such amendment or modification to the DCI Spec.

7. DISTRIBUTOR'S OBLIGATION REGARDING DIGITAL RELEASES.

(a) Notwithstanding any other provision of this Agreement, Christie/AIX acknowledges that the decision of whether to license any particular movie to any particular complex lies entirely within Distributor's unilateral discretion. Christie/AIX further acknowledges that for each of Distributor's movies, Distributor will select the distribution pattern and select the complex(es) that Distributor unilaterally believes in its business judgment to be appropriate for its movie, considering all relevant circumstances. Christie/AIX acknowledges and accepts that Distributor's licensing decisions will not be based solely upon whether an Exhibitor has installed any Christie Digital Cinema Projection System.

(b) If Distributor or an Affiliate of Distributor whose films are released by Distributor agrees with an Exhibitor to license a motion picture to a screen at which a Digital System is deployed and fully operational, Distributor will make the motion picture available, subject to ATTACHMENT B, as a Digital Title; provided, however, that:

(i) Distributor has no obligation to make available as a Digital Title any motion picture produced or released by Fox Searchlight Pictures, Inc.;

(ii) During any time Christie/AIX has deployed in total *** or fewer fully operational Projection Systems, Distributor has no obligation to make any motion picture available as a Digital Title, and the provisions of ATTACHMENT B will not apply;

(iii) In any Contract Year in which the number of fully operational Projection Systems deployed by Christie/AIX under this Agreement as of the first day of such Contract Year does not exceed *** fully operational Projection Systems, then the provisions of Attachment B will not apply and Distributor will make available as Digital Titles in that Contract Year a minimum number of Digital Titles equal to ten (10) multiplied by a fraction, the numerator of which is the number of full calendar months remaining in such Contract Year at the time *** Projection Systems have been deployed, and the denominator of which is *** (***), except that: (A) if fewer than two (2) months remain in such Contract Year at the time that *** Projection Systems have been deployed and are fully operational, Distributor will have no obligation to make any motion pictures available as Digital Titles for the remainder of such Contract Year and (B) if Christie/AIX deploys at least *** fully operational Projection Systems by March 1, 2006, Distributor will make available at least *** (*** Digital Titles in the first Contract Year and, in each case, the provisions of ATTACHMENT B will not apply.

(iv) In any Contract Year in which the number of fully operational Projection Systems deployed by Christie/AIX under this Agreement as of the first day of such Contract Year exceeds *** fully operational Projection Systems but does not exceed *** fully operational Projection Systems, then Distributor will make available at least *** (*** Digital Titles in such Contract Year and the provisions of ATTACHMENT B will not apply.

(v) Distributor is permitted to provide physical film prints for showing on a screen to which a Digital Title has been licensed by Distributor but only (A) where such physical film print is provided in advance as a precautionary measure for use solely in the event the Digital System associated with such screen malfunctions, or (B) where such physical film

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print is provided in response to a Digital System malfunction which has prevented any full showing of the Digital Title on such screen.

8. DISTRIBUTOR'S OBLIGATION REGARDING VIRTUAL PRINT FEES AND WATERMARKING LICENSE FEES.

(a) Distributor or its Affiliates will pay to Christie/AIX one virtual print fee ("VPF") in the applicable amount set forth on ATTACHMENT C for each Engagement of a Digital Title on a Projection System made by Distributor or any of those Affiliates for which an election has been made, on a picture by picture basis, pursuant to the provisions of section 9, regardless of the number of exhibitions of such Digital Title during the time of such Engagement. Distributor will not pay a VPF for:

(i) trailers;

(ii) material of less than 15 minutes duration which Distributor programs and licenses to be exhibited only with the Digital Title (e.g., short subjects, cartoons);

(iii) moveovers, i.e., presentation of a Digital Title on a screen other than where it opened at the beginning of the Engagement, but within the same complex; or presentations on a screen not actually booked by Distributor;

(iv) a screen where the Digital System malfunctions (by reason of system defects and not due to operator error or power surges) preventing two (2) or more consecutive exhibitions of a Digital Title, except that on up to ten (10) occasions aggregated Territory-wide per Contract Year, Christie/AIX may charge a VPF where only two (2) consecutive exhibitions are missed;

(v) exhibition on a Digital System more than 10 years after the Installation Date of that Digital System;

(vi) studio screenings, including Exhibitor trade screenings, studio premieres and sneak preview screenings; or

(vii) any private or governmental non-commercial screenings for which no admission is charged.

(b) If Christie/AIX licenses watermarking technology in order to have Digital Systems comply with the DCI Spec, Distributor will negotiate with Christie/AIX to determine what additional fee should be paid by Distributor for the watermarking technology, provided however that (i) the fee will be based upon Christie/AIX's actual direct out-of-pocket costs pro-rated over all of Christie/AIX's customers; (ii) the maximum fee will be an increase of \$*** per VPF; and (iii) the cost to Distributor to recover the watermark identification shall not exceed any comparable DCI compliant watermarking systems.

9. DISTRIBUTOR'S AFFILIATES. This Agreement applies to all movies released by Distributor regardless of whether the films are produced by Distributor or its Affiliates with the exception of movies produced or released by Fox Searchlight. Distributor may, at its election, include in this Agreement, on a picture by picture basis, any other motion picture in which Distributor or any of its

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Affiliates has distribution rights or a financial interest. Christie/AIX will calculate and charge VPFs in the manner set forth in Attachment C based upon all Digital Titles which Distributor releases combined with the Digital Titles for those Affiliates which Distributor has elected to have included in this Agreement.

