ACCESS INTEGRATED TECHNOLOGIES INC
Form POS AM
March 14, 2005

As filed with the Securities and Exchange Commission on March 14, 2005.
Registration No. 333-117115

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

POST-EFFECTIVE AMENDMENT NO. 1 TO

FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ACCESS INTEGRATED TECHNOLOGIES, INC.
(Name of small business issuer in its charter)

DELAWARE	7389	22-3720962
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

55 Madison Avenue, Suite 300 Morristown, NJ 07960
(973) 290-0080
(Address and telephone number of principal executive offices and principal place of business)

A. DALE MAYO
Chief Executive Officer and President
Access Integrated Technologies, Inc.
55 Madison Avenue, Suite 300
Morristown, NJ 07960
(973) 290-0080
(Name, address and telephone number of agent for service)

Copies of all communications to be sent to:

JONATHAN K. COOPERMAN, ESQ.
Kelley Drye & Warren LLP
101 Park Avenue
New York, New York 10178
(212) 808-7800

Approximate date of proposed sale to the public: From time to time after

this post-effective amendment becomes effective.

If this Form is filed to register securities for an offering to be made on a continuous or delayed basis, check the following box. |X|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. |_|

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Subject to Completion. Dated March 14, 2005

PROSPECTUS

1,460,875 Shares

Class A common stock

This prospectus relates to the resale by the selling security holders of Access Integrated Technologies, Inc., which security holders purchased 1,217,500 shares of our Class A common stock in our June 2004 private offering and 304,375 shares of our Class A common stock issuable upon the exercise of warrants issued to those security holders, of which amount 60,875 shares of our Class A common stock are issuable upon exercise of warrants issued to the placement agent in the private offering.

The selling security holders may offer to sell the shares of our Class A common stock being offered in this prospectus at fixed prices, at prevailing market prices at the time of sale, at varying prices, or at negotiated prices.

The shares of our Class A common stock are listed for trading on the American Stock Exchange under the symbol "AIX". On March 1, 2005, the last reported sale

price of our Class A common stock was $4.81 per share.

We will not receive any proceeds from the resale of shares of our Class A common stock by the selling security holders, other than payment of the exercise price of the warrants. We will pay the expenses of this offering.

SEE "RISK FACTORS" BEGINNING ON PAGE 8 FOR A DISCUSSION OF FACTORS THAT YOU SHOULD CONSIDER BEFORE BUYING SHARES OF OUR CLASS A COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

___________, 2005

PROSPECTUS SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION REGARDING OUR COMPANY AND THE CLASS A COMMON STOCK BEING OFFERED AND THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THOSE STATEMENTS APPEARING ELSEWHERE IN THIS PROSPECTUS OR INCORPORATED BY REFERENCE, INCLUDING THE "RISK FACTORS" BEGINNING ON PAGE 8.

In this prospectus, "AccessIT", "we," "us," "our" and the "Company" refer to Access Integrated Technologies, Inc. and its subsidiaries unless the context otherwise requires.

OUR BUSINESS

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 Internet data centers. 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. These businesses, supported by our Internet data center business, have become our primary strategic focus.

Our business focus is to create a secure, managed and complete system that consists of software to book, track and perform accounting functions for digital content in movie theatres, deliver digital content to multiple locations and provide the content management software for managing all brands of in-theatre playback systems and projection systems for the digital cinema marketplace. This system is designed to enable the motion picture industry to move from the analog world to the digital world. The system is intended to use all of our businesses:

MEDIA SERVICES

- DIGITAL MEDIA DELIVERY - digital media managed delivery services and theatre management player software for use in theatres from Access Digital Media, Inc. ("AccessDM") our wholly owned subsidiary, and

satellite delivery services from FiberSat Global Services, Inc. ("FiberSat"), our wholly owned subsidiary. ADM Cinema Corporation ("ADM Cinema"), our wholly owned subsidiary which acquired the Pavilion Theatre/Entertainment Complex located in the Park Slope section of Brooklyn, New York (the "Pavilion Theatre"), will utilize our digital media managed delivery services and media player software products; and

- MOVIE DISTRIBUTION AND EXHIBITOR SOFTWARE - Hollywood Software, Inc. ("Hollywood SW"), our wholly owned subsidiary, develops and licenses distribution and exhibitor software products and services.

DATA CENTER SERVICES

- DATA CENTERS - AccessIT's 10 Internet data centers ("IDCs" or "data centers"), including redundant sites in Los Angeles and New York City; and

- MANAGED SERVICE OFFERINGS- managed storage and network and systems management services by Core Technology Services, Inc. ("Core"), our wholly owned subsidiary, and AccessIT.

Our system provides a digital content owner with the secure delivery of multiple files to multiple locations throughout the world with proactive notification and security management. Our system also provides the digital content exhibitor with access to digital content, freedom to choose what to play and when to play it with proactive notifications and management software. We have created a system whereby digital content is delivered where it is supposed to go, is played when

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it is supposed to be played along with the ability to act upon and report back management and financial information. We also have created software designed to enable a movie exhibitor to run all projects in a multiple auditorium theatre from one central server, regardless of the hardware type or manufacturer.

We have two reportable segments: Media Services, which represents the operations of AccessDM (including Boeing Digital (as defined below)), ADM Cinema, FiberSat and Hollywood SW, and Data Center Services, which are comprised of our IDC operations and Managed Service Offerings.

In February 2003, we organized AccessDM, which in May 2004, became our wholly-owned subsidiary. AccessDM has developed proprietary software, Digital Express e-Courier, capable of worldwide delivery of digital data -- including movies, advertisements and alternative content such as concerts, seminars and sporting events -- to movie theaters and other venues having digital projection equipment. We are also in the process of developing media player software for use by digitally-equipped movie theaters called Theatre Command Centre.

In November 2003, we acquired all of the capital stock of Hollywood SW, a leading provider of proprietary transactional support software and consulting services for distributors and exhibitors of filmed entertainment in the United States and Canada (the "Hollywood SW Acquisition"). Its licensed software records and manages information relating to the planning, scheduling, revenue sharing, cash flow and reporting associated with the distribution and exhibition of theatrical films. In addition, Hollywood SW's software complements, and is integrated with, AccessDM's digital content delivery software by enabling

Hollywood SW's customers to seamlessly plan and schedule delivery of digital content to entertainment venue operators as well as to manage the related financial transactions.

In an effort to increase the competitive advantage of the IDCs, on January 9, 2004, we acquired Core, a managed service provider of information technologies. As an information technology outsourcing organization, Core manages clients' networks and systems in over 35 countries in Europe, Asia and North and South America and more than 20 states in the United States. Core operates a 24x7 Global Network Command Center ("GNCC"), capable of running the networks and systems of large corporate clients. The 4 largest customers of Core accounted for approximately 77% of its revenues for the year ended March 31, 2004. The managed services capabilities of Core have been integrated with our IDCs and now operate under the name of AccessIT Managed Services.

In March 2004, we acquired certain assets of Boeing Digital Cinema ("Boeing Digital"), a division of The Boeing Company ("Boeing"). These assets were purchased to further our strategy of becoming a leader in the delivery of movies and other digital content to movie theaters. The acquired assets consist of digital projectors, satellite dishes and other equipment installed at 28 screens within 21 theaters in the United States and at one location in London, England, and satellite transmission equipment which we installed in Los Angeles, California.

Also in March 2004, we refinanced approximately $4.2 million aggregate principal amount (plus accrued and unpaid interest) of our promissory notes pursuant to an exchange offer. In exchange for these promissory notes, we issued 707,477 unregistered shares of our Class A common stock and $1.7 million aggregate principal amount of new convertible notes which as of March 1, 2005 were convertible into a maximum of 310,857 shares of our Class A common stock.

In May 2004, we entered into an agreement with the holder of 750,000 shares of AccessDM's common stock, to exchange all of their shares for 31,300 unregistered shares of AccessIT's Class A common stock. As a result of the transaction, which was consummated as of May 31, 2004, AccessIT now holds 100% of AccessDM's common stock.

In June 2004, we consummated a $4.87 million private placement of 1,217,500 unregistered shares of our Class A common stock with institutional and other accredited investors. Pursuant to the private placement, we also issued to the investors and the placement agent warrants to purchase up to 243,500 and 60,875

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shares of our Class A common stock, respectively, at an exercise price of $4.80 per share, exercisable upon receipt.

In November 2004, we consummated a $1.1 million private placement of 282,776 unregistered shares of our Class A common stock at $3.89 per share with certain accredited investors. The net proceeds of approximately $1.023 million from such private placement were used for the FiberSat Acquisition (as defined below) and for working capital.

Also in November 2004, we acquired substantially all of the assets and certain liabilities of FiberSat Global Services, LLC ("FiberSat Seller") through our subsidiary FiberSat (the "FiberSat Acquisition"). FiberSat, headquartered in Chatsworth, California, provides services utilizing satellite ground facilities and fiber-optic connectivity to receive, process, store, encrypt and transmit

television and data signals globally. FiberSat's Chatsworth facility currently houses the infrastructure operations of our digital cinema satellite delivery services. By completing the FiberSat Acquisition, we gained extensive satellite distribution and networking capabilities provided by FiberSat's fully operational data storage and uplink facility located in Los Angeles, California. FiberSat has the ability to provide broadband video, data and Internet transmission and encryption services for the broadcast and cable television and communications industries.

In February 2005, we consummated a private placement of $7.6 million, 4-year convertible debentures (the "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 560,197 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 may be exercised beginning on September 9, 2005 until five years thereafter.

Also in February 2005, we, through ADM Cinema, consummated the acquisition of substantially all of the assets of the Pavilion Theatre. The Pavilion Theatre is an eight-screen movie theatre and cafe and will be a component of the Media Services segment. Continuing to operate as a fully functional multiplex, the Pavilion Theatre will also become our showplace to demonstrate our integrated digital cinema solutions to the movie entertainment industry.

We offer interrelated services that use each of our business units for the planning, purchasing, delivery and management of digital content -- such as movies, advertising, trailers and alternative content, including concerts, seminars and sporting events -- to movie theater and other venue operators. We believe that our ability to offer a wide range of fully managed services will differentiate us from other service providers, including distributors of other types of digital media.

For the three months ended December 31, 2004, we received 47% and 53%, respectively, of our revenues FROM THE MEDIA SERVICES and Data Center Services segments. For the nine months ended December 31, 2004, we received 35% and 65%, respectively, OF OUR REVENUE FROM THE Media Services and Data Center Services segments. During the fiscal year ended March 31, 2004, we received 81% of our revenue from the Data Center Services segment and 19% of our revenue from the Media Services segment. OF OUR REVENUE FROM THE FROM THE MEDIA SERVICES For the fiscal year ended March 31, 2004, KMC Telecom, AT&T and Metro Goldwyn Mayer ("MGM") comprised approximately 27%, 12% and 10% of our revenues, respectively. No other single customer accounted for greater than 10% of revenues during the fiscal year ended March 31, 2004. From our inception through November 3, 2003, all of our revenues have been derived from monthly license fees and fees from other ancillary services provided by us at our IDCs.

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Our principal executive offices are at 55 Madison Avenue, Suite 300, Morristown, NJ 07960, and our telephone number at such offices is (973) 290-0080. Our e-mail address is investor@accessitx.com and our web site address is www.accessitx.com. Information accessed on or through our web site does not constitute a part of this prospectus.

THE OFFERING

Class A common stock offered by selling security holders	1,460,875 shares (1)
Common stock equivalents presently outstanding	10,401,233 shares (2)
Common stock equivalents to be outstanding immediately after this offering	10,401,233 shares (2)
Use of proceeds	We will not receive any proceeds from the resale of shares of our Class A common stock by the selling security holders, other than payment of the exercise price of the warrants.

American Stock Exchange symbol......................AIX

(1) This prospectus covers the resale by the selling security holders named in this prospectus of up to 1,156,500 shares of our Class A common stock and up to 304,375 shares of our Class A common stock issuable upon the exercise of warrants issued to those selling security holders, of which 60,875 shares of our Class A common stock are issuable upon exercise of warrants issued to the placement agent of our private offering. The offered shares were acquired by the selling security holders in a private placement transaction which was exempt from the registration requirements of the Securities Act of 1933. The selling security holders may offer to sell the shares of Class A common stock being offered in this prospectus at fixed prices, at prevailing market prices at the time of sale, at varying prices or at negotiated prices. Please see "Plan of Distribution" in this prospectus for a detailed explanation of how the shares of Class A common stock may be sold.

(2) Reflects 9,415,422 outstanding shares of our Class A common stock as of March 1, 2005, and 985,811 outstanding shares of our Class B common stock as of March 1, 2005, which are convertible into 985,811 shares of Class A common stock; excludes up to 3,897,661 shares of Class A common stock issuable upon the exercise of outstanding warrants and options, and shares issuable upon the conversion of convertible notes as of March 1, 2005. Please see "Description of Securities" in this prospectus for a discussion of our capital stock.

This prospectus contains our trademarks, tradenames and servicemarks and also contains certain trademarks, tradenames and servicemarks of other parties.

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SUMMARY FINANCIAL INFORMATION

The following table summarizes operating data of our Company and should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and our consolidated financial statements and the notes to those statements appearing elsewhere in this prospectus. The data as of March 31, 2004 and for the fiscal years ended March 31, 2002, 2003 and 2004 has been derived from our audited consolidated financial statements. The data as of December 31, 2004 and for the nine months ended December 31, 2004 has been derived from our unaudited consolidated financial statements. The pro forma condensed combined financial data for the fiscal year ended March 31, 2004 and for the nine months ended December 31, 2004 gives effect to the transactions discussed in the overview of the pro forma data beginning on page P-1 of this prospectus. For a discussion of the adjustments made in presenting such pro forma financial data, see the "Selected Historical and Pro Forma Financial Data" section and the pro forma condensed combined financial data appearing elsewhere in this prospectus.

Consolidated statements of operations data (1):

	FOR THE FISCAL YEARS ENDED MARCH 31,			
	(in thousands, except share and per share da			
	2002	2003	2004	(pro
Revenues	$1,911	$4,228	$7,201	$
Gross profit	78	1,127	3,534	
Loss from operations	(3,417)	(2,964)	(2,505)	
Net loss	(3,610)	(3,404)	(4,805)	
Net loss available to common stockholders	$(3,933)	$(4,261)	$(6,613)	$
Net loss available to common stockholders per common share				
Basic and diluted	$(1.21)	$(1.41)	$(1.37)	
Weighted average number of common shares outstanding				
Basic and diluted	3,238,084	3,027,865	4,826,776	5,6

(1) We acquired one IDC from, and assumed certain liabilities of, BridgePoint International (USA) Inc. ("BridgePoint"), on December 21, 2001. We acquired six IDCs from, and assumed certain liabilities of, R.E. Stafford, Inc. d/b/a/ ColoSolutions ("ColoSolutions"), on November 27, 2002. We acquired all of the capital stock of Hollywood SW on November 3, 2003. We acquired all of the outstanding common stock of Core on January 9, 2004. We acquired certain assets of Boeing Digital, a division of Boeing, on March 29, 2004. We acquired substantially all the assets and certain liabilities of FiberSat Seller on November 17, 2004. The above financial data are derived from our audited and unaudited financial statements and reflect the results of operations of the acquired entities from the respective dates of such acquisitions.

(2) See notes to our unaudited pro forma condensed financial data beginning on page P-1 of this prospectus.

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The following table summarizes our consolidated balance sheet data at March 31, 2003 and 2004, and December 31, 2004, respectively, on an actual basis. The information in this table is set forth in thousands.

CONSOLIDATED BALANCE SHEET DATA:	March 31, 2003	March 31, 2004	December 31, 2004 (unaudited)
Cash and cash equivalents	$956	$2,330	$1,515
Working capital (deficit)	(954)	212	244
Total current assets	1,327	3,143	3,496

Total assets....................................	9,894	21,175	23,251
Total current liabilities........................	2,281	2,931	3,272
Total liabilities................................	5,355	11,357	10,860
Mandatorily redeemable convertible preferred stock................................	2,911	--	--
Redeemable common stock..........................	--	238	247
Total stockholders' equity.......................	1,628	$9,580	$12,144

RISK FACTORS

AN INVESTMENT IN OUR CLASS A COMMON STOCK INVOLVES A HIGH DEGREE OF RISK AND UNCERTAINTY. YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED BELOW BEFORE DECIDING TO INVEST IN OUR CLASS A COMMON STOCK. THE RISKS DESCRIBED BELOW ARE NOT THE ONLY ONES FACING OUR COMPANY. ADDITIONAL RISKS NOT PRESENTLY KNOWN TO US OR THAT WE PRESENTLY CONSIDER IMMATERIAL MAY ALSO ADVERSELY AFFECT OUR COMPANY. IF ANY OF THE FOLLOWING RISKS OCCUR, OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS COULD BE MATERIALLY ADVERSELY AFFECTED. IN THAT CASE, THE TRADING PRICE OF OUR CLASS A COMMON STOCK COULD DECLINE, AND YOU COULD LOSE ALL OR PART OR YOUR INVESTMENT. IN ASSESSING THESE RISKS, YOU SHOULD ALSO REFER TO THE OTHER INFORMATION INCLUDED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS, INCLUDING THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES THERETO OF OUR COMPANY INCLUDED ELSEWHERE IN THIS PROSPECTUS.

WE HAVE INCURRED LOSSES SINCE OUR INCEPTION.

We have incurred losses since our inception in March 2000 and have financed our operations principally through equity investments and borrowings. We incurred net losses of $2.33 million and $4.0 million in the nine months ended December 31, 2003 and 2004, respectively. As of December 31, 2004, we had working capital of $224,000 and cash and cash equivalents of $1.52 million; we had an accumulated deficit of $18.7 million; and, from inception through such date, we had used $8.0 million in cash for operating activities. Our net losses are likely to continue for the foreseeable future.

Our profitability is dependent upon us achieving a sufficient volume of business from our customers. If we cannot achieve a high enough volume, we likely will incur additional net and operating losses. We may be unable to continue our business as presently conducted unless we obtain funds from additional financings.

