

ACCESS INTEGRATED TECHNOLOGIES INC
Form 10-Q
November 09, 2007
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: September 30, 2007

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

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

Commission File Number: 000-51910

Access Integrated Technologies, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction 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, Zip Code)

(973-290-0080)

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(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 5, 2007, 25,167,656 shares of Class A Common Stock, \$0.001 par value, and 763,811 shares of Class B Common Stock, \$0.001 par value, were outstanding.

ACCESS INTEGRATED TECHNOLOGIES, INC.

CONTENTS TO FORM 10-Q

PART I --	FINANCIAL INFORMATION	Page
Item 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Balance Sheets at March 31, 2007 and September 30, 2007 (Unaudited)	1
	Unaudited Condensed Consolidated Statements of Operations for the Three and Six Months ended September 30, 2006 and 2007	3
	Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months ended September 30, 2006 and 2007	4
	Notes to Unaudited Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	29
Item 4.	Controls and Procedures	29
PART II --	OTHER INFORMATION	
Item 1.	Legal Proceedings	30
Item 1A.	Risk Factors	30
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3.	Defaults Upon Senior Securities	38
Item 4.	Submission of Matters To A Vote of Security Holders	38
Item 5.	Other Information	38
Item 6.	Exhibits	38
Signatures		39
Exhibit Index		40

ACCESS INTEGRATED TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share data)

	March 31, 2007	September 30, 2007 (Unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 29,376	\$ 52,353
Accounts receivable, net	18,504	20,111
Unbilled revenue	2,324	5,718
Prepaid expenses	845	5,238
Other current assets	1,143	1,349
Note receivable, current portion	101	167
Total current assets	52,293	84,936
Deposits on property and equipment	8,513	1,273
Property and equipment, net	197,452	248,509
Intangible assets, net	19,432	17,331
Capitalized software costs, net	2,840	3,081
Goodwill	13,249	14,420
Accounts receivable, net of current portion	248	192
Deferred costs	4,627	5,647
Note receivable, net of current portion	1,227	1,400
Unbilled revenue, net of current portion	1,221	1,381
Security deposits	445	430
Restricted cash	180	180
Total assets	\$ 301,727	\$ 378,780

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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ACCESS INTEGRATED TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except for share data)

(continued)

	March 31, 2007		September 30, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY			(Unaudited)
Current liabilities			
Accounts payable and accrued expenses	\$ 28,931		\$ 25,801
Current portion of notes payable	2,480		10,144
Current portion of deferred revenue	8,871		10,543
Current portion of customer security deposits	129		342
Current portion of capital leases	75		82
Total current liabilities	40,486		46,912
Notes payable, net of current portion	164,196		242,715
Deferred revenue, net of current portion	283		177
Customer security deposits, net of current portion	54		51
Capital leases, net of current portion	5,903		5,861
Total liabilities	210,922		295,716
Commitments and contingencies (see Note 8)			
Stockholders' Equity			
Class A common stock, \$0.001 par value per share; 40,000,000 shares authorized; 23,988,607 and 25,219,096 shares issued and 23,937,167 and 25,167,656 shares outstanding at March 31, 2007 and September 30, 2007, respectively	24		25
Class B common stock, \$0.001 par value per share; 15,000,000 shares authorized; 763,811 shares issued and outstanding at March 31, 2007 and September 30, 2007	1		1
Additional paid-in capital	155,957		164,315
Treasury stock, at cost; 51,440 Class A shares	(172)	(172
Accumulated deficit	(65,005)	(81,105
Total stockholders' equity	90,805		83,064
Total liabilities and stockholders' equity	\$ 301,727		\$ 378,780

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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ACCESS INTEGRATED TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	September 30,		September 30,	
	2006	2007	2006	2007
	(Restated)		(Restated)	
Revenues	\$ 9,965	\$ 19,466	\$ 15,541	\$ 37,612
Costs and Expenses:				
Direct operating (exclusive of depreciation and amortization shown below)	5,194	6,984	8,616	13,190
Selling, general and administrative	3,922	5,479	6,408	11,037
Provision for doubtful accounts	110	184	129	370
Research and development	156	100	179	323
Stock-based compensation	2,779	112	2,779	199
Depreciation of property and equipment	2,923	6,805	4,774	12,930
Amortization of intangible assets	179	1,069	371	2,139
Total operating expenses	15,263	20,733	23,256	40,188
Loss from operations before other income (expense)	(5,298)	(1,267)	(7,715)	(2,576)
Interest income	135	405	444	726
Interest expense	(849)	(5,988)	(1,152)	(10,646)
Non-cash interest expense	(23)	(1,095)	(46)	(2,181)
Debt refinancing expense	—	(1,122)	—	(1,122)
Other (expense) income, net	(61)	(190)	(229)	(301)
Net loss	\$ (6,096)	\$ (9,257)	\$ (8,698)	\$ (16,100)
Net loss per common share - basic and diluted	\$ (0.26)	\$ (0.37)	\$ (0.37)	\$ (0.64)
Weighted average number of common shares outstanding:				
Basic and diluted	23,613,396	25,338,550	23,288,537	25,050,081

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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ACCESS INTEGRATED TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands) (Unaudited)

	For the Six Months Ended	
	September 30,	
	2006	2007
	(Restated)	
Cash flows from operating activities		
Net loss	\$ (8,698)	\$ (16,100)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on disposal of assets	—	47
Depreciation and amortization	5,145	15,069
Amortization of software development costs	325	295
Amortization of debt issuance costs included in interest expense	49	718
Provision for doubtful accounts	129	370
Stock-based compensation	2,779	199
Non-cash interest expense	46	2,181
Debt refinancing expense	—	1,122
Changes in operating assets and liabilities:		
Accounts receivable	(3,759)	(1,921)
Prepays and other current assets	(145)	(282)
Unbilled revenue	(682)	(3,554)
Other assets	(59)	(82)
Accounts payable and accrued expenses (see Note 9)	(8,492)	(1,633)
Deferred revenue	212	1,566
Other liabilities	(63)	209
Net cash used in operating activities	(13,213)	(1,796)
Cash flows from investing activities		
Purchases of property and equipment (see Note 9)		