10. **QUALITY, RELIABILITY AND PERFORMANCE.** Christie/AIX or its permitted assignees will retain title to and will be responsible for maintaining and servicing the Digital Systems for the Term. Christie/AIX or its permitted assignees, agents, representatives or subcontractors will:

(a) maintain an adequate staff of technicians to provide technical support via telephone to Exhibitors utilizing the Digital Systems. Such telephone technical support will be available to each Exhibitor from 5:00 a.m. Pacific Time to 2:00 a.m. Pacific time the following morning, seven days per week;

(b) provide a 2-hour on-site response time to complex locations in the United States (except that on any ten (10) occasions aggregated Territory-wide in any Contract Year response time may be within 4 hours), and on-site response time as promptly as possible in Canada, to provide technical assistance, repairs and maintenance for Digital Systems;

(c) maintain the highest levels of quality and reliability in the design, manufacture, deployment, performance and support of its Digital Systems;

(d) perform all services, including delivery, installation, and maintenance, in a first class manner, and comply with minimum standards of quality and security which Distributor and Christie/AIX agree upon from time to time; and

(e) perform all services with fully trained and technically qualified personnel. Christie/AIX will change and improve its services whenever necessary to meet industry standards set by the DCI Spec and to maintain its position as a leader in the digital cinema industry.

11. **INVOICING, RECORD KEEPING AND AUDITS.**

(a) Christie/AIX will issue one invoice to Distributor per month for VPFs, in the month following the month in which the payment obligation for the VPFs accrues. Distributor will pay invoices net forty-five (45) days from the date of the invoice. Distributor will pay Christie/AIX only if the invoices are substantiated to Distributor's reasonable satisfaction. Distributor reserves the right to demand and receive explanation and further supporting documentation for any invoice before payment.

(b) During the Roll-Out Period, Christie/AIX will provide to Distributor monthly written reports showing:

(i) all complex locations at which Digital Systems were installed during the prior month;

(ii) all complex locations at which Digital Systems became fully operational during the prior month;

- (iii) the number of screens, by complex location, for which Projection Systems were installed during the prior month, and the identifying screen number or location of each such screen within the complex where such screen is located;
 - (iv) the number of screens, by complex location, for which Projection Systems became fully operational during the prior month, and the identifying screen number or location of each such screen within the complex where such screen is located;
 - (v) the nature of all upgrades made by Christie/AIX or its subcontractors to Digital Systems during the prior month, the complex location of each such upgraded Digital System, the number of screens, by complex location, affected by such upgrades, and the identifying screen number or location of each such screen within the complex where such screen is located;
 - (vi) the new location, by complex location and by identifying screen number or location within such complex, to which any installed Projection System is relocated during the prior month; and
 - (vii) all Projection Systems, by complex location, which have been removed from service during the prior month, and the identifying screen number or location within the complex of the screen for which such Projection System was removed from service.
- (c) Upon the installation of Digital Systems, Christie/AIX will promptly furnish to Distributor certification by Christie (or the appropriate subcontractor if other than Christie) that such Digital Systems are in compliance with the requirements of Section 5.
- (d) After the Roll-Out Period, Christie/AIX will provide to Distributor monthly written reports showing:
- (i) the nature of all upgrades made by Christie/AIX or its subcontractors to Digital Systems during the prior month, the complex location of each such upgraded Digital System, the number of screens, by complex location, affected by such upgrades, and the identifying screen number or location of each such screen within the complex where such screen is located;
 - (ii) the new location, by complex location and by identifying screen number or location within such complex, to which any installed Projection System is relocated during the prior month; and
 - (iii) all Projection Systems, by complex location, which have been removed from service during the prior month, and the identifying screen number or location within the complex of the screen for which such Projection System was removed from service.
- (e) Christie/AIX will provide to Distributor or Distributor's designee for security or key management the unique server coding information for each Projection System required for use in key management.
- (f) At Distributor's written request, Christie/AIX will, at the next service call made by Christie/AIX or its subcontractors to any Digital System

designated by Distributor in such written request, provide such information as Distributor requests with respect to the compliance of such Digital System with the DCI Spec.

(g) Christie/AIX will make available to Distributor all reports of all exhibitions of Digital Titles on Digital Systems. Christie/AIX will, for at least four (4) years from the date of invoice, keep records of all information on which invoices to Distributor are based and records of rates charged to other customers for which Christie/AIX provided the same or similar services.

(h) Distributor will regularly report to Christie/AIX locations and dates of all bookings of Digital Titles by Distributor to such locations. Distributor will, for at least four (4) years, keep records of all bookings of Digital Titles, and Christie/AIX, at its sole expense, will have the right to audit such records, during normal business hours and upon at least 15 days prior written notice, solely for the purpose of verifying amounts payable by Distributor to Christie/AIX.

(i) Distributor, at its sole expense, will have the right to audit, during normal business hours and upon reasonable advance notice, such records for the purpose of verifying Christie/AIX and Exhibitor obligations to Distributor, and for the purpose of verifying Christie/AIX's compliance with its obligations under this Agreement, including but not limited to the provisions of Sections 17 and 22. Distributor will bear the cost and expense of such audit unless a material discrepancy is found, in which case the cost of the audit will be borne by Christie/AIX. A discrepancy is material if it involves an overpayment of 5% or more.

12. LIMITATIONS ON LIABILITY.

(a) Limitations.