Our net losses and negative cash flows may increase as and to the extent that we increase the size of our business operations, increase our sales and marketing activities, enlarge our customer support and professional services and acquire additional businesses. These efforts may prove to be more expensive than we currently anticipate, which could further increase our losses. We must significantly increase our revenues in order to become profitable. We cannot reliably predict when, or if, we will become profitable. Even if we achieve profitability, we may not be able to sustain it. If we cannot generate operating income or positive cash flows in the future, we will be unable to meet our working capital requirements.

WE HAVE LIMITED EXPERIENCE IN OUR BUSINESS OPERATIONS, WHICH MAY NEGATIVELY

AFFECT OUR ABILITY TO GENERATE SUFFICIENT REVENUES TO ACHIEVE PROFITABILITY.

We were incorporated on March 31, 2000. Our original business was data center operations. Our first IDC became operational in December 2000.

In addition to our data center operations, we have expanded into three new business areas: (a) providing back office transactional software for distributors and exhibitors of filmed and digital entertainment through Hollywood SW; (b) providing software and systems for the delivery of digital entertainment, such as movies, to movie theaters and other venues through AccessDM; (c) providing information technologies, secure system monitoring of telecommunications and data network outsourcing through Core, (d) providing

satellite delivery services through FiberSat; and (e) operation of a movie theatre, restaurant and cafe through ADM Cinema. Although we have retained the senior management of Hollywood SW, Core, and FiberSat, we have little experience in these new areas of business and cannot assure you that we will be able to develop and market the services provided thereby. None of these new businesses is directly related to our data center operations and we cannot assure you that any of them will complement our data center operations, or vice versa. We also cannot assure you that we will be able successfully to operate these businesses. Our efforts to expand into these three new business areas may prove costly and time-consuming and may divert a considerable amount of resources from our data center operations.

Our lack of operating experience in the digital cinema industry and providing transactional software for movie distributors could result in:

- increased operating and capital costs;
- an inability to effect a viable growth strategy;
- service interruptions for our customers; and
- an inability to attract and retain customers.

We may not be able to generate sufficient revenues to achieve profitability through the operation of our data centers, our digital cinema business or our movie distribution software business. We cannot assure you that we will be successful in marketing and operating these new businesses or, even if we are successful in doing so, that we will not experience additional losses.

ACCESSDM IS AN EARLY-STAGE COMPANY AND MAY NOT BE ABLE TO MARKET SUCCESSFULLY ITS DIGITAL CONTENT DELIVERY SERVICES.

AccessDM is an early-stage company. It is expected to provide software and systems for the delivery of digital content to movie theaters and other venues. We recently completed development of a working version of this software, with final testing completed in September 2003. We did not, however, have the personnel to develop this type of software and we hired outside consultants to assist us. In addition, we may never be successful in developing software that is commercially saleable or that our customers will buy. Moreover, other companies that are attempting to develop similar software may be able to market and sell their versions before or more cost-effectively than we can.

OUR RECENT ACQUISITIONS INVOLVE RISKS, INCLUDING OUR INABILITY TO INTEGRATE SUCCESSFULLY THE NEW BUSINESSES AND OUR ASSUMPTION OF CERTAIN LIABILITIES.

We have recently made meaningful acquisitions to expand into new business areas. However, we may experience costs and hardships in integrating the new acquisitions into our current business structure. On November 3, 2003 we acquired Hollywood SW and on January 9, 2004 we acquired Core. On March 29, 2004, we acquired assets used in the operations of Boeing Digital, a business unit of Boeing, which we intend to integrate into the business of AccessDM. On November 17, 2004, we acquired assets of FiberSat Seller. Most recently, on February 11, 2005, we acquired the Pavilion Theatre through ADM Cinema. We may not be able to integrate successfully the acquired businesses and assets into our existing business. We cannot assure you that we will be able to effectively market the services provided by Hollywood SW, AccessDM, Core, FiberSat and the Pavilion Theatre along with our data centers. Further, these new businesses and assets may involve a significant diversion of our management time and resources and be costly. Our acquisition of these businesses and assets also involves the risks that the businesses and assets acquired may prove to be less valuable than we expected and/or that we may assume unknown or unexpected liabilities, costs and problems. In addition, we assumed certain liabilities in connection with these acquisitions and we cannot assure you that we will be able to adequately pay off such assumed liabilities. Other companies that offer similar products and services may be able to market and sell their products and services more cost-effectively than we can.

BECAUSE THE USE OF ACCESSDM'S SERVICES LARGELY DEPENDS ON THE EXPANDED USE OF DIGITAL PRESENTATIONS REQUIRING ELECTRONIC DELIVERY, IF SUCH EXPANDED USE DOES NOT OCCUR, NO VIABLE MARKET FOR ACCESSDM'S SERVICES MAY DEVELOP.

Even if we are among the first to develop software and systems for the delivery of digital content to movie theaters and other venues, the demand for them will largely depend on a concurrent expansion of digital presentations at theaters, which may not occur for several years. There can be no assurance, however, that major movie studios that currently rely on traditional distribution networks to provide physical delivery of digital files will adopt a different method, particularly electronic delivery, of distributing digital content to movie theaters. If the development of digital presentations and changes in the way digital files are delivered does not occur, there may be no viable market for AccessDM's delivery systems and software.

IF WE DO NOT MANAGE OUR GROWTH, OUR BUSINESS WILL BE HARMED.

We may not be successful in managing our rapid growth. Since February 2003, we acquired five businesses and in connection with those acquisitions, we formed three additional subsidiaries. These subsidiaries operate in business areas different from our data center operations business. The number of our employees has grown from 11 in March 2003 to 34 in March 2004 and to 58 by December 2004. Past growth has placed, and future growth will continue to place, a significant challenge to our management and resources, related to the successful integration of the newly acquired businesses. To manage the expected growth of our operations, we will need to improve our existing and implement new operational and financial systems, procedures and controls. We may also need to expand our finance, administrative, client services and operations staff and train and manage our growing employee base effectively. Our current and planned personnel,

systems, procedures and controls may not be adequate to support our future operations. Our business, results of operations and financial position will suffer if we do not effectively manage our growth.

WE MAY NOT BE ABLE TO GENERATE THE AMOUNT OF CASH NEEDED TO FUND OUR FUTURE OPERATIONS.

Our ability either to make payments on or to refinance our indebtedness, or to fund planned capital expenditures and research and development efforts, may depend on our ability to generate cash in the future. Our ability to generate cash is in part subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

Based on our current level of operations, we believe our cash flow from operations and available cash financed through the issuance of common stock and promissory notes will be adequate to meet our future liquidity needs for at least one year from the date of this prospectus. Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity or capital requirements. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as:

- reducing capital expenditures;
- reducing research and development efforts;
- selling assets;
- restructuring or refinancing our remaining indebtedness; and
- seeking additional funding.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, or that we will be able to make future borrowings in amounts sufficient to enable us to pay the principal and interest on our current indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

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WE MAY CONTINUE TO HAVE CUSTOMER CONCENTRATION IN OUR BUSINESS, AND THE LOSS OF ONE OR MORE OF OUR LARGEST CUSTOMERS COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

We expect that we will rely, at least in the near future, upon a limited number of customers for a substantial percentage of our revenues and may continue to have customer concentration company-wide. For fiscal years 2003 and 2004, our four largest IDC customers accounted for approximately 60% and 54% of our revenues, respectively (our largest customer, KMC Telecom, accounted for approximately 17% and 27%, respectively of our revenues for such fiscal years, and our second largest customer, AT&T, accounted for approximately 21% and 12%, respectively, of our revenues for such fiscal years). For the nine months ended December 31, 2004 our four largest IDC customers accounted for approximately 39% of our revenues (our largest customer, KMC Telecom, accounted for approximately 20% of our revenues, and our second largest customer, AT&T, accounted for approximately 9% of our revenues. The revenues generated from our IDC business constituted approximately 57% of our total revenue for the nine months ended

December 31, 2004.

To date, AccessDM has generated revenues of $173,000 and we anticipate that AccessDM will not generate any significant revenues through March 31, 2005. For the five months ended March 31, 2004 (the approximate period of ownership of Hollywood SW by AccessIT), the five largest customers of Hollywood SW accounted for approximately 87% of its revenues (its largest customer, MGM, accounted for approximately 54% of its revenues for such period). For the nine months ended December 31, 2004, the five largest customers of Hollywood SW accounted for approximately 81% of its revenues (its largest customer, Twentieth Century Fox, accounted for approximately 30% of its revenues, and its second largest customer, MGM, accounted for approximately 25% of its revenue, for such period). For the three months ended March 31, 2004 (the approximate period of ownership of Core by AccessIT during the period), the 4 largest customers of Core accounted for approximately 77% of its revenues. For the nine months ended December 31, 2004, the 4 largest customers of Core accounted for approximately 73% of its revenues. A loss of or decrease in business from one or more of our largest customers for any reason could have a material adverse effect on our business, financial position and results of operations.

OUR SUBSTANTIAL DEBT AND LEASE OBLIGATIONS COULD IMPAIR OUR FINANCIAL FLEXIBILITY AND OUR COMPETITIVE POSITION.

We now have, and will continue to have, significant debt obligations. We currently have notes payable to third parties with principal amounts aggregating $15.5 million as of March 1, 2005. We also have capital lease obligations with principal amounts aggregating $435,000 as of March 1, 2005.

These obligations could have important consequences for us, including:

- limiting our ability to obtain necessary financing in the future and make it more difficult for us to satisfy our lease and debt obligations;

- requiring us to dedicate a substantial portion of our cash flow to payments on our lease and debt obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other corporate requirements;

- making us more vulnerable to a downturn in our business and limit our flexibility to plan for, or react to, changes in our business; and

- placing us at a competitive disadvantage compared to competitors that might have stronger balance sheets or better access to capital by, for example, limiting our ability to enter into new markets.

If we are unable to meet our lease and debt obligations, we could be forced to restructure or refinance our obligations, to seek additional equity financing or to sell assets, which we may not be able to do on satisfactory terms or at all. As a result, we could default on those obligations.

AN INABILITY TO OBTAIN NECESSARY FINANCING MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR FINANCIAL POSITION, OPERATIONS AND PROSPECTS IF UNANTICIPATED CAPITAL NEEDS ARISE.

Our capital requirements may vary significantly from what we currently project and be affected by unforeseen delays and expenses. We may experience problems, delays, expenses and difficulties frequently encountered by similarly-situated companies, as well as difficulties as a result of changes in economic, regulatory or competitive conditions. If we encounter any of these problems or difficulties or have underestimated our operating losses or capital requirements, we may require significantly more financing than we currently anticipate. We cannot assure you that we will be able to obtain any required additional financing on terms acceptable to us, if at all. We will be restricted on the type and amount of additional indebtedness that we may incur as a result of our acquisition of Hollywood SW. In connection with the Hollywood SW Acquisition, we issued secured promissory notes to the sellers that will be senior to all indebtedness during the term of those notes other than any debt provided by a bank or institutional lender, which is less than $1 million in aggregate principal amount, unsecured or secured by the assets of Hollywood SW and its subsidiaries. We will also be restricted on the type of additional indebtedness that we may incur as a result of our Convertible Debentures. An inability to obtain necessary financing could have a material adverse effect on our financial position, operations and prospects.

OUR PLAN TO ACQUIRE ADDITIONAL BUSINESSES INVOLVES RISKS, INCLUDING OUR INABILITY SUCCESSFULLY TO COMPLETE AN ACQUISITION, OUR ASSUMPTION OF LIABILITIES, DILUTION OF YOUR INVESTMENT AND SIGNIFICANT COSTS.

We intend to make further acquisitions of similar or complementary businesses or assets, although there are no acquisitions identified by us as probable at this time. Even if we identify appropriate acquisition candidates, we may be unable to negotiate successfully the terms of the acquisitions, finance them, integrate the acquired business into our then existing business and/or attract and retain customers. Completing an acquisition and integrating an acquired business, including our recently acquired businesses, may require a significant diversion of management time and resources and involves assuming new liabilities. Any acquisition also involves the risks that the assets acquired may prove less valuable than expected and/or that we may assume unknown or unexpected liabilities, costs and problems. If we make one or more significant acquisitions in which the consideration consists of our capital stock, your equity interest in our company could be diluted, perhaps significantly. If we were to proceed with one or more significant acquisitions in which the consideration included cash, we could be required to use a substantial portion of our available cash, or obtain additional financing to consummate them.

WE EXPECT COMPETITION TO BE INTENSE: IF WE ARE UNABLE TO COMPETE SUCCESSFULLY, OUR BUSINESS AND RESULTS OF OPERATIONS WILL BE SERIOUSLY HARMED.

The market for the IDC facilities and managed services business, the digital cinema business and the movie distribution software business, although relatively new, are competitive, evolving and subject to rapid technological and other changes. We expect the intensity of competition in each of these areas to increase in the future. Companies willing to expend the necessary capital to create facilities and/or software similar to ours may compete with our business. Increased competition may result in reduced revenues and/or margins and loss of market share, any of which could seriously harm our business. In order to compete effectively in each of these fields, we must differentiate ourselves from competitors.

Many of our current and potential competitors have longer operating histories and greater financial, technical, marketing and other resources than us, which

may permit them to adopt aggressive pricing policies. As a result, we may suffer from pricing pressures that could adversely affect our ability to generate revenues and our results of operations. Many of our competitors also have significantly greater name and brand recognition and a larger customer base than us. We may not be able to compete successfully with our competitors. If we are unable to compete successfully, our business and results of operations will be seriously harmed.

WE FACE THE RISKS OF AN EARLY-STAGE COMPANY IN A NEW AND RAPIDLY EVOLVING MARKET AND MAY NOT BE ABLE SUCCESSFULLY TO ADDRESS SUCH RISKS AND EVER BE SUCCESSFUL OR PROFITABLE.

We have encountered and will continue to encounter the challenges, uncertainties and difficulties frequently experienced by early-stage companies in new and rapidly evolving markets, including:

- lack of operating experience;
- net losses;
- lack of sufficient customers;
- insufficient revenues and cash flow to be self-sustaining;
- necessary capital expenditures;
- an unproven business model;
- a changing business focus; and
- difficulties in managing potentially rapid growth.

This is particularly the case with respect to our newly acquired businesses. We cannot assure you that we will ever be successful or profitable.

MANY OF OUR CORPORATE ACTIONS MAY BE CONTROLLED BY OUR OFFICERS, DIRECTORS AND PRINCIPAL STOCKHOLDERS; THESE ACTIONS MAY BENEFIT THESE PRINCIPAL STOCKHOLDERS MORE THAN OUR OTHER STOCKHOLDERS.

As of March 1, 2005, our directors, executive officers and principal stockholders beneficially own, directly or indirectly, in the aggregate, approximately 41% of our outstanding common stock. In particular, A. Dale Mayo, our President and Chief Executive Officer, beneficially holds 985,811 shares of Class B common stock, 9,601 shares of Class A common stock, and notes which are convertible into 45,412 shares of Class A common stock, which collectively represent approximately 10% of our outstanding common stock, but due to the supervoting Class B common stock, represent approximately 51% of the voting power. These stockholders, and Mr. Mayo himself, will have significant influence over our business affairs, with the ability to control matters requiring approval by our security holders, including elections of directors and approvals of mergers or other business combinations. Our Class B common stock entitles the holder to ten votes per share. The shares of Class A common stock have one vote per share. Also, certain corporate actions directed by our officers may not necessarily inure to the proportional benefit of other stockholders of our company; under his employment agreement, for example, Mr. Mayo is entitled to receive cash bonuses based on our revenues, regardless of our earnings, if any.

OUR SUCCESS WILL SIGNIFICANTLY DEPEND ON OUR ABILITY TO HIRE AND RETAIN KEY PERSONNEL.

Our success will depend in significant part upon the continued services of our key technical, sales and senior management personnel. If we lose one or more of our key employees, we may not be able to find a suitable replacement(s) and our business and results of operations could be adversely affected. In particular, our performance depends significantly upon the continued service of A. Dale Mayo, our President and Chief Executive Officer, whose experience and relationships in the movie theater industry are integral to our business, particularly in the business areas of Hollywood SW and AccessDM. Although we have obtained two $5 million key-man life insurance policies in respect of Mr. Mayo, the loss of his services would have a material and adverse effect on our business, operations and prospects. Each policy carries a death benefit of $5 million, and while we are the beneficiary of each policy, under one of the policies the proceeds will be used to repurchase, after reimbursement of all premiums paid by us some, or all, of the shares of our capital stock held by Mr. Mayo's estate at the then-determined fair market value. We also rely on the experience and expertise of Russell J. Wintner, AccessDM's President and Chief Operating Officer, the two co-founders of Hollywood SW, David Gajda and Robert Jackovich, who manage Hollywood SW's day-to-day operations, and Ravi Patel, FiberSat's President and Chief Operating Officer. In addition, our future success will depend upon our ability to hire, train, integrate and retain qualified new employees.

IF WE ARE NOT SUCCESSFUL IN PROTECTING OUR INTELLECTUAL PROPERTY, OUR BUSINESS WILL SUFFER.

We depend heavily on technology to operate our business. Our success depends on protecting our intellectual property, which is one of our most important assets. Although we do not currently hold any copyrights, patents or registered trademarks, we do have intellectual property consisting of:

- licensable software products;
- rights to certain domain names;
- registered service marks on certain names and phrases;
- various unregistered trademarks and service marks;
- know-how; and
- rights to certain logos.

If we do not adequately protect our intellectual property, our business, financial position and results of operations would be harmed. Our means of protecting our intellectual property may not be adequate. Unauthorized parties may attempt to copy aspects of our intellectual property or to obtain and use information that we regard as proprietary. In addition, competitors may be able to devise methods of competing with our business that are not covered by our intellectual property. Our competitors may independently develop similar technology, duplicate our technology or design around any intellectual property that we may obtain.

The success of some of our business operations depends on the proprietary nature of certain software. We do not, however, have any patents with respect to such software. Because there is no patent protection in respect of our software,

other companies are not prevented from developing and marketing similar software. We cannot assure you, therefore, that we will not face more competitors or that we can compete effectively against any companies that develop similar software. We also cannot assure you that we can compete effectively or not suffer from pricing pressure with respect to our existing and developing products that could adversely affect our ability to generate revenues.

Although we hold rights to various web domain names, regulatory bodies in the United States and abroad could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain

names. The relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is unclear. We may be unable to prevent third parties from acquiring domain names that are similar to or diminish the value of our proprietary rights.