(i) Except as provided in Section 12(a)(iii) below, 19, 24 or 27, Distributor's only remedy for Christie/AIX's breach of section 3 or 10 of this Agreement is to terminate this Agreement.

(ii) Without limiting the provisions of Section 12(a)(i), 19, 24 or 27, and except as provided in Section 12(a)(iii) below, Christie/AIX shall not, provided that Christie/AIX is in compliance with the requirements of Section 5, have any liability to Distributor for any losses arising out of or relating to the quality or reliability of Digital Systems or any breaches or breakdowns of security.

(iii) If a Digital System malfunctions (by reason of system defects and not due to operator error or power surges), Christie/AIX's only liability for the missed exhibition(s) (other than as provided in Sections 19, 24 or 27) will be to reimburse Distributor's out-of-pocket costs (excluding only the actual print cost) up to a maximum amount of \$*** per malfunction, incurred to substitute a 35mm print at a screen where exhibition of a Digital Title would be delayed more than 2 hours due to such malfunction; provided however, that on up to ten (10) occasions aggregated Territory-wide per Contract Year such reimbursement will be waived where no more than two (2) consecutive exhibitions are missed.

(b) Nothing contained in this Agreement limits the liability of Christie/AIX

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(i) for its willful or negligent acts; or

(ii) arising out of any personal injury, death or property damage attributable to manufacturing defects in the Digital Systems or to any installation, maintenance or support services provided with respect to Digital Systems.

(c) Nothing contained in this Section 12 limits the liability of Christie/AIX in respect of its indemnification obligations under Section 24.

13. **EXCLUDED COSTS.** Distributor is responsible for costs of digital print content preparation and distribution, including any and all costs relating to producing, encoding, encrypting, packaging, watermarking (other than watermarking which is part of the DCI Spec), marketing and delivering Digital Titles. Distributor is also responsible for costs of key generation, delivery and management. Distributor will not be responsible for payment to Christie/AIX of any cost items arising out of or in connection with the deployment of Digital Systems, including without limitation installation, testing, training, and other on-site costs, all of which, as between Distributor and Christie/AIX, are Christie/AIX expenses

14. **PROGRAM EXTENSION.** The provisions of this Agreement apply up to a maximum of 4000 Projection Systems deployed by Christie/AIX during the Roll-Out Period. The provisions of this Agreement will not apply or be extended to other deployments of Projection Systems during or after the Roll-Out Period, other than as expressly provided for by separate written agreement of Christie/AIX and Distributor. Neither Christie/AIX nor Distributor will be obligated to so extend the program contemplated by this Agreement.

15. **NON-EXCLUSIVITY / NON-INTERFERENCE.** The program contemplated by this Agreement is non-exclusive and each party is free at all times to make agreements with others concerning digital cinema. Christie/AIX agrees that time is of the essence in performing its obligations under this Agreement. Christie/AIX may not enter into undertakings with third parties which would interfere with the performance of its obligations under this Agreement.

16. **PRESS RELEASE/NO USE OF FOX NAME.**

(a) Except as required under applicable law, neither of the parties may disclose the content of this Agreement to any third party other than an Affiliate (and any disclosure to an Affiliate will be on a strictly confidential basis), or make any public statement or announcement regarding this Agreement or the content hereof, without the prior written approval of the other party. The parties shall negotiate in good faith a mutually satisfactory press release regarding this Agreement.

(b) By the operation of this Agreement, Christie/AIX does not acquire any right to use, and shall not use, the name "Fox" or any trademarks, trade names or intellectual property of Distributor or its Affiliates in advertising, publicity or promotion, to express or to imply endorsement of products or services, or in any other manner whatsoever without the prior written approval of Distributor.

17. **MOST FAVORABLE TERMS.**

(a) AGGREGATE TERMS. If Christie/AIX or its Affiliates provide a comparable program to any other motion picture distributor at rates that, net of all consideration, are lower than those charged to Distributor under this Agreement, then it will reduce the rate charged to Distributor to the lower rate, effective as of the date Christie/AIX or its Affiliates commenced charging the lower rate, or afforded other consideration, to the other motion picture distributor. Under this Section 17, "CONSIDERATION" means anything of value, however denominated, afforded by Christie/AIX or its Affiliates to motion picture distributors including, but not limited to, all incentives, credits, discounts, up-front payments, loans, free services, rebates and adjustments.

(b) LINE ITEMS. If Christie/AIX or its Affiliates provide a comparable program to another motion picture distributor for which any separate line item is at a rate lower than the rate charged to Distributor under this Agreement for such line item, then it will notify Distributor in writing of the entire pricing schedule it is providing to the other motion picture distributor. Distributor will have the option, exercisable in its sole discretion within 30 days of receipt of the notice, to substitute into this Agreement the entire pricing schedule utilized for the other motion picture distributor.

(c) CONTRACT TERMS. No term of this Agreement shall be less favorable to Distributor in any material respect as compared to any other agreement entered into between Christie/AIX and any other motion picture distributor which relates to the same general subject matter as this Agreement.

18. INTENTIONALLY OMITTED

19. PARTIAL OR COMPLETE TERMINATION FOR QUALITY/RELIABILITY FAILURES.

(a) In the event that (i) within any rolling twelve (12) month period a Projection System malfunctions on *** (***) or more occasions by reason of system defects (and not due to operator error or power surges) resulting in missed exhibitions, whether or not cured, or (ii) a Projection System malfunctions by reason of a system defect (and not due to operator error or power surges) resulting in *** (***) or more consecutive missed exhibitions and is not restored to working order within *** (***) days after the occurrence of the malfunction, then Distributor shall have the right to terminate this Agreement solely as to the Projection System involved.