SERVICE AND OTHER INTERRUPTIONS COULD POTENTIALLY REDUCE OUR REVENUES AND HARM OUR REPUTATION AND FINANCIAL RESULTS.

Our facilities and our customers' equipment are vulnerable to damage from human error, physical or electronic security breaches, power loss, other facility failures, fire, earthquake, water damage, sabotage, vandalism and similar events. In addition, our customers would be adversely affected by the failure of carriers to provide network access to our facilities as a result of any of these events. Any of these events or other unanticipated problems could interrupt our customers' ability to provide services from our facilities. This could damage our reputation, make it difficult to attract new and retain customers and cause our customers to terminate their contracts with us and to seek damages. Any of these events could have a material adverse effect on our business, financial position and prospects.

WE DEPEND ON RELATIONSHIPS WITH THIRD PARTIES, WHICH, IF NOT MAINTAINED, MAY ADVERSELY AFFECT OUR ABILITY TO PROVIDE SERVICES TO OUR CUSTOMERS.

We are not a communications carrier and, therefore, we rely substantially on third parties to provide our customers with access to voice, data and Internet networks. We must maintain relationships with third-party network providers in order to offer our data center customers access to a choice of networks. Many carriers have their own data center facilities and may be reluctant to provide network services at our data centers. As a result, some carriers may choose not to connect their services to our data centers. We do not own any real property and depend on our ability to negotiate favorable lease terms with the owners of our data center facilities. The use of our IDCs is limited to the extent that we do not extend or renew our leases, in which case we might not be able to accommodate our customers, particularly if we were unable to relocate timely to a comparable facility.

The availability of an adequate supply of electrical power and the infrastructure to deliver that power is critical to our ability to attract and retain customers and achieve profitability. We rely on third parties to provide electrical power to our data centers, and cannot be certain that these parties will provide adequate electrical power or that we will have the necessary infrastructure to deliver such power to our customers. If the electrical power delivered to our facilities is inadequate to support our customers' requirements or if delivery is not timely, our results of operations and financial position may be materially and adversely affected.

WE MAY HAVE DIFFICULTY COLLECTING PAYMENTS FROM SOME OF OUR CUSTOMERS AND INCUR COSTS AS A RESULT.

A number of our customers are early stage companies. In addition, many of our customers are telecommunications companies, and many telecommunications companies have been experiencing significant financial difficulties. There is a risk that these companies will experience difficulty paying amounts owed to us, and we might not be able to collect on a timely basis all monies owed to us by some of them. Although we intend to remove customers that do not pay us in a timely manner, we may experience difficulties and costs in collecting from or removing these customers.

IF WE DO NOT RESPOND TO FUTURE ADVANCES IN TECHNOLOGY AND CHANGES IN CUSTOMER DEMANDS, OUR FINANCIAL POSITION, PROSPECTS AND RESULTS OF OPERATIONS MAY BE ADVERSELY AFFECTED.

The demand for our digital cinema business, movie distribution software and data centers will be affected, in large part, by future advances in technology and changes in customer demands. Our success will also depend on our ability to

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address the increasingly sophisticated and varied needs of our existing and prospective customers.

We cannot assure you that there will be a demand for the digital cinema software and delivery services provided by AccessDM. AccessDM's profitability depends largely upon the general expansion of digital presentations at theaters, which may not occur for several years. There can be no assurance that major movie studios relying on traditional distribution networks to provide physical delivery of digital files will adopt a different method, particularly electronic delivery, of distributing digital content to movie theaters. If the development of digital presentations and changes in the way digital files are delivered does not occur, there may be no viable market for AccessDM's software and systems.

WE MAY BE SUBJECT TO ENVIRONMENTAL RISKS RELATING TO THE ON-SITE STORAGE OF DIESEL FUEL AND BATTERIES.

Our data centers contain tanks for the storage of diesel fuel for our generators and significant quantities of lead acid batteries used to provide back-up power generation for uninterrupted operation of our customers' equipment. We cannot assure you that our systems will be free from leaks or that use of our systems will not result in spills. Any leak or spill, depending on such factors as the nature and quantity of the materials involved and the environmental setting, could result in interruptions to our operations and the incurrence of significant costs, particularly to the extent we incur liability under applicable environmental laws. This could have a material adverse effect on our business, financial position and results of operations.

RISKS RELATING TO OUR CLASS A COMMON STOCK

THE LIQUIDITY OF OUR CLASS A COMMON STOCK IS UNCERTAIN; THE LIMITED TRADING VOLUME OF OUR CLASS A COMMON STOCK MAY DEPRESS THE PRICE OF SUCH STOCK OR CAUSE IT TO FLUCTUATE SIGNIFICANTLY.

Although shares of our Class A common stock are listed on the American Stock Exchange (the "AMEX"), there has been a limited public market for our Class A

common stock and there can be no assurance that an active trading market for our common stock will develop. As a result, you may not be able to sell your shares of Class A common stock in short time periods, or possibly at all. The absence of an active trading market may cause the price per share of our Class A common stock to fluctuate significantly.

SUBSTANTIAL RESALES OF OUR CLASS A COMMON STOCK COULD DEPRESS OUR STOCK PRICE.

The market price for our Class A common stock could decline, perhaps significantly, as a result of resales of a large number of shares of Class A common stock in the public market or even the perception that such resales could occur, including resales of the shares being registered hereunder pursuant to the registration statement of which this prospectus is a part. In addition, we have a substantial number of options, warrants and other securities convertible into shares of our Class A common stock outstanding that may be exercised in the future. Certain holders of these warrants and convertible securities, as well as holders of our outstanding shares of Class A common stock, have piggy-back registration rights and the holder of shares of Class A common stock issuable in exchange for its shares of preferred stock and certain warrants has demand and piggy-back registration rights. These factors could also make it more difficult for us to raise funds through future offerings of our equity securities.

YOU WILL INCUR SUBSTANTIAL DILUTION AS A RESULT OF CERTAIN FUTURE EQUITY ISSUANCES.

We have a substantial number of options, warrants and other securities currently outstanding which may be immediately converted into shares of our Class A common stock. To the extent that these options, warrants or similar securities are exercised or converted, as the case may be, there will be further dilution to holders of shares of our Class A common stock.

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PROVISIONS OF OUR CERTIFICATE OF INCORPORATION AND DELAWARE LAW COULD MAKE IT MORE DIFFICULT FOR A THIRD PARTY TO ACQUIRE US.

Provisions of our certificate of incorporation, as well as of Section 203 of the Delaware General Corporation Law (the "DGCL") could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders.

Our certificate of incorporation authorizes the issuance of 15,000,000 shares of preferred stock. The terms of our preferred stock may be fixed by the company's board of directors without further stockholder action. The terms of any outstanding series or class of preferred stock may include priority claims to assets and dividends and special voting rights, which could adversely affect the rights of holders of our Class A common stock. Any future issuance(s) of preferred stock could make the takeover of the company more difficult, discourage unsolicited bids for control of the company in which our stockholders could receive premiums for their shares, dilute or subordinate the rights of holders of Class A common stock and adversely affect the trading price of our Class A common stock.

Under Section 203 of the DGCL, Delaware corporations whose securities are listed on a national securities exchange, like the AMEX, may not engage in business combinations such as mergers or acquisitions with any interested stockholders, defined as an entity or person beneficially owning 15% or more of our outstanding common stock without obtaining certain prior approvals. As a result

of the application of Section 203, potential acquirers of the company may be discouraged from attempting to effect an acquisition transaction with the company, thereby depriving holders of the company's securities of opportunities to sell or otherwise dispose of the securities at prices above prevailing market prices.

WE MAY NOT BE ABLE TO MAINTAIN LISTING ON THE AMEX, WHICH MAY ADVERSELY AFFECT THE ABILITY OF PURCHASERS IN THIS OFFERING TO RESELL THEIR SECURITIES IN THE SECONDARY MARKET.

Our Class A common stock is presently listed on the AMEX. However, we cannot assure you that the company will meet the criteria for continued listing on the AMEX. If the company is unable to meet the continued listing criteria of the AMEX and became delisted, trading of the Class A common stock could thereafter be conducted in the over-the-counter market in the so-called "pink sheets" or, if available, the NASD's Electronic Bulletin Board. In such case, an investor would likely find it more difficult to dispose of, or to obtain accurate market quotations for, the company's securities.

If the shares of Class A common stock were delisted from the AMEX, they may become subject to Rule 15g-9 under the Exchange Act, which imposes sales practice requirements on broker-dealers that sell such securities to persons other than established customers and "accredited investors." Application of this Rule could adversely affect the ability and/or willingness of broker-dealers to sell the company's securities and may adversely affect the ability of purchasers in this offering to resell their securities in the secondary market.

FORWARD-LOOKING STATEMENTS

Various statements contained in this prospectus or incorporated by reference into this prospectus constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "believe," "expect," "may," "will," "should," "seek," "plan," "intend" or "anticipate" or the negative thereof or comparable terminology, or by discussion of strategy. Forward-looking statements are primarily contained in the sections of this prospectus entitled "Prospectus Summary," "Risk Factors," "Selected Historical and Pro Forma Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Forward-looking statements represent as of the date of this prospectus our judgment relating to, among other things, future results of operations, growth

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plans, sales, capital requirements and general industry and business conditions applicable to us. Such forward-looking statements are based largely on our current expectations and are inherently subject to risks and uncertainties. Our actual results could differ materially from those that are anticipated or projected as a result of certain risks and uncertainties, including, but not limited to, a number of factors, such as:

- successful integration of acquired businesses;

- the effect of our indebtedness on our financial condition and financial flexibility, including, but not limited to, the ability to obtain necessary financing for our business;

- economic and market conditions;

- the performance of our targeted markets;
- changes in business relationships with our major customers;
- competitive product and pricing pressures; and
- the other risks and uncertainties that are described in this prospectus and from time to time in our filings with the SEC.

Except as otherwise required to be disclosed in periodic reports required to be filed by public companies with the SEC pursuant to the SEC's rules, we have no duty to update these statements, and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, we cannot assure you that the forward-looking information contained in this prospectus will in fact transpire.

USE OF PROCEEDS

We will receive no proceeds from the sale of any of or all of the shares being offered by the selling security holders under this prospectus. We may receive an amount of up to approximately $1,461,000 upon the exercise of the warrants, if exercised, as to which we are registering the underlying shares of Class A common stock. Any proceeds that we receive from the exercise of outstanding warrants will be used by us for general working capital. The actual allocation of proceeds realized from the exercise of these securities will depend upon the amount and timing of such exercises, our operating revenues and cash position at such time and our working capital requirements. There can be no assurances that any of the outstanding warrants will be exercised.

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CAPITALIZATION

The first column in the following table sets forth our capitalization as of March 31, 2004 on an actual basis. The second column sets forth our capitalization as of December 31, 2004 on an actual basis. Except share and per share data, the information in this table is set forth in thousands. You should read this information together with the financial statements and the notes to those statements appearing elsewhere in this prospectus.

	March 31, 2004	December 31, 2004 (unaudited)
Notes payable, including current portion......................	$6,239	$5,946
Capital leases, including current portion.....................	150	515
	---	---
Redeemable Class A common stock, par value $0.001,		

53,534 shares issued and oustanding	238	247
Stockholders' equity:		
Common stock, par value $.001; 80,000,000 shares authorized; 8,287,541, 9,505,041 and 10,359,139 shares issued and outstanding, respectively	8	11
Treasury Stock, at cost; 9140 shares	--	(32)
Additional paid-in capital	24,271	30,853
Accumulated deficit	(14,699)	(18,688)
Total stockholders' equity	9,580	12,144
Total capitalization	$16,207	$18,852

The table above assumes that no stock options or warrants outstanding as of March 31, 2004 and December 31, 2004 or granted thereafter are exercised. In addition to the shares of capital stock outstanding, we may issue shares of our common stock under the following plans and arrangements:

- 520,564 and 598,897 shares of Class A common stock subject to stock options granted under our 2000 Stock Option Plan (the "Plan") and 79,436 and 251,103 shares available for future issuance under such Plan as of March 31, 2004 and December 31, 2004, respectively;
- 120,000 shares of Class A common stock reserved for issuance upon exercise of warrants issued in connection with our initial public offering in November 2003 (the "IPO"), the proceeds of which are to be used as working capital for general corporate purposes; and
- 304,375 shares of Class A common stock reserved for issuance upon exercise of warrants issued in connection with our June 2004 private placement, the proceeds of which are to be used as working capital for general corporate purposes; and
- 308,225 and 307,871 shares of Class A common stock as of March 31, 2004 and December 31, 2004, respectively, reserved for issuance upon conversion of notes payable issued in connection with March 2004 exchange of 8% notes payable for 6% convertible notes payable.

PRICE RANGE OF COMMON STOCK

We consummated our IPO at a price of $5.00 per share. Our Class A common stock trades publicly on the AMEX under the trading symbol "AIX." The following table shows the high and low sales prices per share of our Class A common stock as reported by the AMEX for the periods indicated:

	HIGH	LOW
FISCAL YEAR ENDED MARCH 31, 2004		
Third Quarter (from November 10, 2003)	$ 6.95	$ 5.00
Fourth Quarter	$ 5.30	$ 4.09

FISCAL YEAR ENDED MARCH 31, 2005		
First Quarter	$ 5.20	$ 4.10
Second Quarter	$ 5.15	$ 3.20
Third Quarter	$ 4.17	$ 3.75
Fourth Quarter (through March 1, 2005)..............	$ 5.15	$ 4.81

The last reported sale price of our Class A common stock on the AMEX on March 1, 2005 was $ 4.81 per share. As of March 1, 2005, there were approximately 171 beneficial holders of record of our Class A common stock.

DIVIDEND POLICY

We have never paid any cash dividends on our common stock or preferred stock and do not anticipate paying any on our common stock in the foreseeable future. Any future payment of dividends on our common stock will be in the sole discretion of our board of directors.

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

The summary below sets forth certain selected historical financial data. The financial data below should be read in conjunction with the historical financial statements and the notes thereto of our Company and of Hollywood SW and FiberSat Seller appearing elsewhere in this prospectus.

THE COMPANY. The following tables set forth selected historical financial data of our Company at and for each of the fiscal years ended March 31, 2002, 2003 and 2004 and the nine months ended December 31, 2004. The data for each of the fiscal years ended March 31, 2002, 2003 and 2004 has been derived from our audited consolidated financial statements. The data as of December 31, 2004 and for the nine months ended December 31, 2004 has been derived from our unaudited consolidated financial statements. When you read the selected financial data below, it is important that you also read our audited consolidated financial statements and the notes to those statements appearing elsewhere in this prospectus, as well as the section of this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ACCESS INTEGRATED TECHNOLOGIES, INC.
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	FISCAL YEAR ENDED MARCH 31,		
	2002	2003	2004
CONSOLIDATED STATEMENTS OF OPERATIONS DATA (1):			
Revenues	$ 1,911	$ 4,228	$ 7,201
Costs of revenues	1,833	3,101	3,667
Gross profit	78	1,127	3,534
Selling, general and administrative expenses(2)	2,267	2,305	3,277
Provision for doubtful accounts	--	--	--
Research and development	--	--	55
Non-cash stock-based compensation	235	99	15
Depreciation and amortization	993	2,692	2,457
Loss from operations	$ (3,417)	$ (2,964)	$ (2,505)
Interest income	30	13	6
Interest expense(3)	(83)	(364)	(542)
Loss on early extinguishment of debt	--	--	(126)
Non-cash interest expense	(140)	(282)	(1,823)
Minority interest in subsidiary	--	--	25
Other income	--	8	(52)
Net loss before income taxes	$ (3,610)	$ (3,589)	$ (5,017)
Income tax benefit	--	185	212
Net loss	$ (3,610)	$ (3,404)	$ (4,805)
Preferred stock accretion(4)	(323)	(857)	(1,808)
Net loss available to common stockholders	$ (3,933)	$ (4,261)	$ (6,613)
Net loss available to common stockholders per share - basic and diluted	$ (1.21)	$ (1.41)	$ (1.37)
Weighted average number of common shares outstanding - basic and diluted(5)	3,238,084	3,027,865	4,826,776

(1) We acquired one IDC from, and assumed certain liabilities of BridgePoint on December 21, 2001. We acquired six IDCs from, and assumed certain liabilities of ColoSolutions on November 27, 2002. We acquired all of the

capital stock of Hollywood SW on November 3, 2003. We acquired all of the outstanding common stock of Core on January 9, 2004. We acquired certain assets of Boeing Digital, a division of Boeing, on March 29, 2004. We acquired substantially all of the assets and certain liabilities of Fibersat Seller on November 17, 2004. The above financial data are derived from our audited and unaudited financial statements and reflect the results of operations of the acquired entities from the respective dates of such acquisitions.

(2) Excludes non-cash, stock-based compensation expense of $235,000, $99,000 $15,000 and $4,000 for the years ended March 31, 2002, 2003 and 2004, and nine months ended December 31, 2004, respectively.

(3) Excludes non-cash interest expense related to the accretion of the value of warrants attached to our one- and five-year promissory notes of $140,000, $282,000, $1,823,000 and $155,000 for the years ended March 31, 2002, 2003 and 2004, and nine months ended December 31, 2004, respectively.

(4) Reflects the accretion of dividends, expenses and warrants on our Series A and Series B preferred stock and a beneficial conversion feature of our Series A preferred stock.

(5) The information regarding net loss per common share and weighted average number of common shares for the fiscal years ended March 31, 2002 and 2003 gives effect to the one-for-five reverse stock split of our common stock effected in September 2003.

ACCESS INTEGRATED TECHNOLOGIES, INC.
(IN THOUSANDS, EXCEPT SHARE DATA)

	AT MARCH 31,			AT DECE
	2002	2003	2004	200
				(unaudi
CONSOLIDATED BALANCE SHEET DATA:				
Cash and cash equivalents.............	$ 1,001	$ 956	$ 2,330	$ 1,51
Working capital (deficit).............	378	(954)	212	24
Total assets..........................	8,616	9,894	21,175	23,25
Current portion of notes payable..............	333	1,152	650	1,00
Capital lease obligations.............	440	513	150	51
Long-term debt, net of current portion.	921	1,730	5,589	4,93
Total liabilities............................	3,652	5,355	11,357	10,86
Mandatorily redeemable, convertible preferred stock..............................	251	2,911	--	-
Redeemable common stock.......................	--	--	238	24
Total stockholders' equity	$ 4,713	$ 1,628	$ 9,580	$12,14

HOLLYWOOD SOFTWARE. The following table sets forth selected historical financial data of Hollywood SW for the fiscal year ended March 31, 2003.

HOLLYWOOD SOFTWARE, INC.
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	FISCAL YEAR ENDED MARCH 31, 2003
STATEMENT OF OPERATIONS DATA:	
Revenues	$ 1,908
Cost of revenues	319
Gross profit	1,589
Research and development	289
Selling, general and administrative expenses	1,131
Income from operations	169
Other expense	(2)
Net income	$118
Net income per share - basic and diluted	$.01
Weighted average number of common shares outstanding	
- basic	10,000,000
- diluted	10,293,167

FIBERSAT SELLER. The following table sets forth selected historical financial data of FiberSat Seller for the year ended December 31, 2003 and the nine month period ended September 30, 2004.

FIBERSAT GLOBAL SERVICES, LLC
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2004
		(unaudited)
STATEMENT OF OPERATIONS DATA:		
Revenues	$ 3,408	$ 2,567
Cost of revenues	1,093	740
Gross profit	2,315	1,827
Selling, general and administrative expenses	1,833	981
Depreciation and amortization	884	548
Impairment loss	--	358
Loss from operations	(402)	(60)
Interest income	51	2
Interest expense	(245)	(120)
Net loss before income taxes	(596)	(178)
Income tax expense	(3)	(5)
Net loss	$ (599)	$ (183)

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following tables set forth selected unaudited pro forma condensed combined statement of operations data of our Company for the fiscal year ended March 31, 2004 and for the nine months ended December 31, 2004, after giving effect to the transactions discussed in the overview of the pro forma data beginning on page P-1 of this prospectus. The Hollywood SW Acquisition and the FiberSat Acquisition were accounted for using the purchase method of accounting and, accordingly, the assets, liabilities and results of operations of Hollywood SW and FiberSat Seller have been included in our Company's consolidated financial statements subsequent to their acquisition date.

The following selected unaudited financial data should be read in conjunction with the historical financial statements of our Company, Hollywood SW, and FiberSat Seller, and the unaudited pro forma condensed combined consolidated financial information, including the notes thereto, appearing elsewhere in this prospectus. The unaudited pro forma condensed combined information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have occurred if the transactions had been completed at the dates indicated, nor is it necessarily indicative of future results of operations of the combined company.

ACCESS INTEGRATED TECHNOLOGIES, INC.
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	FISCAL YEAR ENDED MARCH 31, 2004
PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS DATA:	
Revenues	$ 11,581
Cost of revenues	5,078
Gross profit	6,503
Selling, general and administrative expenses	5,793
Research and development	273
Non-cash stock-based compensation	470
Depreciation and amortization	3,578
Loss from operations	(3,611)
Interest income	57
Interest expense	(802)
Loss on early extinguishment of debt	(126)
Non-cash interest expense	(1,823)
Minority interest in subsidiary	25
Other expense, net	(52)
Net loss before income taxes	(6,332)
Income tax benefit	161
Net loss	(6,171)
Accretion related to redeemable convertible Preferred stock	(1,588)
Accretion of preferred dividends	(220)

Net loss available to common stockholders	$(7,979)
Net loss per share - basic and diluted	$(1.42)
Weighted average number of common shares for net loss per share computations - basic and diluted	5,610,492

PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS DATA:	NINE MONTHS ENDED DECEMBER 31, 2004
Revenues	$ 9,702
Cost of revenues	4,754
Gross profit	4,948
Selling, general and administrative expenses	4,569
Provisions for doubtful accounts	598
Research and Development	288
Non-Cash Stock-Based Compensation	4
Depreciation and Amortization	2,897
Loss From Operations	(3,408)
Interest Income	2
Interest Expense	(341)
Non-Cash Interest Expense	(155)
Other Expense, Net	17
Income Tax Benefit (Expense)	228
Minority Interest in Subsidiary	10
Net Loss	(3,647)
Net Loss Available to Common Stockholders	$(3,647)
Net Loss Available to Common Stockholders per Common Share Basic and Diluted	$(0.39)
Weighted average number of common outstanding shares - Basic and diluted	9,432,380

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and related notes appearing elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and

uncertainties. Our actual results could differ materially from those anticipated in those forward-looking statements as a result of factors described within this prospectus and other factors. We refer you to the section captioned "Forward-Looking Statements" in this prospectus.

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 IDCs. 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. These businesses, supported by our IDC business, have become our primary strategic focus. Our business focus is to create a secure, managed and complete system that consists of software to book, track and perform accounting functions for digital content in movie theatres, deliver digital content to multiple locations and provide the content management software for managing all brands of in-theatre playback systems and projection systems for the digital cinema marketplace. This system is designed to enable the motion picture industry to move from the analog world to the digital world. The system is intended to use all of our businesses:

MEDIA SERVICES

- DIGITAL MEDIA DELIVERY - digital media managed delivery services and theater management player software for use in theatres from AccessDM and satellite delivery services from FiberSat. ADM Cinema, which acquired the Pavilion Theatre, will utilize our digital media managed delivery services and media player software products; and

- MOVIE DISTRIBUTION AND EXHIBITOR SOFTWARE - Hollywood SW develops and licenses distribution and exhibitor software products and services.

DATA CENTER SERVICES

- DATA CENTERS - AccessIT's IDCs, including redundant sites in Los Angeles and New York City; and

- MANAGED SERVICE OFFERINGS - managed storage and network and systems management services by Core and AccessIT.

Our system provides a digital content owner with the secure delivery of multiple files to multiple locations throughout the world with proactive notification and security management. Our system also provides the digital content exhibitor with access to digital content, freedom to choose what to play and when to play it with proactive notifications and management software. We have created a system whereby digital content is delivered where it is supposed to go, is played when it is supposed to be played along with the ability to act upon and report back management and financial information. We also have created software designed to enable a movie exhibitor to run all projectors in a multiple auditorium theatre from one central server, regardless of the hardware type or manufacturer.

In February 2003, we organized AccessDM, which in May 2004, became our wholly-owned subsidiary. AccessDM has developed proprietary software, Digital Express e-Courier, capable of worldwide delivery of digital data -- including

movies, advertisements and alternative content such as concerts, seminars and sporting events -- to movie theaters and other venues having digital projection equipment. We are also in the process of developing media player software for use by digitally-equipped movie theaters called Theatre Command Centre.

In November 2003, we acquired all of the capital stock of Hollywood SW, a leading provider of proprietary transactional support software and consulting services for distributors and exhibitors of filmed entertainment in the United States and Canada. Its licensed software records and manages information relating to the planning, scheduling, revenue sharing, cash flow and reporting associated with the distribution and exhibition of theatrical films. In addition, Hollywood SW's software complements, and is integrated with, AccessDM's digital content delivery software by enabling Hollywood SW's customers to seamlessly plan and schedule delivery of digital content to entertainment venue operators as well as to manage the related financial transactions.

In an effort to increase the competitive advantage of the IDCs, on January 9, 2004, we acquired Core, a managed service provider of information technologies. As an information technology outsourcing organization, Core manages clients' networks and systems in over 35 countries in Europe, Asia and North and South America and more than 20 states in the United States. Core operates a 24x7 GNCC, capable of running the networks and systems of large corporate clients. The 4 largest customers of Core accounted for approximately 77% of its revenues for the year ended March 31, 2004. The managed services capabilities of Core have been integrated with our IDCs and now operate under the name of AccessIT Managed Services.

In March 2004, we acquired certain assets of Boeing Digital, a division of Boeing. These assets were purchased to further our strategy of becoming a leader in the delivery of movies and other digital content to movie theaters. The acquired assets consist of digital projectors, satellite dishes and other equipment installed at 28 screens within 21 theaters in the United States and at one location in London, England, and satellite transmission equipment which we installed in Los Angeles, California.

Also in March 2004, we refinanced approximately $4.2 aggregate principal amount (plus accrued and unpaid interest) of our promissory notes pursuant to an exchange offer. In exchange for these promissory notes, we issued 707,477 unregistered shares of our Class A common stock and $1.7 million aggregate principal amount of new convertible notes which as of March 1, 2005 were convertible into a maximum of 310,857 shares of our Class A common stock.

In June 2004, we consummated a $4.87 million private placement of 1,217,500 unregistered shares of our Class A common stock with institutional and other accredited investors. Pursuant to the private placement, we also issued to the investors and the placement agent warrants to purchase up to 243,500 and 60,875 shares of our Class A common stock, respectively, at an exercise price of $4.80 per share, exercisable upon receipt.

In November 2004, we consummated a $1.1 million private placement of 282,776 unregistered shares of our Class A common stock at $3.89 per share with certain accredited investors. The net proceeds of $1.023 million from such private placement were used for the FiberSat Acquisition and for working capital.

Also in November 2004, we acquired substantially all of the assets of FiberSat Seller through FiberSat. FiberSat, headquartered in Chatsworth, California, provides services utilizing satellite ground facilities and fiber-optic connectivity to receive, process, store, encrypt and transmit television and

data signals globally. FiberSat's Chatsworth facility currently houses the infrastructure operations of our digital cinema satellite delivery services. By

completing the FiberSat Acquisition, we gained extensive satellite distribution and networking capabilities provided by FiberSat's fully operational data storage and uplink facility located in Los Angeles, California. FiberSat has, and will continue to, provide broadband video, data and Internet transmission and encryption services for multiple customers in the broadcast and cable television and communications industries.

In February 2005, we consummated a private placement of $7.6 million of the 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 the Convertible Debentures Warrants, exercisable for up to 560,197 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 may be exercised beginning on September 9, 2005 until five years thereafter.

Also in February 2005, we consummated the acquisition of substantially all of the assets of the Pavilion Theatre. The Pavilion Theatre is an eight-screen movie theatre and cafe and will be a component of the Media Services segment. Continuing to operate as a fully functional multiplex, the Pavilion Theatre will also become our showplace to demonstrate our integrated digital cinema solutions to the movie entertainment industry

We offer interrelated services that use each of our business units for the planning, purchasing, delivery and management of digital content -- such as movies, advertising, trailers and alternative content, including concerts, seminars and sporting events -- to movie theater and other venue operators. We believe that our ability to offer a wide range of fully managed services will differentiate us from other service providers, including distributors of other types of digital media.

We have two reportable segments: Data Center Services, which comprise our IDC operations and the operations of Core; and Media Services, which represents the operations of Hollywood SW, AccessDM (including Boeing Digital), FiberSat and ADM Cinema. For the three months ended December 31, 2004, we received 47% and 53%, respectively, of our revenue from the Media Services and Data Center Services segments. For the nine months ended December 31, 2004, we received 35% and 65%, respectively, of our revenue from the Media Services and Data Services segments.

From our inception through November 3, 2003, all of our revenues have been derived from monthly license fees and fees from other ancillary services provided by us at our IDCs. We do not intend to build any additional IDCs. Instead, we may continue expanding our IDC footprint by acquiring additional, operational IDCs from third parties. Hollywood SW generates revenues from software license fees, ASP fees, enhancements, consulting and maintenance fees. Core generates revenues primarily from managed network services. AccessDM generates revenues from the delivery of movies and other content into movie theaters. We incurred net losses of $2.33 million and $4.0 million in the nine months ended December 31, 2003 and 2004, respectively, and we have an accumulated deficit of $18.7 million as of December 31, 2004. We anticipate

that, with the acquisitions of Hollywood SW, Core, FiberSat, the Pavilion Theatre and substantially all of the assets of Boeing Digital, and the operation of AccessDM, 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, and we may need to obtain additional financing, than we have in prior years.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our 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, 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. 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 consolidated financial statements.

REVENUE RECOGNITION

Through December 31, 2004, our Media Services segment revenues have been primarily generated by Hollywood SW, and are accounted for in accordance with Statement of Position 97-2 "Software Revenue Recognition" ("SOP 97-2"), and Staff Accounting Bulletin No. 104, "Revenue Recognition." Our software revenues are generated from the following primary sources:

- software licensing, including customer licenses and Application Service Provider ("ASP") agreements;
- software maintenance contracts; and
- 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 has been met, which typically occurs after delivery and acceptance.

For arrangements with multiple elements (e.g., delivered and undelivered products, maintenance and other services), we separately negotiate 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 separate sales of renewals to customers or upon substantive renewal rates quoted in the agreements. 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 we are not able to determine fair value of each element and the services are essential to the functionality of the software, we follow percentage-of-completion accounting 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, a portion of this revenue is deferred until the contract ends. Such amounts are classified as deferred revenue in the consolidated balance sheet and are recognized as revenue in accordance with our revenue recognition policies described above.

In addition, revenues in the Media Services segment include digital cinema - related revenues generated by AccessDM. These revenues consist of (1) satellite delivery revenues, (2) encryption and preparation fee revenues, (3) landing fees

for delivery to each movie theatre. These revenues are recognized upon completion of the related services.

Our Data Center Services segment 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 Staff Accounting Bulletin No. 104, "Revenue Recognition," are recognized ratably over the terms of the contracts, generally two 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 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 the above revenue recognition criteria prior to billing are classified as unbilled revenues. In addition, within our Data Center Services segment, Core 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.

The adoption of Staff Accounting Bulletin No. 104, "Revenue Recognition," did not affect our revenue recognition policies.

CAPITALIZED SOFTWARE COSTS

We account for software costs under Statement of Financial Accounting Standards ("SFAS") No. 86, "Accounting for the Costs of Computer Software to Be Sold,

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Leased, or Otherwise Marketed." Software development costs that are incurred subsequent to establishing technological feasibility, and until the product is commercially released, are capitalized. Amounts capitalized as software development costs are generally amortized periodically using a formula based on the greater of the units sold during the period or on a straight-line basis over five 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 fiscal year ended March 31, 2004 and the nine months ended December 31, 2004. Amortization of capitalized software development costs, included in costs of revenues, for the fiscal year ended March 31, 2004 amounted to $118,000, and for the three and nine months ended December 31, 2004 amounted to $92,000 and $220,000, respectively.

BUSINESS COMBINATIONS AND INTANGIBLE ASSETS

We have adopted SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and other Intangible Assets." 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. Intangible assets of the Company as of March 31, 2003 consisted of customer contracts. In addition, during the fiscal year ended March 31, 2004, the Company acquired intangible assets related to customer contracts, trade names, trademarks and covenants not to compete, which are estimated to have useful lives of ranging from 2 to 10 years. As of December 31, 2004, 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, which are estimated to have useful lives of ranging from 2 to 10 years. In addition, the Company has recorded goodwill in connection with the acquisitions of Hollywood SW, Core and FiberSat.

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 delivery and digital media software license fees. Media Services revenue are those generated by Hollywood SW, AccessDM and FiberSat. 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.

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.

- Provision for doubtful accounts represents amounts deemed not probable of collection from customers.

- 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).

- Non-cash interest expense represents the accretion of the value of warrants attached to our five-year promissory notes, and the imputing of interest on a non-interest bearing note payable.

INITIAL PUBLIC OFFERING

On November 10, 2003, our registration statement on Form SB-2 was declared effective by the SEC. In connection with the completion of IPO, we issued 1,380,000 shares of Class A common stock, 180,000 of which shares were issued in connection with the lead underwriter's exercise of its over-allotment option, at $5.00 per share. The net proceeds from the IPO after deducting all offering expenses, including underwriting discounts and commissions, the cash portion of the purchase price of Hollywood SW, and the repayment of a note payable, was approximately $1,067,000. We are listed on the AMEX under the symbol "AIX".

PRIVATE PLACEMENTS

On June 4, 2004, we concluded the 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 in our June 2004 private placement, warrants to purchase a total of 304,375 shares of our Class A common stock at an exercise price of $4.80 per share, which became exercisable upon receipt. We agreed to file a registration statement for the resale of these shares and the shares underlying the warrants 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 on July 20, 2004.

In November 2004, we consummated a $1.1 million private placement of 282,776 unregistered shares of our Class A common stock at $3.89 per share with certain accredited investors. These shares carry piggyback and demand registration rights, at the sole expense of the investors. The net proceeds of $1.023 million from such private placement were used for the FiberSat Acquisition and for working capital.

In February 2005, we consummated a private placement of $7.6 million of the 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 the Convertible Debentures Warrants, exercisable for up to 560,197 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 may be exercised beginning on September 9, 2005 until five years

thereafter.

ACCESS DIGITAL MEDIA

AccessDM was formed in February 2003 by AccessIT. AccessDM has completed development of its proprietary software enabling the delivery of digital content -- such as movies, advertising, trailers and alternative content such as concerts, seminars and sporting events -- to movie theaters and other venues equipped with digital projection equipment.

AccessDM has been, and will continue in the foreseeable future to be, financed principally by AccessIT. In March 2003, we engaged The Casey Group, Inc., a software consulting company, to help develop software designed to enable the delivery of digital content. As compensation for assisting us in the development of the software, the cost of which was agreed to be $174,000, we issued to The Casey Group 750,000 shares of AccessDM common stock in September 2003 and 8,700 shares of AccessIT Class A common stock in November 2003. The AccessDM shares issued to The Casey Group represented 20% of AccessDM's outstanding capital stock after giving effect to such issuance. On May 26, 2004, AccessIT entered into an agreement with The Casey Group to issue 31,300 unregistered shares of our Class A common stock in exchange for the 750,000 shares of AccessDM's common stock held by The Casey Group. Following such exchange, as of May 26, 2004, AccessIT owns 100% of AccessDM's outstanding common stock.

The operations of AccessDM are controlled by AccessIT, and certain members of the senior management of AccessIT are also members of the senior management of AccessDM. All intercompany transactions between AccessIT and AccessDM are conducted as transactions on competitive terms, including the terms of any future investments by AccessIT in AccessDM and the terms of any intercompany sales. For the nine months ended December 31, 2004, AccessDM generated $173,000 of revenues.