(b) In the event an Endemic Quality Failure occurs, and such Endemic Quality Failure is not cured within *** (***) days after notice thereof is given by Distributor to Christie/AIX, Distributor shall have the right to terminate this Agreement. Christie/AIX will notify Distributor of any Endemic Quality Failure of which it becomes aware.

20. TERMINATION.

(a) In addition to the termination rights set forth in other provisions of this Agreement, Distributor may immediately terminate this Agreement, in whole or in part, upon written notice to Christie/AIX if:

(i) there is any violation of the confidentiality or security provisions of Sections 21 and 22, respectively;

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(ii) Christie/AIX ceases to support the program contemplated by this Agreement;

(iii) Christie/AIX makes any assignment for the benefit of creditors or files a petition in bankruptcy or is adjudged bankrupt or becomes insolvent or is placed in the hands of a receiver or if any of the equivalent of any of the foregoing proceedings or acts referred to in this clause, though known or designated by some other name or term occurs;

(iv) Christie/AIX breaches any other material term or provision of this Agreement and fails to cure such breach within 45 days after being notified of such breach, so long as Christie/AIX commences immediately and diligently upon notice to remedy such breach;

(v) there is a Christie/AIX Change of Control or a Christie Change of Control without the prior written consent of Distributor, which consent will not be unreasonably withheld; or

(vi) Christie/AIX assigns this Agreement in violation of Section 26.

(b) Christie/AIX may terminate this Agreement, in whole or in part, upon written notice to Distributor if Distributor breaches any material term or provision of this Agreement and fails to cure such breach within 45 days after being notified of such breach, so long as Distributor commences immediately and diligently upon notice to remedy such breach.

21. CONFIDENTIAL INFORMATION. Distributor and Christie/AIX agree to keep confidential this Agreement and all its provisions, along with any and all information furnished to it by the other party or the other party's Affiliates, representatives or independent public accountants in connection with this Agreement, except to the extent (i) any such information is or becomes generally available to the public other than as a result of disclosure by Distributor or Christie/AIX or their respective Affiliates; (ii) any such information is required to be disclosed by a court of competent jurisdiction or governmental agency pursuant to subpoena or similar power; or (iii) any such information was or becomes available to Distributor or Christie/AIX or their respective Affiliates on a non-confidential basis and from a source (other than a party to this Agreement or any advisor or Affiliate of such party) that is not bound by a confidentiality agreement, and Distributor and Christie/AIX will instruct their respective Affiliates, officers, employees and other representatives having access to such information of such obligation of confidentiality. Distributor agrees that auditors engaged by any other motion picture distributor conducting a most favored nations audit of Christie/AIX shall have access to this Agreement to the same extent as Distributor's auditors have access to agreements between Christie/AIX and other motion picture distributors pursuant to the provisions of Section 11, provided that such auditors are bound by the foregoing confidentiality obligations. The foregoing obligations will survive the termination or cancellation or rescission of this Agreement and the same will not relieve the parties of their obligations regarding confidentiality.

22. SECURITY PROCEDURES.

(a) Christie/AIX represents and warrants that it will implement and maintain security procedures, to safeguard all Digital Titles, including but not limited to during transport of any kind by or on behalf of Christie/AIX, from damage and loss due to any cause, including but not limited to conversion, misuse, destruction, loss, theft, loan, gift, misdelivery, or other

misappropriation, and that the security procedures it maintains, must be equivalent in all respects to the highest standards prevailing in the industry and agrees that the same will continue to be true during the Term. Christie/AIX will provide Distributor with descriptive and verifying documentation of its security procedures and will immediately notify Distributor in writing if there is a breach or alleged breach of the security procedures.

(b) Christie/AIX grants Distributor the right to periodic inspection of Christie/AIX's security procedures, and promises that it will cooperate with Distributor to the fullest extent possible in such periodic inspections and resultant recommendations.

23. INSURANCE.

(a) Christie/AIX will maintain during the term of this Agreement:

(i) Commercial General Liability Insurance including contractual and products/completed operations, with minimum limits of \$10,000,000 on a per occurrence basis, and Automobile Liability coverage with minimum combined single limits of \$10,000,000, protecting Christie/AIX and Distributor from claims for personal or bodily injury (including death) and property damage which may arise from or in connection with the performance of Christie/AIX's obligations under this Agreement or from or out of any wrongful or negligent act or omission of Christie/AIX, its Affiliates, and their respective officers, directors, agents, contractors or employees;

(ii) Errors and Omissions Insurance on a claims made basis with minimum limits of \$2,000,000 per claim during the Roll-Out Period and \$5,000,000 per claim after the Roll-Out Period;

(iii) Workers' Compensation Insurance as required by applicable law and Employer's Liability Insurance with minimum limits of \$1,000,000 per occurrence.

(b) All such insurance required in this Section 23 must be evidenced on standard industry forms and must provide that the coverage may not be reduced or canceled unless thirty (30) days unrestricted prior written notice is furnished to Distributor. All insurance must be primary and not contributory with regard to any other available insurance to Distributor. All insurance must be written by companies with a BEST Guide rating of B+ VII or better. Christie/AIX must furnish certificates of insurance (or copies of policies, if required by Distributor) to Distributor before commencing performance under this Agreement, and such policies must include Distributor and its Affiliates as "additional insureds" and contain a waiver of subrogation. (The "additional insured" requirement applies to all coverages except Workers' Compensation and Employers Liability. The waiver of subrogation applies to all coverages.) Distributor's payment obligations under this Agreement are contingent upon receipt of certificates of insurance which comply with the above. Waiver of this requirement for a payment or several payments does not constitute waiver of this requirement for any other payment.

24. INDEMNIFICATION.

(a) Each party (the "INDEMNIFYING PARTY") will, at its sole expense, defend, indemnify and hold harmless the other party and its Affiliates, and the

officers, directors, agents, employees and assigns of each (collectively, the "INDEMNIFIED Parties"), from and against any and all claims, demands, suits, judgments, losses or expenses of any nature whatsoever (including reasonable attorneys' fees expended in actions for claims under this Agreement or in pursuing any rights granted under this Agreement against the Indemnifying Party) arising directly or indirectly from or out of:

- (i) any wrongful or negligent act, error or omission of the Indemnifying Party, its officers, directors, agents, contractors, or employees;
 - (ii) any occupational injury or illness sustained by an employee or agent of the Indemnifying Party in furtherance of the Indemnifying Party's performance under this Agreement, to the extent benefits pursuant to applicable Workers' Compensation laws are claimed against or held to be payable by any Indemnified Party;
 - (iii) any failure of the Indemnifying Party to perform its obligations under this Agreement in accordance with the highest generally accepted professional standards;
 - (iv) the Indemnifying Party's violation of the rights of any third party (other than intellectual property rights as provided for in paragraphs (b) and (c) below); and
 - (v) any other material breach of the Indemnifying Party's obligations, representations and warranties as set forth in this Agreement.
- (b) Christie/AIX will, at its sole expense, defend, indemnify and hold harmless Distributor, and the Indemnified Parties of Distributor, from and against any and all claims, demands, suits, judgments, losses or expenses of any nature whatsoever (including reasonable attorneys' fees) arising out of
- (i) the actual or alleged infringement of Digital Systems on any patent, trademark, trade name, designs, copyright or other intellectual property rights of any third party or
 - (ii) the manufacture, deployment, operation or malfunction of any Digital System deployed hereunder; provided, however, Christie/AIX shall have no obligation or liability under this paragraph (b) with respect to any actual or alleged infringement of any Digital Title supplied by Distributor or its Affiliates or other content supplied by Distributor or its Affiliates shown on Digital Systems, on any patent, trademark, copyright or other intellectual property rights of any third party;
- (c) Distributor will, at its sole expense, defend, indemnify and hold harmless Christie/AIX, and the Indemnified Parties of Christie/AIX, from and against any and all claims, demands, suits, judgments, losses or expenses arising out of the actual or alleged infringement of any Digital Title supplied by Distributor or its Affiliates or other content supplied by Distributor or its Affiliates shown on Digital Systems, on any patent, trademark, copyright or other intellectual property rights of any third party;
- (d) The Indemnifying Party may not, without the Indemnified Party's written consent, settle any Claim if such settlement arises from or is part of any criminal action, suit or proceeding or contains a stipulation to or admission or acknowledgment of any wrongdoing (whether in contract, tort or otherwise) on the part of the Indemnified Party.
- (e) Notwithstanding the foregoing, the Indemnified Parties may, in their absolute discretion, employ attorneys of their own choice and institute or

defend any claim, action or proceeding and take other appropriate steps to protect all rights, title and interest in and to any trademarks, trade names, designs, or other intellectual property or other materials or property provided to the Indemnifying Party by the Indemnified Party under this Agreement, and in connection therewith, settle, compromise, or in any manner dispose of any such claim, action or proceeding and satisfy any judgment that may be rendered in any manner, as the Indemnified Party may in its sole discretion may determine.

(f) The indemnities contained herein are not limited by the insurance requirements set forth in Section 23. The provisions of this Section 24 will survive the expiration or earlier termination of this Agreement.

25. WARRANTIES.

(a) Distributor represents and warrants to Christie/AIX that Distributor has the full right, power and authority to enter into and perform this Agreement.

(b) Christie/AIX represents and warrants to Distributor and its Affiliates (collectively, the "COMPANIES") that Christie/AIX has the full right, power and authority to enter into and perform this Agreement; and that Christie/AIX will comply with all applicable Federal, state and local laws including licensing and permit requirements.

(c) Christie/AIX agrees, represents and warrants that: (i) the media on which any software that is embedded or otherwise utilized within the Digital Systems will not contain any computer instructions whose purpose is to disrupt, damage or interfere with Distributor's or its Affiliates' use of any Digital Title or any of their data, programs or computer or telecommunications facilities for their commercial purposes; and (ii) unless expressly authorized in writing by Distributor, the software will not contain any key, node lock, time-out, logic bomb or other function, implemented by any means, which may restrict Distributor's or its Affiliates' use of or access to any Digital Title, programs, data or equipment. Nothing contained in this paragraph (c) restricts the monitoring of Digital System performance and operation for maintenance and support purposes.