ACQUISITIONS

On July 17, 2003, we signed a stock purchase agreement with Hollywood SW and its two selling stockholders. On November 3, 2003, we acquired Hollywood SW, after amending the agreement to complete the acquisition on that date, by issuing secured promissory notes (the "Initial Notes"), each in the principal amount of $3.6 million, to the two selling stockholders. On November 10, 2003, we completed the IPO and (1) the Initial Notes were exchanged for the consideration described in clauses (2) and (3) below and cancelled and returned to us by Hollywood SW's selling stockholders, (2) the lead underwriter in the IPO transmitted, in the aggregate, $2.45 million to the selling stockholders and (3) we issued to such selling stockholders $3 million in 8% promissory notes and 400,000 unregistered shares of our Class A common stock.

We may pay an additional purchase price in each of the three years following the closing of the Hollywood SW acquisition if certain annual earnings targets are achieved. We also have agreed to issue additional unregistered shares of our Class A common stock if, during the 90 days following the applicable lock-up period, the average value of our Class A common stock during such 90 days declines below an average of $3.60 per share.

On December 22, 2003, we signed an agreement to purchase all of the outstanding common stock of Core, and on January 9, 2004, the acquisition of Core was

completed. Core is a managed service provider of information technologies; its primary product is managed network services through its global network command center. We believe that the acquisition of Core will expand the existing capabilities and services of our IDCs. The initial purchase price consisted of

$250,000 in cash and 100,000 unregistered shares of our Class A common stock. In addition, we may be required to pay a contingent purchase price for any of the three years following the closing in which certain earnings targets are achieved; any additional payment is to be made in the same proportionate combination of cash and unregistered shares of our Class A common stock as the purchase price payable at closing. We have also agreed to a one time issuance of additional unregistered shares of our Class A common stock to the seller up to a maximum of 20,000 shares if, in accordance with an agreed upon formula, the market value of our Class A common stock is less than an average of $4.00 during the final 90 days of the lock up period.

On March 29, 2004, we consummated an acquisition of certain assets of Boeing Digital, a division of Boeing, pursuant to an asset purchase agreement of same date. The acquired assets consist of digital projectors, satellite dishes and other equipment installed at 28 screens within 21 theatres in the United States and one location in London, England, and satellite transmission equipment which we installed in Los Angeles, California. The initial purchase price consisted of: $250,000 in cash; 53,534 unregistered shares of our Class A common stock; and a non-interest bearing promissory note payable for $1.8 million payable in equal installments over 4 years. In addition, we agreed to make payments totaling a maximum of $1 million over 4 years, which payments are comprised of 20% of the gross receipts generated by the acquired assets during the 4 year period after the closing. Additionally, at any time during the 90 day period immediately following the first 12 months after the closing, Boeing may sell its 53,534 unregistered shares of our Class A common stock to AccessIT in exchange for $250,000 in cash. In connection with the acquisition, Boeing agreed to purchase from AccessIT a minimum of $450,000 managed storage services per year for four years from the date of the agreement.

On October 19, 2004, we entered into an agreement to purchase substantially all of the assets and certain specified liabilities of FiberSat Seller. On November 17, 2004, the FiberSat Acquisition was completed. FiberSat, headquartered in Chatsworth, California, provides services utilizing satellite ground facilities and fiber-optic connectivity to receive, process, store, encrypt and transmit television and data signals globally. FiberSat's Chatsworth facility currently houses the infrastructure operations of the Company's digital cinema satellite delivery services. 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 unregistered 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 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 90 days following the applicable lock-up period, the average value of our Class A common stock during such 90 days declines below an average of $3.17 per share.

In February 2005, we, through ADM Cinema, consummated the acquisition of

substantially all of the assets of the Pavilion Theatre. The Pavilion Theatre is an eight-screen movie theatre and cafe and will be a component of the Media Services segment. Continuing to operate as a fully functional multiplex, the Pavilion Theatre will also become our showplace to demonstrate our integrated digital cinema solutions to the movie entertainment industry.

RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2003 AND THE NINE MONTHS ENDED DECEMBER 31, 2004

REVENUES. Our total revenues were $4.87 million and $7.13 million for the nine months ended December 31, 2003 and 2004, respectively, an increase of 46%. The increase was primarily attributable to Hollywood SW, which was acquired in November 2003, and contributed $1.35 million of increased revenues and Core,

which was acquired in January 2004, generated $570,000 of revenues. In addition, FiberSat, which we acquired in November 2004, generated $348,000 of revenues and our AccessDM division contributed $173,000 of revenues. These increases were partially offset by our IDC operations which experienced a revenue decrease of $177,000 primarily due to the loss of one customer.

COST OF REVENUES. Our cost of revenues was $2.64 million and $4.01 million for the nine months ended December 31, 2003 and 2004, respectively, an increase of 52%. This increase was primarily attributable to the acquisition of Hollywood SW, Core and FiberSat. Hollywood SW expenses increased by $574,000, primarily due to personnel costs and amortization of capitalized software costs. Core's operating expenses were $417,000, primarily representing personnel and utility costs. In addition, AccessDM incurred digital cinema-related delivery costs of $150,000. Additionally, FiberSat expenses were $145,000, primarily representing personnel costs. Also, cost of revenues increased at our IDC's by $85,000, primarily due to utility cost increases.

GROSS PROFIT. Gross profit was $2.23 million and $3.12 million for the nine months ended December, 31, 2003 and 2004, respectively. The increase was primarily due to $772,000 of increased gross profit generated by Hollywood SW, and FiberSat, which we acquired in November 2004, which generated $203,000 in gross profit. In addition, Core, which we acquired in January 2004 generated $153,000 in gross profit. Additionally, a gross profit of $23,000 was attributable to AccessDM's operations and we experienced a decrease in gross profit at our IDC's of $259,000, which was primarily attributable to the loss of a customer and higher utility expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our selling, general and administrative expenses were $2.02 million and $3.59 million for the nine months ended December 31, 2003 and 2004, respectively, an increase of 78%. Incremental costs associated with Hollywood SW, Core, AccessDM, and FiberSat for the nine months ended December 31, 2004, were $623,000, $274,000, $148,000, and $108,000 respectively, due primarily to personnel and office expenses. The remainder of the increase is primarily due to increases in corporate personnel costs, advertising expenses and, professional fees. As of December 31, 2003 and 2004 we had 23 and 58 employees, respectively, and one and five of whom, are part-time employees, respectively.

PROVISION FOR DOUBTFUL ACCOUNTS. Our provision for doubtful accounts was $55,000 and $598,000 for the nine months ended December 31, 2003 and 2004, respectively.

The increase is primarily due to the recording of a provision of $499,000 in September 2004 related to the bankruptcy of a data center customer in July 2004. The remainder of the increase is due to the increase in overall business activity.

RESEARCH AND DEVELOPMENT. We recorded expenses of $8,000 and $288,000 for the nine months ended December 31, 2003 and 2004, respectively. The increase is attributable to research and development efforts at Hollywood SW.

NON-CASH, STOCK-BASED COMPENSATION. We recorded non-cash, stock-based compensation of $10,000 and $4,000 for the nine months ended December 31, 2003 and 2004, 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 lower amortization expense from non-employee options, due to the vesting of certain grants made in prior years.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was $1.91 million and $2.46 million for the nine months ended December 31, 2003 and 2004, respectively, an increase of 24%. The acquisition of Hollywood SW and Core and the addition of AccessDM resulted in $268,000 $587,000 and $117,000, respectively, of depreciation and amortization for the nine months ended December 31, 2004. Partially offsetting these increases was certain data center and corporate computer equipment reaching the end of their estimated useful lives, and becoming fully depreciated.

INTEREST EXPENSE. Interest expense was $389,000 and $279,000 for the nine months ended December 31, 2003 and 2004, respectively. The decrease was primarily due to the March 2004 exchange of $2.5 million for aggregate principal amount of our 5-year 8% subordinated promissory notes (the "5-Year Notes") for shares of our Class A common stock and $1.7 million aggregate principal amount of the 5-Year Notes for our 6% subordinated convertible promissory notes (the "Convertible Notes"). In addition, in November 2003, we repaid a 1-year 9% note payable for $1.0 million incurred in connection with the November 2002 acquisition of six IDC's.

NON-CASH INTEREST EXPENSE. Non-cash interest expense was $302,000 and $155,000 for the nine months ended December 31, 2003 and 2004, respectively. Non-cash interest expense results from the imputing of interest on the $1.8 million note payable to Boeing, incurred in the March 2004, and from the accretion of the value of warrants to purchase shares of our Class A common stock (the "5-Year Notes Warrants") attached to the 5-Year Notes (which bear interest at 8% per year). The decrease is primarily due to one-time accretion of $1.4 million recorded in connection with the March 2004 exchange of 5-Year Notes described above.

INCOME TAX BENEFIT. Income tax benefit was $127,000 and $233,000 for the nine months ended December 31, 2003 and 2004, respectively. The current year amount is 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 $2.33 million and $4.0 million for the nine months ended December 31, 2003 and 2004, respectively.

FOR THE THREE MONTHS ENDED DECEMBER 31, 2003 AND THE THREE MONTHS ENDED DECEMBER 31, 2004

REVENUES. Our total revenues were $2.04 million and $2.74 million for the three months ended December 31, 2003 and 2004, respectively, an increase of 34%. The increase was primarily attributable to Hollywood SW, which was acquired in November 2003, and contributed $216,000 of increased revenues, Managed Services, which was acquired in January 2004, which generated $188,000 of revenues. In addition, FiberSat, which acquired substantially all of the assets and liabilities of FiberSat Seller in November 2004, generated $348,000 of revenues and our AccessDM division contributed $105,000 of revenues. These increases were partially offset by our IDC operations which experienced a revenue decrease of $162,000 primarily due to the loss of one customer.

COST OF REVENUES. Our cost of revenues was $894,000 and $1.6 million for the three months ended December 31, 2003 and 2004, respectively, an increase of 83%. This increase was primarily attributable to the acquisition of Hollywood SW, Managed Services and FiberSat. Hollywood SW expenses increased by $327,000, primarily due to personnel costs and amortization of capitalized software costs. Managed Service's operating expenses were $154,000, primarily representing personnel and utility costs. In addition, AccessDM incurred digital cinema-related delivery costs of $51,000. Additionally, FiberSat expenses were $145,000, primarily representing personnel costs. Also, cost of revenues increased at our IDC's by $63,000, primarily due to utility cost increases.

GROSS PROFIT. Gross profit was $1.15 million and $1.1 million for the three months ended December, 31, 2003 and 2004, respectively. The increase was

primarily due to FiberSat, which acquired substantially all of the assets and liabilities of FiberSat Seller in November 2004, which generated $203,000 in gross profit and Managed Services, which we acquired in January 2004 which generated $34,000 in gross profit. In addition, a gross profit of $51,000 was attributable to AccessDM's operations. Additionally, we experienced a decrease in gross profit at Hollywood SW of $109,000 and our IDC's of $221,000, which was primarily attributable to the loss of a customer and higher utility expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our selling, general and administrative expenses were $872,000 and $1.3 million for the three months ended December 31, 2003 and 2004, respectively, an increase of 49%. Incremental costs associated with FiberSat, Managed Services, AccessDM and Hollywood SW, for the nine months ended December 31, 2004, were $108,000, $44,000, $89,000 and $51,000, respectively, due primarily to personnel and office expenses. The remainder of the increase is primarily due to increases in corporate personnel costs, advertising expenses and, professional fees. As of December 31, 2003 and 2004 we had 23 and 58 employees, respectively, and one and five of whom, are part-time employees, respectively.

PROVISION FOR DOUBTFUL ACCOUNTS. Our provision for doubtful accounts was $42,000 and $23,000 for the three months ended December 31, 2003 and 2004, respectively. The increase is primarily due to the recording of a provision of $499,000 in September 2004 related to the bankruptcy of a data center customer in July 2004. The remainder of the increase is due to the increase in overall business activity.

RESEARCH AND DEVELOPMENT. We recorded expenses of $8,000 and $122,000 for the three months ended December 31, 2003 and 2004, respectively. The increase is attributable to research and development efforts at Hollywood SW.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was $676,000 and $895,000 for the three months ended December 31, 2003 and 2004, respectively, an increase of 18%. The acquisition of Hollywood SW and Managed Services and the addition of AccessDM resulted in $116,000 $43,000 and $213,000, respectively, of depreciation and amortization for the nine months ended December 31, 2004. Partially offsetting these increases was certain data center and corporate computer equipment reaching the end of their estimated useful lives, and becoming fully depreciated.

INTEREST EXPENSE. Interest expense was $143,000 and $90,000 for the three months ended December 31, 2003 and 2004, respectively. The decrease was primarily due to the March 2004 exchange of $2.5 million aggregate principal amount of 5-Year Notes for shares of our Class A common stock and $1.7 million aggregate principal amount of 5-Year Notes for Convertible Notes. In addition, in November 2003, we repaid a 1-year 9% note payable for $1.0 million, incurred in connection with the November 2002 acquisition of six IDC's.

NON-CASH INTEREST EXPENSE. Non-cash interest expense was $111,000 and $43,000 for the three months ended December 31, 2003 and 2004, respectively. Non-cash interest expense results from the imputing of interest on the $1.8 million note payable to Boeing, incurred in March 2004, and from the accretion of the value of the 5-Year Notes Warrants attached to the 5-Year Notes (which bear interest at 8% per year). The decrease is primarily due to one-time accretion of $1.4 million recorded in connection with the March 2004 exchange of 5-Year Notes described above.

INCOME TAX BENEFIT. Income tax benefit was $127,000 and $77,000 for the three months ended December 31, 2003 and 2004, respectively. The current year amount is 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 $572,000 and $1.32 million for the three months ended December 31, 2003 and 2004, respectively.

FOR THE FISCAL YEAR ENDED MARCH 31, 2003 AND THE FISCAL YEAR ENDED MARCH 31, 2004

REVENUES. Our total revenues were $4.2 million and $7.2 million for the fiscal years ended March 31, 2003 and 2004, an increase of 70%. This increase was

primarily attributable to the acquisition of Hollywood SW which contributed $1.4 million of revenues for the fiscal year ended March 31, 2004. Also, $1.3 million in incremental revenues was derived from the six IDCs we acquired in November 2002. The remainder of the increase in revenues was primarily from Core, which generated $162,000 of revenue, and additional revenue due to customer growth in our other IDCs.

COST OF REVENUES. Our cost of revenues was $3.1 million and $3.7 million for the fiscal years ended March 31, 2003 and 2004, respectively, an increase of 18%. This increase was primarily attributable to $316,000 of additional rent, utilities, real estate taxes and other operating expenses for the six IDC locations we acquired in November 2002. In addition, Hollywood SW expenses were $152,000, primarily the amortization of capitalized software costs, and Core's operating expenses were $98,000, primarily representing personnel costs.

GROSS PROFIT. Gross profit was $1.1 million and $3.5 million for the fiscal years ended March, 31, 2003 and 2004, respectively. The increase was primarily

due to $1.2 million of gross profit generated by Hollywood SW. Also, an increase of $962,000 in gross profit was attributable to the six IDC locations we acquired in November 2002. Additionally, gross profit at our other IDCs increased by $207,000, due to fixed data center operating expenses and higher revenues.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Our selling, general and administrative expenses were $2.3 million and $3.3 million for the fiscal years ended March 31, 2003 and 2004, respectively, an increase of 42%. Incremental costs associated with Hollywood SW, Core and AccessDM were $427,000, $58,000, and $101,000, respectively, due primarily to personnel and headquarters office expenses. The remainder of the increase is primarily due to: increases in corporate personnel costs of $137,000 due to higher salary and bonus expense; professional fees of $144,000, due primarily to increased accounting and legal fees related to compliance with the rules of the SEC and other transactions; advertising expenses of $60,000, due to increased marketing activities and attendance at trade shows; bad debt expense of $26,000 due to increases to the allowance for doubtful accounts; and other of $17,000 due primarily to increases in insurance expense. As of March 31, 2004 we had thirty-four employees, one of whom is part-time.

RESEARCH AND DEVELOPMENT. AccessIT recorded expenses of $0 and $55,000 for the fiscal years ended March 31, 2003 and 2004. The increase is attributable to research and development efforts at Hollywood SW, which we acquired in November 2003.

NON-CASH, STOCK-BASED COMPENSATION. We recorded non-cash, stock-based compensation of $99,000 and $15,000 for the fiscal years ended March 31, 2003 and 2004, respectively. These amounts typically represent the fair value of stock options granted to non-employees in exchange for goods and services, amortized over the three-year vesting period of the options. 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 is due to a one-time, immediately recognized grant in the fiscal year ended March 31, 2003 of a total of 60,000 shares of our Class A common stock to four of our employees, valued at $48,000. The remaining decrease was due to lower amortization expense from non-employee options, due to the vesting of certain grants made in prior years.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization was $1.7 million and $2.7 million for the fiscal years ended March 31, 2003 and 2004, respectively, an increase of 60%. The increase is primarily attributable to the acquisition of the six additional IDCs in November 2002, which included $863,000 of property and equipment and $2.7 million of intangible assets. Additionally, the acquisition of Hollywood SW and Core resulted in $183,000 and $35,000, respectively, of depreciation and amortization for the fiscal year ended March 31, 2004 from their respective dates of acquisition.

INTEREST EXPENSE. Interest expense was $364,000 and $542,000 for the fiscal years ended March 31, 2003 and 2004, respectively. The increase was primarily

due to $1.2 million of the 5-Year Notes that we issued in June and July 2003, and also to $1.4 million of the 5-Year Notes that we issued in the fiscal year ended March 31, 2003. The 5-Year Notes bear interest at 8% per year, with interest payable quarterly. On March 24, 2004, $2.5 million of the 5-Year Notes principal were exchanged for shares of our Class A common stock, and another

$1.7 million was exchanged for longer term, the Convertible Notes. Additionally, contributing to the increase was our issuance of a secured $1 million note payable in connection with our November 2002 acquisition of six IDCs. This 9% note was repaid on its maturity date of November 26, 2003. Partially offsetting these items was interest savings resulting from our final payment of two capital leases in July and October, 2003.

LOSS ON EARLY EXTINGUISHMENT OF DEBT. The loss on early extinguishment of debt was $0 and $126,000 for the fiscal years ended March 31, 2003 and 2004, respectively. This loss on early extinguishment of debt was due to the March 2004 exchange of five-year promissory notes for Class A common stock and convertible notes.