26. ASSIGNMENT. This Agreement is not assignable by Christie/AIX, directly or indirectly, by operation of law or otherwise, and whether by way of merger, consolidation, reorganization, sale of assets or otherwise, without obtaining the prior written consent of Distributor, which may be granted or withheld in Distributor's absolute discretion, and any such attempted assignment without obtaining such prior written consent will be void. No assignment will relieve the assignor from its obligations under this Agreement. Notwithstanding the foregoing, Christie/AIX may assign this Agreement to a bankruptcy remote vehicle ("BRV") established in connection with the financing of the acquisition of Digital Systems for deployment as contemplated by this Agreement, and, in connection with any such financing, Christie/AIX or any such BRV may grant security interests in or collaterally assign this Agreement in favor of any bank or insurance company which is directly or indirectly publicly held and whose primary business is finance or insurance or any collateral agent for any such banks or insurance companies (the "FINANCING PARTY"); provided, however, that any such assignment will not relieve the assignor from its obligations under this Agreement. Neither the BRV or the Financing Party may be affiliated with an Exhibitor, distributor or producer of theatrical motion pictures.

27. FORCE MAJEURE.

(a) If any loss or damage of any kind occurs by reason of any act or omission of either party due to, or if either party is substantially delayed in, or prevented from the performance of any of the covenants (other than the payment of money) on its part to be performed pursuant to this Agreement on account of, any cause beyond its control, including but not limited to acts of God, the elements, the public enemy, strikes, walk-outs, fire, failure of transportation agencies, Security Failures, inability to obtain, or the failure of others to deliver, or the delay of others in delivering, raw stock or other necessary material, machinery or equipment, to the extent such party uses reasonable efforts and due diligence to recover and resume performance, it shall be excused and the period of such delay shall be disregarded in calculating the time of its performance and no claim, offset or cause of action shall lie against any party at any time on account thereof.

(b) Without limiting the generality of the foregoing, upon written notice by Distributor to Christie/AIX that a Security Failure has occurred and is continuing, the parties shall promptly meet and confer in good faith to discuss an appropriate solution to remedy such Security Failure and shall use reasonable commercial efforts to reach a reasonable remedy acceptable to both parties. If within one hundred twenty (120) days after such notice the parties are unable to agree on an appropriate remedy for such Security Failure, or if within one hundred eighty (180) days after such notice Christie/AIX has not implemented a mutually agreeable remedy to such Security Failure, Distributor shall have the right to terminate this Agreement by written notice to Christie/AIX.

28. **RELATIONSHIP BETWEEN THE PARTIES.** The parties expressly agree that the relationship between them is that of two principals dealing with each other as independent contractors. Accordingly, nothing contained in this Agreement nor activities undertaken by the parties pursuant to this Agreement or the program contemplated by this Agreement will be deemed to create a joint venture, partnership, employment or agency relationship between Christie/AIX and Distributor or Christie/AIX and the Companies. Further, Christie/AIX is solely responsible for the payment of all Federal, state and local income taxes, social security taxes, Federal and state unemployment insurance and similar taxes and all other assessments, contributions, dues or sums payable as a result of or in connection with the performance of this Agreement by Christie/AIX and Christie/AIX will sign and file all related returns, forms and certificates (including I-9) with respect to any of the foregoing. Christie/AIX has no authority to bind or contract on behalf of Distributor or the Companies and shall not hold itself out to any third party as having any such authority. Christie/AIX is not entitled to participate in, or to receive any benefits from, any of the Companies' benefit or similar programs, specifically including, but not limited to, coverage under the Companies' worker's compensation program. The Companies have no obligation whatsoever to compensate Christie/AIX on account of any damages or injuries which Christie/AIX may sustain as a result, or in the course, of Christie/AIX's performance under this Agreement.

29. **SUBCONTRACTORS.** If Christie/AIX uses the services of any subcontractors ("SUBCONTRACTORS") to perform services for Christie/AIX in conjunction with its obligations under this Agreement, Christie/AIX warrants and represents that it will: (i) identify in advance to Distributor who it intends to use; (ii) allow Distributor to approve Christie/AIX's choice prior to Christie/AIX's engaging the services, which approval will not be unreasonably withheld; and (iii) provide Subcontractors with written instructions on security which require the Subcontractor to meet all security measures imposed by Distributor on Christie/AIX. Christie/AIX will remain, in all respects, directly and primarily liable to Distributor for all services that it elects to have performed by

Subcontractors. Distributor approves Christie as a Subcontractor of Christie/AIX, and clauses (i) and (ii) above have no application to Christie.

30. ADDITIONAL DOCUMENTS. At either party's request, the other party will provide and execute any documents required by Federal, state and local authorities, insurance companies and all other documents consistent with the terms in this Agreement which are reasonably necessary to carry out the intent and purpose of this Agreement.

31. NOTICES. Notices will be effective when delivered to the specified address and must be sent via certified mail; expedited delivery; or by messenger service, with each of the foregoing providing for a written confirmation of delivery; or via facsimile. Unless otherwise specified by written notice, notice information for Distributor and Christie/AIX are as follows:

Distributor: Twentieth Century Fox Film Corporation
Attention: Julian Levin, Executive Vice President
10201 West Pico Boulevard
Building 86, Room 202
Los Angeles, CA 90035
Fax No: 310-369-3926

With a copy to: Twentieth Century Fox Film Corporation
Attention: Legal Department, and
Attention: Michael Doodan, Esq.
2121 Avenue of the Stars
Suite 1400
Los Angeles, CA 90067
Fax No: 310-369-3595

Christie/AIX: Christie/AIX, Inc.
c/o Access Integrated Technologies, Inc.
Attention: Gary Loffredo, Esq.
55 Madison Avenue
Suite 300
Morristown, NJ 07960

32. MISCELLANEOUS.

(a) CHOICE OF LAW. This Agreement will be governed by and construed in accordance with the laws of the State of California applicable to contracts made and to be wholly performed within such State (without giving effect to any conflict of laws principles under California law).