NON-CASH INTEREST EXPENSE. Non-cash interest expense was $282,000 and $1.8 million for the fiscal years ended March 31, 2003 and 2004, respectively. Non-cash interest expense results from the accretion of the value of warrants attached to our one-and five-year promissory notes (which bear interest at 8% per year). The increase is primarily due to one-time accretion of $1.4 million recorded in connection with the March 2004 exchange of the 5-Year Notes. The remaining increase in non-cash interest expense is due to the initial issuance of $1.4 million of such notes in the second half of fiscal 2002, and the issuance of an additional $1.2 million of such notes with attached warrants in fiscal 2003.

INCOME TAX BENEFIT. During the fiscal years ended March 31, 2003 and 2004, we participated in the New Jersey Technology Tax Transfer program, through which technology-oriented businesses may sell their New Jersey net operating losses ("NOLs") to other companies. During the fiscal years ended March 31, 2003 and 2004, we received $185,000 and $127,000, respectively net of fees and expenses, from the sale of our New Jersey NOLs. Also, during the fiscal year ended March 31, 2004, amortization of a deferred income tax liability related to our acquisition amounted to $85,000.

NET LOSS. As a result of the foregoing, we had net losses of $3.4 million and $4.8 million for the fiscal years ended March 31, 2003 and 2004, respectively.

LIQUIDITY AND CAPITAL RESOURCES

We have incurred operating losses for the nine months ended December 31, 2004 and 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 our one-and five-year 8% promissory notes, and our IPO. In March 2004, we refinanced approximately $4.2 million aggregate principal amount (plus accrued and unpaid interest) of these promissory notes pursuant to an exchange offer (the "Exchange Offer"). In exchange for the promissory notes, we issued 707,477 unregistered shares of our Class A common stock and $1.7 million aggregate principal amount of new convertible notes which as of December 31, 2004 were convertible into a maximum of 307,871 shares of our Class A common stock. From inception through December 31, 2004, we had raised cash of approximately $20.7 million, $4.5 million and $4.4 million through sales of our common stock, preferred stock, and promissory notes, respectively. Additionally, we have issued common stock in lieu of cash payments totaling $5.8 million to the sellers of Hollywood SW, Core, Boeing Digital, and FiberSat, and for construction services at our IDCs. Also, in November 2002, we issued a $1 million 9% secured note to a seller in connection with the acquisition of six IDCs from ColoSolutions. This note was repaid in November 2003. See also "Subsequent Events" for a discussion of our recent sale of Convertible Debentures. We have no borrowings or line of credit arrangements

with banks or other financial institutions. We are not a party to any material off-balance sheet arrangements.

On November 14, 2003 our IPO was finalized, resulting in the issuance of 1,380,000 shares of Class A common stock. The net proceeds of our IPO were $4.8 million, of which $1.1 million was used for general business purposes.

On November 3, 2003, we acquired all of the outstanding capital stock of Hollywood SW. In connection with the acquisition of Hollywood SW, we issued $3 million of 8% promissory notes to the sellers, which notes are secured and senior, with certain exceptions, to all indebtedness during the five year term of those notes. Our obligations to repay our promissory 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 therefrom, 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.

On March 29, 2004, we acquired certain assets from Boeing for use in AccessDM's digital cinema business. In connection with this acquisition 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 90 day period beginning March 29, 2005, Boeing can sell its 53,534 unregistered shares of our Class A common stock to us for $250,000 in cash.

On June 4, 2004, we concluded a 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 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, which became exercisable upon receipt. We agreed to file a registration statement for the resale of these shares and the shares underlying the warrants 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 (the "Original SB-2"), and the Original SB-2 was declared effective on July 20, 2004. As set forth in this prospectus, certain subsequent events have recently occurred which require the filing of a post-effective amendment to the Original SB-2 and this updated prospectus.

On July 2, 2004, we received notice that certain creditors of one of our data center customers named NorVergence Inc. (the "NorVergence") filed an involuntary bankruptcy petition against the NorVergence. On July 14, 2004, the 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. As of December 31, 2004, we had accounts receivable of $121,000 recorded on the unaudited Consolidated Balance Sheet related to the NorVergence. We also have a first security interest in the NorVergence's accounts receivable. Based on information received to date, we believe that the NorVergence's 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 and on February 25, 2005 the Company was paid this amount. Additionally, the Company

has been granted the right to pursue collection of Norvergence's customer accounts receivable. Any amounts collected will be retained by the Company in settlement of its claim against Norvergence.

On November 8, 2004, we concluded 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 the 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.

On November 17, 2004, we acquired substantially all of the assets and certain specified liabilities of FiberSat Seller. The initial purchase price for FiberSat consisted of 500,000 unregistered shares of Class A common stock, and we agreed to repay certain liabilities of FiberSat Seller on or before the closing of the acquisition, with up to $500,000 in cash and 100,000 unregistered shares of 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 Class A common stock. In addition, we may be required to pay a contingent purchase price for any of the three 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 90 days following the applicable lock-up period, the average value of our Class A common stock during such 90 days declines below an average of $3.17 per share.

As of March 31, 2003 and 2004, we had cash and cash equivalents of $956,000 and $2.3 million, respectively. Our working capital (deficiency) at March 31, 2003 was ($954,000) and March 31, 2004 was $212,000, respectively. As of December 31, 2004, we had cash and cash equivalents of $1.52 million. Our working capital at December 31, 2004 was $224,000.

For the fiscal year ended March 31, 2004, we raised gross proceeds of $6.9 million and $1.2 million through sales of our common stock from our IPO and promissory notes, respectively, and we repaid capital lease obligations of $363,000 and an acquisition note payable of $1 million. For the fiscal year ended March 31, 2003, we raised gross proceeds of $125,000, $2.5 million and $1.4 million through sales of our common stock, preferred stock and promissory notes, respectively, and we repaid promissory notes in the principal amount of $333,000, and capital lease obligations of $177,000. For the nine months ended December 31, 2004, we raised net proceeds of $5.1 million through sales of our common stock , we repurchased $32,000 of our common stock, and we repaid promissory notes in the principal amount of $448,000 and capital lease obligations of $158,000. For the nine months ended December 31, 2003, we raised gross proceeds of $1.2 million through sales of our 5-Year Notes, $4.8 million through sales of our common stock, an we repaid promissory notes in the principal amount of $1 million and capital lease obligations of $358,000.

Our operating activities resulted in net cash (outflows) inflows of ($760,000) and $321,000 for the fiscal years ended March 31, 2003 and 2004, respectively. The $1.1 million improvement was primarily due to a decrease in loss from operations, and a $400,000 security deposit paid in the prior year. For the nine months ended December 31, 2003 and 2004, our operating activities resulted in net cash outflows of $599,000 and $2.8 million, respectively. The increase was

primarily due to lower collection of accounts receivable, and increased payments of accounts payable.

Investing activities used net cash of $2.6 million and $3.6 million for the fiscal years ended March 31, 2003 and 2004, respectively. Net cash used in investing activities for the fiscal year ended March 31, 2003 was primarily in connection with the cash portion of the purchase price of six additional IDCs acquired in November 2002 for $2.3 million. Additions and improvements to existing data centers of $290,000 accounted for the majority of the remaining cash used in investing activities for the fiscal year ended March 31, 2003.

Investing activities used net cash of $2.6 million and $2.5 million, respectively, for the nine months ended December 31, 2003 and 2004. The increase was due to various purchases of computer and other equipment, primarily to support our digital cinema and managed data storage businesses, and, additions to Hollywood SW's capitalized software costs. We anticipate that we will experience an increase in our capital expenditures consistent with the anticipated growth in our operations, infrastructure and personnel.

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Net cash used in investing activities for the fiscal year ended March 31, 2004 was due primarily to the acquisitions of Hollywood SW, Core and Boeing Digital.

We agreed upon the completion of the IPO in November 2003 to pay the lead underwriter an advisory fee of $4,167 per month for the 12-month period beginning upon the completion of the IPO.

Financing activities contributed cash of $3.4 million and $4.6 million for the fiscal years ended March 31, 2003 and 2004, respectively. This contributed cash was used to finance the IDC acquisitions we have effected and for general working capital purposes. Net cash provided by financing activities in 2003 was primarily from the sales of preferred stock, common stock, and promissory notes and in 2004 common stock and promissory notes.

Net cash provided by financing activities of $4.66 million for the nine months ended December 31, 2003 was primarily due to proceeds from issuance of shares of our Class A common stock of $4.79 and the issuance of $1.23 million of our 5-Year Notes, less $1.36 million repayments of notes payable and capital lease obligations. Net cash provided by financing activities of $4.43 million for the nine months ended December 31, 2004 was due primarily to our June 2004 private placement and November 2004 private placement, less repayments of notes payable, capital lease obligations and proceeds from capital leases.

We have acquired equipment under long-term capital lease obligations that expire at various dates through December 2006. As of March 31, 2004 and December 31, 2004, we had an outstanding balance of $150,000 and $515,000, respectively, in capital lease obligations. These capital lease obligations covered computer and power generating equipment at our data centers and our corporate office. As of March 31, 2004, all our capital lease obligations were secured by equipment at the following locations and in the following principal amounts: at our executive offices, telephone equipment in the remaining principal amount of $23,000, and Caterpillar generators at six of our IDCs in the remaining principal amount of $127,000. Also, as of December 31, 2004, all our capital lease obligations are secured by equipment at the following locations and in the following principal

amounts: at our executive offices, telephone equipment in the remaining principal amount of $17,000, and computer equipment for use in Core's operations of $14,000. As of March 31, 2004, minimum future capital lease payments (including interest) for the fiscal years ended March 31, 2005, 2006, and 2007 were $118,000, $28,000, and $9,000, respectively. In July 2003, we repaid the capital lease covering generators at our Manhattan, New York AccessColocenter for $49,000. In August 2003, we entered into an agreement to pay a capital lease covering certain storage equipment at our Jersey City, New Jersey AccessColocenter for payments totaling $228,000 including all principal and interest currently due. As of December 31, 2004, minimum future capital lease payments (including interest) for the fiscal years ended December 31, 2005 and 2006, were $576,000, and $13,000, respectively. During the nine months ended December 31, 2003 and 2004, 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.

In September 2003, in connection with our IPO and in order to simplify our capital structure, we entered into an exchange agreement, under which the holder of our outstanding Series A and Series B preferred stock agreed to (1) convert all 8,202,929 shares of Series A and Series B preferred stock held by it into 1,640,585 shares of Class A common stock; (2) exchange warrants exercisable, for up to 951,041 shares of Class A common stock, for 320,000 shares of Class A common stock; (3) exercise warrants currently exercisable for up to 144,663 shares of our Class A common stock (143,216 shares on a cashless-exercise basis); and (4) accept 104,175 shares of our Class A common stock as payment of all accrued dividends on shares of Series A and Series B preferred stock held by the holder through November 10, 2003, the effective date of the IPO. On November 14, 2003 the exchange agreement was finalized, concurrent with the completion of the IPO.

In February 2004, we sent a notice of the Exchange Offer to the holders of the 5-Year Notes and holders of the notes issued pursuant to the Hollywood SW

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acquisition (the "HS Notes"), offering to exchange the principal and accrued interest of the outstanding 5-Year Notes and the HS Notes for, at each note holder's election, either (1) unregistered shares of our Class A common stock at an exchange rate of $3.57 per share (the "Share Option") or (2) SUBORDINATED CONVERTIBLE PROMISSORY NOTES ("CONVERTIBLE NOTES")the Convertible Notes, convertible into shares of our Class A common stock at a conversion rate of $5.64 per share (the "Convertible Note Option"). On March 24, 2004, the Exchange Offer was completed. Pursuant to the Share Option, we exchanged 5-Year Notes in the aggregate principal amount of $2.5 million plus accrued and unpaid interest of $46,000 for 707,477 unregistered shares of our Class A common stock. Pursuant to the Convertible Note Option, in exchange for 5-Year Notes in the aggregate principal amount of $1.7 million plus accrued and unpaid interest of $31,000, we issued Convertible Notes which as of March 1, 2005 are convertible into a maximum of 310,857 shares of our Class A common stock (1) at any time up to the maturity date at each holder's option or (2) automatically on the date when the average closing price on the AMEX of our Class A common stock for 30 consecutive trading days has been equal to or greater than $12.00. The holders of all the HS Notes and holders of 5-Year Notes totaling $220,000 of principal elected not to participate in the Exchange Offer.

In March 2004, in connection with our acquisition of certain assets of Boeing Digital, we issued a $1.8 million non-interest bearing note, payable in equal principal payments each year for four years.

Other significant commitments consist of obligations under non-cancelable operating leases that totaled approximately $16.2 million and $15.9 million as of March 31, 2004 and December 31, 2004, respectively, and are payable in varying monthly installments through 2015. As of March 31, 2004, minimum future operating lease payments for the fiscal years ended March 31, 2005, 2006, 2007, 2008, 2009 and thereafter (in total) were $2.3 million, $2.2 million, $2.1 million, $2.1 million, $2.2 million and $5.3 million, respectively. As of December 31, 2004, minimum future operating lease payments for the fiscal years ended December 31, 2005, 2006, 2007, 2008, 2009 and thereafter (in total) were $2.4 million, $2.3 million, $2.3 million, $2.3 million, $1.9 million and $4.7 million, respectively.

During the fiscal years ended March 31, 2003 and 2004 and the nine months ended December 31, 2004, our operations have been financed primarily through equity and debt financing, most recently the completion of our IPO that generated net cash receipts of $1.1 million and the completion of our June 2004 and October 2004 private placements that generated net cash receipts of $4.0 million and $1.023 million respectively. However, we have incurred substantial losses since inception. During the fiscal year ended March 31, 2003 and 2004, we have incurred losses of $3.4 million and $4.8 million respectively, and cash flows from operating activities of ($760,000) and $321,000, respectively. Also, during the nine months ended December 31, 2004, we have incurred losses of $4.0 million and cash flows from operating activities of $(2.8) million. In addition, we have an accumulated deficit of $14.7 million and $18.7 million as of March 31, 2004 and December 31, 2004, respectively. Furthermore, we have total debt service requirements totaling $1.55 million for the twelve months beginning in January 2005.

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 unregistered shares of AccessIT's Class A common stock. As a result of the transaction, AccessIT holds 100% of AccessDM's common stock.

In July 2004, we made early repayments totaling $58,000 for two 5-Year Notes, and the remaining value of the underlying 5-Year Notes Warrants was amortized to non-cash interest expense, totaling $19,000.

In August 2004, our Board of Directors authorized the repurchase of up to 100,000 shares of our 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. During the nine months ended December 31, 2004, we purchased 9,140 shares of our Class A common stock for a total purchase price of $32,000, including fees, which has been recorded as Treasury stock in the unaudited Consolidated Balance Sheet. In January 2005, we purchased 42,300 shares of our Class A common stock for a total purchase price of $140,000, including fees, at an average purchase price of $3.31 per share. As of January 31, 2005, an additional 48,560 shares of our Class A common stock may be repurchased.

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, based on the Company's cash position at December 31, 2004, a financing transaction completed in February 2005 (see below under "Subsequent Events"), and expected cash flows from operations, the Company has the ability to meet its obligations for the foreseeable future.

SUBSEQUENT EVENTS

On January 26, 2005, the bankruptcy court in the matter of Norvergence approved a motion for the trustee to pay us $121,000 for past due accounts receivable. Additionally, we have been granted the right to pursue collection of Norvergence's customer accounts receivable. Any amounts collected will be retained by us in settlement of our claim against Norvergence.

On February 11, 2005 we consummated the acquisition of substantially all of the assets and certain liabilities of the Pavilion Theatre from Pritchard Square Cinema, LLC. The total purchase price is approximately $5.4 million, including transaction fees. The purchase price included a cash payment of $3.3 million (less $500,000 held in escrow pending the completion of certain construction) and a five-year 8% promissory note for $1.7 million, among other things. The Pavilion Theatre is an eight-screen movie theatre and cafe and will be a component of the Media Services segment. Continuing to operate as a fully functional multiplex, the Pavilion Theatre will also become a showplace for the Company to demonstrate its integrated digital cinema solutions to the movie entertainment industry.

On February 10, 2005, we issued Convertible Debentures and the Convertible Debentures Warrants to a group of institutional investors for aggregate proceeds of $7.6 million. The Convertible Debentures have a four year term, with one third of the unconverted principal balance repayable in 12 equal monthly installments beginning three years after the closing. The remaining unconverted principal balance is repayable at maturity. We may pay the interest in cash or, if certain conditions are met, by issuing shares of our Class A common stock. If we are eligible to issue shares of our Class A common stock to repay interest, the number of shares issuable is based on 93% of the 5-day average closing price preceding the interest due date. The Convertible Debentures are initially convertible into 1,867,322 shares of our 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, we may issue additional warrants exercisable for shares of Class A common stock. Additionally, we issued to the investors the Convertible Debentures Warrants to purchase up to 560,197 shares of our 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 5 years thereafter. We have agreed to register, among other things, the Class A common stock underlying the Convertible Debentures and Convertible Debentures Warrants on Form S-3 within 30 days from the closing. If, among other things, the registration statement is not filed within 30 days or is not declared effective within 90 days (120 days in the event of an SEC review), then cash delay payments equal to 1% of the offering proceeds per month will apply.

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.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure -an amendment of FASB Statement No. 123." This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effects of the method used on reported results.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. SFAS No. 149 clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in SFAS No. 133. In addition, it clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, except as specifically noted in SFAS No. 149. SFAS No. 149 should be applied prospectively. The adoption of SFAS No. 149 did not have a material impact on our financial position, cash flows or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments of nonpublic entities and the provisions of paragraphs 9 and 10 of SFAS No. 150 (and related guidance in the appendices), as they apply to mandatorily redeemable non-controlling interests, which were deferred by the FASB on October 29, 2003. The adoption of SFAS No. 150 did not have a material impact on our financial position, cash flows or results of operations.

In November 2002, the Emerging Issues Task Force (the "EITF") reached a consensus on EITF 00-21, "Revenue Arrangements with Multiple Deliverables," related to the separation and allocation of consideration for arrangements that include multiple deliverables. EITF 00-21 requires that when the deliverables included in this type of arrangement meet certain criteria they should be accounted for separately as separate units of accounting. This may result in a

difference in the timing of revenue recognition but will not result in a change in the total amount of revenues recognized in a bundled sales arrangement. The allocation of revenues to the separate deliverables is based on the relative

fair value of each item. If the fair value is not available for the delivered items then the residual method must be used. This method requires that the amount allocated to the undelivered items in the arrangement is their full fair value. This would result in the discount, if any, being allocated to the delivered items. This consensus is effective prospectively for arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of EITF 00-21 did not have a material impact on our financial position, cash flows or results of operations.

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities -- an Interpretation of Accounting Research Bulletin No. 51." FIN No. 46 requires the primary beneficiary to consolidate a variable interest entity ("VIE") if it has a variable interest that will absorb a majority of the entity's expected losses if they occur, receive a majority of the entity's expected residual returns if they occur, or both. FIN No. 46 applies immediately to VIEs created after January 31, 2003 and to VIEs in which the entity obtains an interest after that date. In October 2003, the FASB deferred the latest date by which all public entities must apply FIN No. 46 to all VIEs and potential VIEs, both financial and non-financial in nature, to the first reporting period ending after December 15, 2003. The adoption of FIN No. 46 in February 2003 did not have a material impact on our financial position, cash flows or results of operations.

On December 17, 2003, the SEC issued Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition," which supercedes SAB No. 101, "Revenue Recognition in Financial Statements." SAB No. 104's primary purpose is to rescind accounting guidance contained in SAB No. 101 related to multiple element revenue arrangements, superceded as a result of the issuance of EITF 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." Additionally, SAB No. 104 rescinds the "Revenue Recognition in Financial Statements Frequently Asked Questions and Answers" issued with SAB No. 101 that had been codified in Staff Accounting Bulletin Topic 13, "Revenue Recognition." The adoption of SAB No. 104 did not have any impact on our financial position, cash flows or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment." This statement 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 (revised 2004), a public 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. Upon adoption of this standard, the actual costs of our stock-based payment plans will be based on grant-date fair value, which can not be determined at this time.

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BUSINESS

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 IDCs. 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. These businesses, supported by our IDC business, have become our primary strategic focus.

Our business focus is to create a secure, managed and complete system that consists of software to book, track and perform accounting functions for digital content in movie theatres, deliver digital content to multiple locations and provide the content management software for managing all brands of in-theatre playback systems and projection systems for the digital cinema marketplace. This system is designed to enable the motion picture industry to move from the analog world to the digital world. The system is intended to use all of our businesses:

MEDIA SERVICES

- DIGITAL MEDIA DELIVERY - digital media managed delivery services and media player software for use in theatres from Access DM, and satellite delivery services from FiberSat. ADM Cinema, which acquired the Pavilion Theatre, will utilize our digital media managed delivery services and media player software products; and

- MOVIE DISTRIBUTION AND EXHIBITOR SOFTWARE - Hollywood SW develops and licenses distribution and exhibitor software products and services.

DATA CENTER SERVICES

- DATA CENTERS - AccessIT's IDCs, including redundant sites in Los Angeles and New York City; and

- MANAGED SERVICE OFFERINGS- managed storage and network and systems management services by Core and AccessIT.

Our system provides a digital content owner with the secure delivery of multiple files to multiple locations throughout the world with proactive notification and security management. Our system also provides the digital content exhibitor with access to digital content, freedom to choose what to play and when to play it with proactive notifications and management software. We have created a system whereby digital content is delivered where it is supposed to go, is played when it is supposed to be played along with the ability to act upon and report back management and financial information. We also have created software designed to enable a movie exhibitor to run all projects in a multiple auditorium theatre from one central server, regardless of the hardware type or manufacturer.

We have two reportable segments: Media Services, which represents the operations of AccessDM (including Boeing Digital), ADM Cinema, FiberSat and Hollywood SW, and Data Center Services, which are comprised of our IDC operations and Managed Service Offerings.

In February 2003, we organized AccessDM, which in May 2004, became our

wholly-owned subsidiary. AccessDM has developed proprietary software, Digital Express e-Courier, capable of worldwide delivery of digital data -- including movies, advertisements and alternative content such as concerts, seminars and sporting events -- to movie theaters and other venues having digital projection equipment. We are also in the process of developing media player software for use by digitally-equipped movie theaters called Theatre Command Centre.

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In November 2003, we acquired all of the capital stock of Hollywood SW, a leading provider of proprietary transactional support software and consulting services for distributors and exhibitors of filmed entertainment in the United States and Canada. Its licensed software records and manages information relating to the planning, scheduling, revenue sharing, cash flow and reporting associated with the distribution and exhibition of theatrical films. In addition, Hollywood SW's software complements, and is integrated with, AccessDM's digital content delivery software by enabling Hollywood SW's customers to seamlessly plan and schedule delivery of digital content to entertainment venue operators as well as to manage the related financial transactions.

In an effort to increase the competitive advantage of the IDCs, on January 9, 2004, we acquired Core, a managed service provider of information technologies. As an information technology outsourcing organization, Core manages clients' networks and systems in over 35 countries in Europe, Asia and North and South America and more than 20 states in the United States. Core operates a 24x7 GNCC, capable of running the networks and systems of large corporate clients. The 4 largest customers of Core accounted for approximately 77% of its revenues for the year ended March 31, 2004. The managed services capabilities of Core have been integrated with our IDCs and now operate under the name of AccessIT Managed Services.

In March 2004, we acquired certain assets of Boeing Digital, a division of Boeing. These assets were purchased to further our strategy of becoming a leader in the delivery of movies and other digital content to movie theaters. The acquired assets consist of digital projectors, satellite dishes and other equipment installed at 28 screens within 21 theaters in the United States and at one location in London, England, and satellite transmission equipment which we installed in Los Angeles, California.

Also in March 2004, we refinanced approximately $4.2 aggregate principal amount (plus accrued and unpaid interest) of our promissory notes pursuant to an exchange offer. In exchange for these promissory notes, we issued 707,477 unregistered shares of our Class A common stock and $1.7 million aggregate principal amount of new convertible notes which as of March 1, 2005 were convertible into a maximum of 310,857 shares of our Class A common stock.

In May 2004, we entered into an agreement with the holder of 750,000 shares of AccessDM's common stock, to exchange all of their shares for 31,300 unregistered shares of AccessIT's Class A common stock. As a result of the transaction, which was consummated on May 26, 2004, AccessIT now holds 100% of AccessDM's common stock.

In June 2004, we consummated a $4.87 million private placement of 1,217,500 unregistered shares of our Class A common stock with institutional and other accredited investors. Pursuant to the private placement, we also issued to the investors and the placement agent warrants to purchase up to 243,500 and 60,875

shares of our Class A common stock, respectively, at an exercise price of $4.80 per share, exercisable upon receipt.

In November 2004, we consummated a $1.1 million private placement of 282,776 unregistered shares of our Class A common stock at $3.89 per share with certain accredited investors. The net proceeds of approximately $1.023 million from such private placement were used for the FiberSat Acquisition and for working capital.

Also in November 2004, we acquired substantially all of the assets of FiberSat Seller through FiberSat. FiberSat, headquartered in Chatsworth, California, provides services utilizing satellite ground facilities and fiber-optic connectivity to receive, process, store, encrypt and transmit television and data signals globally. FiberSat's Chatsworth facility currently houses the infrastructure operations of our digital cinema satellite delivery services. By completing the FiberSat Acquisition, we gained extensive satellite distribution and networking capabilities provided by FiberSat's fully operational data

storage and uplink facility located in Los Angeles, California. FiberSat has the ability to provide broadband video, data and Internet transmission and encryption services for the broadcast and cable television and communications industries.

In February 2005, we consummated a private placement of the 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 the Convertible Debentures Warrants exercisable for up to 560,197 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 may be exercised beginning on September 9, 2005 until five years thereafter.

Also in February 2005, we, through ADM Cinema, consummated the acquisition of substantially all of the assets of the Pavilion Theatre from Pritchard Square Cinema, LLC. The Pavilion Theatre is an eight-screen movie theatre and cafe and will be a component of the Media Services segment. Continuing to operate as a fully functional multiplex, the Pavilion Theatre will also become our showplace to demonstrate our integrated digital cinema solutions to the movie entertainment industry.

We offer interrelated services that use each of our business units for the planning, purchasing, delivery and management of digital content -- such as movies, advertising, trailers and alternative content, including concerts, seminars and sporting events -- to movie theater and other venue operators. We believe that our ability to offer a wide range of fully managed services will differentiate us from other service providers, including distributors of other types of digital media.

For the three months ended December 31, 2004, we received 47% and 53%, respectively, of our revenues from the Media Services and Data Center Services segments. For the nine months ended December 31, 2004, we received 35% and 65%, respectively, of our revenue from the Media Services and Data Center Services segments. During the fiscal year ended March 31, 2004, we received 81% of our

revenue from the Data Center Services segment and 19% of our revenue from the Media Services segment. During the quarter ended March 31, 2004, we received 69% of our revenue from the Data Center Services segment and 31% percent of our revenue from the Media Services segment. For the fiscal year ended March 31, 2004, KMC Telecom, AT&T and MGM comprised approximately 27%, 12% and 10% of our revenues, respectively. No other single customer accounted for greater than 10% of revenues during the fiscal year ended March 31, 2004. From our inception through November 3, 2003, all of our revenues have been derived from monthly license fees and fees from other ancillary services provided by us at these IDCs.

Our principal executive offices are at 55 Madison Avenue, Suite 300, Morristown, NJ 07960, and our telephone number at such offices is (973) 290-0080. Our e-mail address is investor@accessitx.com and our web site address is www.accessitx.com. Information accessed on or through our web site does not constitute a part of this prospectus.

MEDIA SERVICES

The Media Services segment of our business consists of two units: the Digital Media Delivery Services and the Hollywood SW business. Digital Media Delivery Services comprises AccessDM, FiberSat, and the Pavilion Theatre.

DIGITAL MEDIA DELIVERY SERVICES

AccessDM, our wholly-owned subsidiary, provides software and systems worldwide that enable the delivery of digital content to movie theaters and other venues having digital projection equipment. We believe the demand for systems that deliver digital content will increase as the movie, advertising and entertainment industries continue to convert to a digital format in order to achieve cost savings, greater flexibility and/or improved image quality. We intend to use our IDCs and managed data storage services together with our

digital content delivery software to deliver digital content using satellite and land-based transmission providers. As a result of the acquisition of the assets of Boeing Digital, we currently have an installed base of twenty eight digital projection systems located in certain movie theaters throughout the United States that are available to receive digital content delivered by AccessDM.

AccessDM has generated $173,000 of revenues during the nine month period ended December 31, 2004 from the delivery of digital content related services. Based on customer needs and preferences, we may adapt or tailor the developed software and related services to such customer needs or industry demands.

FiberSat acquired substantially all of the assets and certain liabilities of FiberSat Seller on November 17, 2004. Headquartered in Chatsworth, California, FiberSat provides services utilizing satellite ground facilities and fiber-optic connectivity to receive, process, store, encrypt and transmit television and data signals globally. FiberSat's Chatsworth facility currently houses the infrastructure operations of AccessDM's digital cinema satellite delivery services. By completing the FiberSat Acquisition, we gained extensive satellite distribution and networking capabilities provided by FiberSat's fully operational data storage and uplink facility located in Los Angeles, California. FiberSat has the ability to provide broadband video, data and Internet

transmission and encryption services for the broadcast and cable television and communications industries. From acquisition through December 31, 2004, FiberSat generated $348,000 of revenues.

ADM Cinema Corporation, our wholly owned subsidiary, purchased the Pavilion Movie Theatre/Entertainment Complex located in Brooklyn, New York on February 11, 2005. The Pavilion is an eight-screen movie theatre and cafe and will be a component of the Media Services segment. Continuing to operate as a fully functional multiplex, the Pavilion will also become a showplace for the Company to demonstrate its integrated digital cinema solutions to the movie entertainment industry.

MARKET OPPORTUNITY

We believe that digital content delivery eventually will replace, or at least become more prevalent than, the current method used for film delivery. Existing film delivery generally involves the time-consuming, somewhat expensive and cumbersome process of receiving bulk printed film, rebuilding the film into shipping reels, packaging the film reels into canisters and physically delivering the reels (by traditional ground modes of transportation) to movie theaters. We believe that the expanding use of digital movie projection equipment will lead to an increasing need for digital content delivery services.

The movie exhibition industry now has the capability to present advertisements, trailers and alternative entertainment in a digital format and in a commercially viable manner. We believe the presentation of alternative entertainment at movie theaters may both expand their hours of operation and increase their occupancy rates. Movie theater owners may also be able to profit from the presentation of new and/or additional advertising in their theaters.

Digital Cinema Initiatives, LLC, a consortium of seven major Hollywood studios, was created to develop and set universal standards and to develop a business model designed to allow the movie industry to effect a general transition to digital presentations. Toward the end of 2004 the studio members declared the work of the group to be substantially complete and worked to finalize the remaining open items. Investment banks are working with studios to develop a business model for digital cinema.

We believe the market opportunity for our digital media delivery services is directly related to the number of movie releases each year, the number of movie screens those movies are shown upon and the transition to digital presentations in those movie theatres. According to the Motion Picture Association, on average, there are approximately 200 major movie releases and 250 independent movie releases per year. The average major movie is released to approximately 4,000 screens in the United States and 8,000 screens worldwide. According to National Association of Theatre Owners ("NATO"), there are approximately 105,000

screens worldwide that play major movie releases, with approximately 36,000 screens located in the United States. According to ReelSource, Inc., the average film print costs $1,300 per print. We believe that the cost to deliver digital movies to movie theatres will be much less than the cost to print and deliver analog movie prints, and such lesser cost will provide the economic model to drive the conversion from analog to digital cinema.

PRODUCTS AND SERVICES

AccessDM products and services are able to provide and securely deliver, via electronic transmission (through copper wire, fiber optics or satellite), digital content, including movies, advertisements, alternative content and educational products.

Our principal digital media delivery service offering, which we refer to as "Digital Express e-Courier Services," is the distribution of digital content through our IDC platform. Our Digital Express e-Courier Services requires us to obtain a digital master of an audio and/or visual presentation from the content owner, store and deliver the digital content and track and confirm its delivery. We expect to offer our delivery service to the owners of digital content through a broad choice of bandwidth providers within each platform (i.e., copper wire, fiber optics or satellite). We intend to use our existing IDCs to accommodate the services we will provide.

We expect to charge our customers:

- a one-time set-up fee based on the size of the customer's content file;
- a distribution or delivery fee based on the size of its content file and the number of destinations to which the content file will be delivered;
- a customization fee, if required; and
- a fee for changes to the content file or the destination(s) to which the content file is to be delivered.

INTELLECTUAL PROPERTY

AccessDM has applied for service mark registrations in respect of the name AccessDM, Access Digital Media and the phrases "Digital Express e-Courier Services," "Theatre Command Centre" and "The courier for the digital era." AccessDM has not yet received U.S. service mark registration for any service marks.

TARGET CUSTOMERS

We intend to provide our digital media delivery services to major movie studios, particularly through relationships that we have developed or may develop with these studios. We also intend to focus on independent studios and distributors, alternative content providers and advertising agencies, which may not have high-quality delivery services currently available. We believe that major movie studios will begin to expand beyond their traditional distribution methods, involving the physical delivery of digital files, to include electronic digital content delivery for the reasons discussed above.

COMPETITION

Companies that have developed forms of digital content delivery to entertainment venues include:

- Regal Entertainment Group, which has developed a system for delivering certain digital content to its own theaters, including non-motion

picture content and advertising;

- National Cinema Network, a wholly owned subsidiary of AMC Entertainment, that has developed a system known as Digital Theatre Distribution System for delivering advertising to movie theaters; and

- Technicolor Digital Cinema, an affiliate of the Thomson Company, which has concentrated on an in-theater system to manage content file(s) that are delivered physically, and not electronically, to theaters.

The competitors referenced above have significantly greater financial, technical, marketing and managerial resources than we do. These competitors also generate greater revenue and are better known than we are. However, we believe that AccessDM, through its technology and management experience, its development of software capable of delivering digital data worldwide, its development of its Theatre Command Centre software for the management of digital content, and the complement of Hollywood SW's software, may differentiate itself from the above companies by providing a competitive alternative to their forms of digital content delivery.

MARKETING AND BUSINESS DEVELOPMENT

We intend to market our digital media delivery services primarily through networking and relationship-building activities, supported by presentations at industry trade shows and similar events. We believe that the entertainment business is largely based on and driven by personal and business relationships. We have, therefore, selected three individuals -- A. Dale Mayo, Russell J. Wintner and David Gajda -- each of whom has significant experience and relationships in the movie and emerging entertainment markets -- to lead AccessDM's marketing efforts.

A. Dale Mayo, AccessDM's Chief Executive Officer, is a co-founder and the Chairman, President and Chief Executive Officer of AccessIT, and previously co-founded and developed Clearview, a large theater circuit in the New York metropolitan area which was later sold to Cablevision Cinemas. In his tenure as the Chief Executive Officer of Clearview, Mr. Mayo developed close working relationships with many of the top theater operators in the United States, as well as heads of distribution in Hollywood and New York. Mr. Mayo is on the advisory board of the Will Rogers Motion Picture Pioneers Foundation.

Russell J. Wintner, AccessDM's President and Chief Operating Officer, is a member of the Society of Motion Picture and Television Engineers, and serves on the Digital Cinema Group standards committee, and is a board member of NATO and a member of its Technical Committee that is working directly with Digital Cinema Initiatives, a consortium of seven major Hollywood studios created to develop standards and a business model for the digital cinema industry. Mr. Wintner was a founder of, as well as President of, WinterTek, Inc., a digital media consultant to various clients. He also served as Principal, Exhibitor Relations, Alternative Programming and Marketing for Technicolor Digital Cinema, LLC. Previous to such provisions, Mr. Wintner was a founder of CineComm Digital Cinema, LLC and also served as its President of Exhibition and Alternative Programming and Chief Operating Officer. Mr. Wintner frequently sits on industry panels at seminars and conventions.

David Gajda, Hollywood SW's President and Chief Operating Officer, was a co-founder of Hollywood SW. Mr. Gajda was the Chief Executive Officer for Hollywood SW from its inception until our November 2003 acquisition. Prior to co-founding Hollywood SW, Mr. Gajda owned and managed a strategic consulting company, DWG International Inc. ("DWG"). At DWG, he helped many entertainment

companies develop their three-to-five-year strategic systems plans.