(b) JUDICIAL INTERPRETATION. Should any provision of this Agreement require judicial interpretation, it is agreed that the terms of this Agreement will not be more strictly construed against the party who prepared this Agreement, it being further agreed that each party has participated in the negotiation of this Agreement and was given sufficient opportunity to consult legal counsel before the execution of this Agreement.

(c) COUNTERPARTS. This Agreement may be executed in one or more counterparts, including by facsimile transmission, each of which will be deemed an original and all of which together will constitute one and the same instrument.

(d) HEADINGS. The headings and titles contained in this Agreement are for the sake of convenience only and have no bearing on the content or substance of this Agreement.

(e) SEVERABILITY. If any provision of this Agreement is adjudicated void, illegal, invalid or unenforceable, the remaining terms and conditions will not be affected, and each of the remaining terms and conditions of this Agreement will be valid and enforceable to the fullest extent permitted by law, unless a party demonstrates by a preponderance of the evidence that the invalid provision was an essential economic term of the Agreement.

(f) FULL EXECUTION. This Agreement will not be effective until fully executed by all of the parties or their duly authorized representatives.

(g) ENTIRE AGREEMENT. This Agreement, including any exhibits and attachments, contains the entire understanding of the parties relating to the subject matter contained in this Agreement and supersedes all prior discussions and writings between them. In the event of any inconsistency between the provisions of this Agreement and the provisions of any exhibit or attachment to this Agreement, the provisions contained in this Agreement will prevail. This Agreement may not be modified by language contained in any purchase order, invoice or other business form, and may only be amended by a written instrument signed by the duly authorized representatives of each of the parties which expressly amends this Agreement. If Distributor pays Christie/AIX pursuant to an invoice, purchase order or other business form submitted by Christie/AIX, the terms of this Agreement will prevail if the terms of this Agreement are inconsistent with the terms of the invoice.

(h) SURVIVAL. Any provision of this Agreement which by its terms is intended to survive the expiration or termination of this Agreement, including but not limited to Sections 11, 17, 21 and 24, shall survive such expiration or termination.

IN WITNESS WHEREOF, Distributor and Christie/AIX have executed this Agreement as of the date first above written.

CHRISTIE/AIX, INC. TWENTIETH CENTURY FOX FILM

CORPORATION

By: /s/ A. Dale Mayo

A. Dale Mayo, CEO

By: -----
Authorized Officer

ATTACHMENT LIST

A INTENTIONALLY OMITTED

B MINIMUM DIGITAL TITLE AVAILABILITY

C VIRTUAL PRINT FEES

ATTACHMENT B

MINIMUM DIGITAL TITLE AVAILABILITY

During each Contract Year specified below, the number of Distributor Digital Titles will, as a percentage of all Distributor wide release titles (defined as *** or more screens on initial national release) during that Contract Year, equal or exceed the applicable percentage shown below. (If the percentage results in a fractional number, Distributor may round down to the

next whole number.)

CONTRACT YEAR	MINIMUM PERCENTAGE
1st	***
2nd	***
3rd	***
4th	***
5th	***
6th	***
7th	***
8th	***
9th	***
10th	***
11th	***
12th	***

In calculating the minimum percentages above, Distributor may exclude from the number of wide release titles per Contract Year the number of movies specified below. In the event the full number of allowed exclusions in any Contract Year, including any unused exclusions carried forward from a prior Contract Year, are not used in any Contract Year, the unused exclusions may be carried over into subsequent Contract Years.

CONTRACT YEAR NUMBER TO BE EXCLUDED

1st	*** movies
2nd	*** movies
3rd and thereafter	*** movies per Contract Year

The requirements of this Attachment B apply to all titles released by Distributor, whether such titles are produced by Distributor or any of its Affiliates, and do not apply to any titles released directly by any of Distributor's Affiliates

*** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

ATTACHMENT C

VIRTUAL PRINT FEES ("VPF")

1. STANDARD RATE. The first *** VPFs paid by Distributor to Christie/AIX in any Contract Year will be at the applicable rate set forth in the table below (the "STANDARD RATE").

CONTRACT YEAR	VIRTUAL PRINT FEE
1st	***
2nd	***
3rd	***
4th	***
5th	***
6th	***
7th	***
8th	***
9th	***
10th	***
11th	***
12th	***
13th	***
14th	***
15th	***

2. DISCOUNTS. Distributor will be entitled to the greater of any applicable discount under Section 2A below or any applicable discount under Section 2B below. Sections 2A and 2B are in the alternative and are not cumulative, and the maximum discount available under this Section 2 shall not exceed ***%

A. DISCOUNT BASED ON NUMBER OF PARTICIPATING DISTRIBUTORS.

(a) For purposes of this Section 2A, "Major Distributors" means ***, ***, ***, ***, and ***, or in lieu of any of the foregoing, any Affiliate of any of the foregoing which is a primary releasing entity for its motion pictures, together with any additional entity which releases more than *** motion pictures a year that have an initial national release of more than *** screens. To the extent that any Major Distributor is merged with or taken over by any other Major Distributor, the successor entity shall count as two studios for purposes of this Section 2A.

(b) If by the end of the second Contract Year:

(i) a total of *** (***) Major Distributors have executed agreements with Christie/AIX which relate to the same general subject matter as this Agreement, then in the second through twelfth Contract Years VPFs will be reduced by ***% from the amounts set forth in the table in Section 1 or Section 3, as applicable; or

(ii) a total of *** (***) or more Major Distributors have executed agreements with Christie/AIX which relate to the same general subject

matter as this Agreement, then in the second through twelfth Contract Years VPFs will be reduced by ***% from the amounts set forth in the table in section 1 or Section 3, as applicable.

B. DISCOUNT BASED ON NUMBER OF VPFs.

(i) the first *** VPFs paid by Distributor to Christie/AIX in any Contract Year will be at the applicable rate set forth in the table in Section 1 or Section 3, as applicable;

(ii) thereafter, the next *** VPFs paid by Distributor to Christie/AIX in such Contract Year (i.e. *** - *** VPFs) will be at a discount of ***% from the applicable rate set forth in the table in Section 1 or Section 3, as applicable;

(iii) thereafter, the next *** VPFs paid by Distributor to Christie/AIX in such Contract Year (i.e. *** - *** VPFs) will be at a discount of ***% from the applicable rate set forth in the table in Section 1 or Section 3, as applicable; and

(iv) thereafter, any VPFs paid by Distributor to Christie/AIX in such Contract Year (VPFs in excess of *** VPFs) will be at a discount of ***% from the applicable rate set forth in the table in Section 1 or Section 3, as applicable.

3. DEPLOYMENT OF LESS THAN *** PROJECTION SYSTEMS. In the event that less than *** Projection Systems have been deployed as of the end of the second Contract Year, then the Standard Rate shall be revised as follows:

CONTRACT YEAR	VIRTUAL PRINT FEE
1st	***
2nd	***
3rd	***
4th	***
5th	***
6th	***
7th	***
8th	***
9th	***
10th	***
11th	***
12th	***
13th	***
14th	***
15th	***

4. AFFILIATES. VPFs for Digital Titles released by Distributor will be combined with VPFs on titles for Affiliates which Distributor has elected to have included in this Agreement pursuant to Section 9, for the purpose of determining total VPFs paid in order to calculate discounts. For example, if in a given Contract Year, Distributor pays *** VPFs and an Affiliate of Distributor pays *** VPFs, the total VPFs for the purposes of calculating discounts will be *** and the first *** VPFs paid by Distributor or its Affiliate are paid according to the applicable rate

set forth above and the following *** VPFs paid

*** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

by either Distributor or its Affiliate will qualify for a discount of ***% under Section 2B (without limiting the possibility of a higher discount under Section 2A) from the applicable VPF rate according to the Contract Year.

5. TEN YEAR LIMIT. Although the VPFs set forth in the tables above are specified according to Contract Year, Christie/AIX will charge a VPF for any Digital System for only the ten (10) year period following the Installation Date of that Digital System. For example:

(a) if a Digital System is installed during the 1st Contract Year and the table provided in Section 1 is applicable, VPFs on that Digital System will be (before any applicable discount):

- (i) *** for the remainder of the 1st Contract Year,
- (ii) *** for the 2nd and 3rd Contract Years,
- (iii) *** for the 4th and 5th Contract Years,
- (iv) *** for the 6th Contract Year through the expiration of the ten (10) year period occurring in the 11th Contract Year, and
- (v) *** for the remainder of the 11th Contract Year and for the 12th, 13th, 14th and 15th Contract Years; and

(b) if a Digital System is installed during the 2nd Contract Year and the table provided in Section 1 is applicable, VPFs on that Digital System will be (before any applicable discount):

- (i) *** for the remainder of the 2nd Contract Year,
- (ii) *** for the 3rd Contract Year,
- (iii) *** for the 4th and 5th Contract Years,
- (iv) *** for the 6th Contract Year through the expiration of the ten (10) year period occurring in the 12th Contract Year, and
- (v) *** for the remainder of the 12th Contract Year and for the 13th, 14th, and 15th Contract Year.

*** CONFIDENTIAL PORTIONS HAVE BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE OMISSIONS.

EXHIBIT 31.1

CERTIFICATION

I, A. Dale Mayo, President and Chief Executive Officer of Access Integrated Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Access Integrated Technologies, Inc.;
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 small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) 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)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 14, 2005

BY: /S/ A. DALE MAYO

*A. Dale Mayo
President and Chief Executive
Officer and Director
(Principal Executive Officer)*

CERTIFICATION

I, Brian D. Pflug, Senior Vice President-Accounting and Finance of Access Integrated Technologies, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Access Integrated Technologies, Inc.;
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 small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) 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)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Date: November 14, 2005

BY: /S/ BRIAN D. PFLUG

*Brian D. Pflug
Senior Vice President - Accounting
& Finance
(Principal Financial 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 the Quarterly Report on Form 10-QSB of Access Integrated Technologies, Inc. (the "Company") for the period ended June 30, 2005 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 14, 2005

BY: /S/ A. DALE MAYO

*A. Dale Mayo
President and Chief Executive
Officer and Director
(Principal Executive Officer)*

**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 the Quarterly Report on Form 10-QSB of Access Integrated Technologies, Inc. (the "Company") for the period ended June 30, 2005 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 14, 2005

BY: /S/ BRIAN D. PFLUG

*Brian D. Pflug
Senior Vice President - Accounting
& Finance
(Principal Financial Officer)*

End of Filing

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