We expect to co-market our digital media delivery services to the current and prospective customers of Hollywood SW, using marketing and sales efforts and resources of both companies. Although the services of each may be used independently, using our digital media delivery service in conjunction with the services of Hollywood SW would enable owners of digital content to deliver securely such content to their customers and, thereafter, to manage and track data regarding the presentation of the digital content, including different forms of audio and/or visual entertainment. As the digital content industry continues to develop, we may engage in other marketing methods, such as advertising and service bundling, and may hire additional sales personnel.

HOLLYWOOD SOFTWARE

Hollywood SW's principal objective is to provide its transactional software and film distribution services to film industry customers and, through AccessDM's digital content delivery software, to the expanding digital entertainment industry.

Hollywood SW's software products enable its customers to record and manage information relating to the planning, booking, scheduling and performance of movies in movie theaters, and to track the related financial operating results and commitments.

MARKET OPPORTUNITY

The customers for Hollywood SW's existing software and consulting services consist principally of worldwide feature film distributors and North American movie theater chains. We intend to develop a new application for distributing films internationally.

Our goal is to make Hollywood SW's products the industry standard method by which film distributors and exhibitors plan, manage and monitor operations and data regarding the presentation of theatrical entertainment. Currently, based upon our calculations and certain industry figures, distributors using Hollywood SW's distribution software system, called TDS, cumulatively managed, for the period 1999 through 2002, approximately 36% of U.S. theater box office revenues. In addition to providing its system currently to analog film industry customers, Hollywood SW has also adapted this system to serve the expanding digital entertainment industry. We believe that Hollywood SW's products and services will be accepted as an important component in the digital content delivery and management business.

We believe that the continued transition to digital content delivery will require a high degree of coordination among content providers, customers and intermediary service providers. Producing, buying and delivering media content through worldwide distribution channels is a highly fragmented and inefficient process that we expect to become increasingly streamlined, automated and enhanced through technologies created by Hollywood SW and the continuing development of and general transition to digital forms of media.

PRODUCTS AND SERVICES

Hollywood SW provides proprietary software applications and services to support customers of varying sizes, through software licenses, its APPLICATION SERVICE PROVIDER ("ASP service in which the Company hosts the application within a secure AIT colo-center and provides client access via the internet and through a fully outsourced distribution option, called, Indie Direct. Current proprietary software products of Hollywood SW consist of the:

- TDS -- Theatrical Distribution System, which manages key operational and financial elements of film distribution for film distributors;

- EMS -- Exhibition Management System, which manages key operational and financial elements of film exhibition for theater circuits;
- MPPS -- Motion Picture Planning System, which uses various film criteria and historical performance data to plan and initiate film release strategies;
- Media Manager System -- which facilitates the planning and tracking of newspaper advertising campaigns; and
- Digi-Central -- online marketplace for digital content in which buyers can search for available digital content, initiate transactions and coordinate delivery via Access DM.

Hollywood SW generates revenues from its software products through various fees: software license fees, ASP service fees, software maintenance fees, software development fees, consulting service fees and outsourced distribution service fees. Under its software license arrangements, up-front fees are paid and periodic payments are generally made upon the occurrence of certain events: for example, execution of the license agreement, delivery of the software and acceptance on use of the software by the customer. Software maintenance fees are paid under separate annual support agreements, under which Hollywood SW provides maintenance services and technical support. Under Hollywood SW's ASP service, periodic payments are made for the right to access and use Hollywood SW's software through the Internet, based on the occurrence of certain events. Maintenance services are included as part of the annual service agreement for Hollywood SW's ASP service. Customers that license Hollywood SW's products also may pay for product feature enhancements, which include software developments; Hollywood SW has generated a significant portion of its revenues from consulting fees that it charges (on an hourly basis) for implementation of the applicable product and training of the personnel of the licensed or ASP service customers.

INTELLECTUAL PROPERTY

Hollywood SW currently has intellectual property consisting of:

- licensable software products, including TDS, EMS, MPPS and the Media Manager System;
- internet data services, including the On-Line Release Schedule;

- domain names, including EPayTV.com, EpayTV.net, HollywoodSoftware.com, HollywoodSoftware.net, Indie-Coop.com, Indie-Coop.net, Indiedirect.com, IPayTV.com; PersonalEDI.com, RightsMart.com, RightsMart.net, TheatricalDistribution.com and Vistapos.com;

- unregistered trademarks and service marks, including Coop Advertising V1.04, EMS, EMS ASP, Exhibitor Management System, Hollywood SW, Inc., HollywoodSoftware.com, Indie Co-op, Media Manager, On-Line Release Schedule, RightsMart, TDS and TheatricalDistribution.com.; and

- logos, including those in respect of Hollywood SW, TDS and EMS.

CUSTOMERS

Hollywood SW's customers include 20th Century Fox, Paramount Pictures, Universal Studios, MGM, Lions Gate Films, Newmarket Films, Magnolia Pictures, Gold Circle Films, IFC Films, First Look/Overseas Film Group, Regent Releasing, Brenden Theatres, and Flagship Theatres, among others.

DOMESTIC THEATRICAL DISTRIBUTION

Hollywood SW's TDS product enables U.S. film distributors to plan, book and account for theatrical film releases. It also allows distributors to collect and analyze related financial operations data. TDS is currently licensed to several distributors, including 20th Century Fox, Paramount Pictures, Universal Studios and MGM; these distributors comprised approximately 7%, 5%, 12% and 55%, respectively, of Hollywood SW's revenues for the five months ended March 31, 2004, and 30%, 6%, 12% and 25% of Hollywood SW's revenues for the nine months ended December 31, 2004. Also, several distributors subscribe to Hollywood SW's ASP service, including IFC Films, Newmarket Films, Magnolia Pictures, Gold Circle Films, MAC Releasing and IFS. In addition, Hollywood SW licenses to customers other distribution-related software, including MPPS and MMS, that further automate and manage related aspects of film distribution, including advertising, strategic theater selection and competitive release planning.

Hollywood SW also provides outsourced film distribution services through a division known as Indie Direct. The Indie Direct staff uses the TDS distribution software to provide back office film booking and receivables management services to independent film distributors and producers. Current customers include Arenas Entertainment and Regent Releasing.

INTERNATIONAL THEATRICAL DISTRIBUTION

In 2004, Hollywood SW began developing an international version of its successful TDS application to support worldwide theatrical film distribution. In December 2004, Hollywood SW signed an agreement with the international distribution subsidiary of a major international distributor, to license and implement the software in 12 overseas territories, encompassing 18 foreign offices over the next 18 months. As with its North American TDS solution, this worldwide application will interface with Access DM's digital delivery service,

significantly enhancing Access DM's international market opportunities.

FILM EXHIBITION

Hollywood SW also has developed EMS. This web-enabled theater management application is designed to manage all key aspects of film planning, scheduling, booking and distributor payment for theatrical exhibitors. This head office solution consolidates daily transactional data from each theatre's box office ticketing and concession system, supports negotiations with film distributors and passes necessary revenue, cash and payment information on to the client's accounting system. EMS also receives and reports digital film delivery status information from Access DM systems at each theatre.

COMPETITION

Within the major movie studios and exhibition circuits, Hollywood SW's principal competitors for its products are in-house development teams, which generally are assisted by outside contractors and other third-parties. Most distributors that do not use the TDS software use their own systems. Internationally, Hollywood SW is aware of one vendor based in the Netherlands providing similar software, although on a smaller scale. Hollywood SW's film exhibition product, EMS, competes principally with customized solutions developed by the large exhibition circuits and at least one other competitor that has been targeting mid- to small-sized exhibitors. We believe that Hollywood SW, through its technology and management experience, may differentiate itself from such competitors by providing a competitive alternative to their forms of digital content delivery and management business.

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MARKETING AND BUSINESS DEVELOPMENT

Hollywood SW's senior management team manages its sales and business development efforts. Hollywood SW intends to co-market its products and services with the services of AccessDM, although each will be able to market their products and services independently. Although new customers are generated usually through referrals, Hollywood SW also selectively advertises in trade journals and its representatives regularly attend trade shows, such as ShowEast and ShowWest.

DATA CENTER SERVICES

The Data Center Services segment of our business consists of two units: our Data Centers and Managed Services.

MARKET OPPORTUNITY/INDUSTRY BACKGROUND

We believe that the overall market for IDC services has been largely driven by the rapid growth in Internet usage and a significant shift by companies to outsourcing, or engaging third parties to provide, their data center services. These services are not the principal focus of these companies, divert them from their core businesses and require significant investment.

Growth in data use is driving complex data management services. We believe that

the demand for services that store data will continue to grow as a result of increasing amounts of stored data, increasing storage complexity, increasing value of certain information and a potential shortage of in-house information technology personnel. In February 2003, Gartner Dataquest estimated that aggregate revenues generated by providers of outsourced managed data storage services in North America could approach $17 billion by 2006, up from $12.2 billion in 2001, representing a 7% compounded annual growth rate.

OUR DATA CENTERS

Our IDCs provide fail-safe environments for our customers' equipment by using back-up power generators as well as back-up battery power and specialized air conditioning systems. Our IDC customers include major and mid-level network and Internet service providers, such as KMC Telecom, AT&T, OnFiber Communications and Zone Telecom, as well as various users of network services, traditional voice and data transmission providers, long distance carriers and commercial businesses. Our IDC services are enhanced by the network managed services available as a result of the acquisition of Core. We have installed our computer equipment for our digital media delivery software and services unit in our AccessColocenters.

We operate nine IDCs in the following eight states: Arkansas, Kansas, Maine, New Hampshire, New Jersey, New York, Texas and Virginia, plus a dedicated digital delivery site in Los Angeles, California. In addition, we maintain an Internet data center in Los Angeles, California that is dedicated to delivery of motion pictures and other digital content to movie theatres worldwide. Internet data centers are facilities leased by us through which we, for monthly and variable fees, provide our customers with:

- secure and fail- safe locations for their computer and telecommunications equipment by using back-up power generators as well as back-up battery power and specialized air conditioning systems;
- access to voice and data transmission services from a choice of network providers; and
- services to monitor their computer and telecommunications equipment; and services, to store, back-up and protect their programs and data, including our AccessStorage-On-Demand managed storage services, which store and copy data.

We provide our customers with flexible space in our IDCs to house data and voice transmission equipment, as well as their computer equipment. Our customers may choose from a variety of space offerings, including a single-locking cabinet, a private cage (under 500 square feet) or a private suite (over 500 square feet). IDC services require an initial installation fee and a monthly charge based on the size of the space offering selected by the customer.

Our overall utilization rate as of December 31, 2004 was approximately 25%. The purchase prices that we paid for our acquired IDCs reflected their respective utilization rates and, therefore, we believe present us with an opportunity to increase significantly our results of operations, largely because the variable costs in adding new customers are relatively low.

We also offer additional services for which our customers pay additional monthly service charges. These services include: additional power availability; access to our IDC staff for a variety of tasks such as equipment rebooting, power cycling, card swapping and performing emergency equipment replacements; the ability to connect cables (both fiber and copper) directly to another IDC customer for voice and data transmission services and the ability to use our risers, which are pipes used to connect cables (both fiber optic and copper) from our customers' computer equipment to other companies' computer equipment located outside of our IDCs but within the building that our IDC is located.

We provide IDC services under agreements generally having terms of from one to ten years. As of December 31, 2004, we had 76 contracts, with 58 separate customers, each requiring payment of monthly fees, with an average remaining term of 18 months.

In an effort to increase the competitive advantage of the IDCs, on January 9, 2004, we acquired Core, a managed service provider of information technologies. As an information technology outsourcing organization, Core manages clients' networks and systems in over 35 countries in Europe, Asia and North and South America and more than 20 states in the United States. Core operates a 24x7 GNCC, capable of running the networks and systems of large corporate clients. The managed services capabilities of Core have been integrated with our IDCs and now operate under the name of AccessIT Managed Services.

MANAGED SERVICES OFFERINGS

We believe that the breadth of services in the IDCs is a critical competitive advantage. We have developed two distinct Managed Services offerings:

- Network and Systems Management; and
- Managed Storage Services.

NETWORK AND SYSTEMS MANAGEMENT

We offer our customers the economies of scale of the GNCC and access to our advanced engineering staff. We believe this low-cost and customizable alternative to designing, implementing, and maintaining a large scale network infrastructure enables our customers to focus on information technology business development, rather than the underlying communications infrastructure. Our service features include network architecture and design, systems and network monitoring and management, data and voice integration, project management, auditing and assessment and managed carrier services.

MANAGED STORAGE SERVICES

We offer managed storage services that use hardware and software from such industry leaders as EMC, Brocade, StorageTek and Veritas. We presently have two customers for such services. Our managed storage services, known as AccessStorage-on-Demand, are generally priced on a per gigabyte of usage basis and provide customers with reliable primary data storage that is connected to their computers. We may also provide customers that have their computers located within one of our IDCs with a tape back-up copy of their data that may then be sent to the customer's computer if the customer's data is lost, damaged or

inaccessible.

All managed storage services are available separately or may be bundled together with other services. Monthly pricing is based on the type of storage (tape or disk), the capacity used and the level of the access required.

OUR DATA CENTER SERVICES CUSTOMERS

Our IDCs provide services to a variety of customers, including traditional voice and data transmission providers, long distance carriers and commercial businesses.

Our principal data services customers include KMC Telecom and AT&T, which comprised approximately 27% and 12%, respectively, of our revenues for the fiscal year ended March 31, 2004. KMC Telecom and AT&T comprised approximately 21% and 9% of our revenues for the nine months ended December 31, 2004, respectively.

SALES AND BUSINESS DEVELOPMENT

We market our services through a program using a variety of media and channels, including a small direct sales force, sales channels and referral programs.

Our IDC direct sales force presently consists of our President and five other employees. This team is supported by both our operations and legal personnel.

INTELLECTUAL PROPERTY

AccessIT has applied for U.S. service mark registration for the following service marks: AccessManaged Storage; Access Digital Media; AccessDM; Digital Express E-Courier Services; The Courier for the Digital Era; Vortex Solutions Engine; ADM Capstore: Digi-Central; Theater Command Center and Digi-Central. AccessIT has received U.S. service mark registration for the following service marks: Access Integrated Technologies, AccessSecure; AccessSafe; AccessBackup; AccessBusiness Continuance; AccessVault; AccessContent; AccessColocenter; AccessDataVault; AccessColo; and AccessStore.

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COMPETITORS

Our data center services compete with neutral colocation providers, as well as traditional colocation providers, including local phone companies, long distance phone companies, Internet service providers and web hosting facilities and carrier-owned data centers. There are also many data centers owned and operated by smaller data center companies, landlords and communications carriers. The larger operators of data centers include Switch and Data, Inc., Equinix, Inc., Globix Corporation and AboveNet, Inc. Many data center operators offer managed services to clients who co-locate servers in the operator owned data center. Our focus is to deliver managed services inside the data center as a lead product for primary data center services, but to also offer those services to clients who have servers outside our data centers allowing us to offer remote server and network monitoring, server and network management and disaster recovery services.

A number of the competitors mentioned above have greater financial, technical, marketing and managerial resources than we do. These competitors also generate greater revenue and are better known than we are. However, we believe that our data center services, by offering IDCs along with related data center services, may differentiate us from the above companies by providing a competitive alternative to their forms of digital content delivery.

EMPLOYEES

As of March 1, 2005, we have 92 employees, 34 of whom are part-time. Ten of our employees are in sales and marketing, 32 are in research and development and technical services, and 16 are in finance and administration. None of such employees is represented by a labor union; we believe that our employee relations are satisfactory.

PROPERTY

Our executive offices are located in Morristown, New Jersey. Our nine IDC facilities are located in Jersey City, New Jersey; the Manhattan and Brooklyn Boroughs of New York City; Portland, Maine; Manchester, New Hampshire; Roanoke, Virginia; Wichita, Kansas; Little Rock, Arkansas; and Waco, Texas. FiberSat's facility in Los Angeles, California also contains a data center which we use as a dedicated digital content delivery site. Our executive offices and all of our other properties are leased. We do not own any real property.

In connection with our acquisition of Hollywood SW, we have assumed the obligations of Hollywood SW under a Commercial Property Lease, dated January 1, 2000, between Hollywood SW and Hollywood Media Center, LLC ("HMC"), the landlord. The lease is for the executive offices of Hollywood SW, has a monthly rent of $2,335 and covers 2,115 square feet. The lease expired on December 31, 2003 and is currently a month to month tenancy with the same monthly rent. On May 1, 2004, an additional 933 square feet was rented on a month-to-month basis for additional monthly rental payments of $1,000. HMC is a limited liability company 95% owned by David Gajda, a security holder of HMC and a key employee of AccessIT.

In connection with our acquisition of the assets of FiberSat Seller, we have assumed the obligations of FiberSat Seller under a Standard Industrial/Commercial Single-Tenant Lease, dated December 2, 1996, between FiberSat Seller and David L. McNamara Family Trust, the landlord. The lease is for the administrative offices, technical operations center, and warehouse of FiberSat, has a monthly rent of $9,845 and covers 13,455 square feet. The lease expires on March 31, 2007. We have additionally assumed the obligations of FiberSat Seller under a Lease for Communication Equipment Space, dated July 1, 2004, between FiberSat Seller and Time Warner Cable, the landlord. The lease is for space to house certain communication equipment of FiberSat and has a monthly rent of $1,722. The lease expires on June 30, 2009.

In connection with our acquisition of the Pavilion Theatre, we have assumed the obligations of Pritchard Square Cinema LLC under a commercial lease dated August 9, 2002, between Pritchard Square Cinema LLC and OLP Brooklyn Pavilion LLC, the landlord. The lease is for a movie theatre, restaurant and cafe, has a monthly

initial rent of $94,000 and covers approximately 31,120 square feet. The lease expires July 31, 2022 and has two options to renew for additional ten-year terms.

We are a party to separate leases for each of our nine IDC facilities. These leases cover an aggregate square footage of 67,200, under which we are paying an aggregate monthly rent of $192,000. The rental periods remaining on these leases range from month-to month (under our Roanoke, Virginia facility lease, the term of which we intend to extend if our customer at that facility renews its agreement with us) to 12 years and, with the exception of our leases for the Jersey City, New Jersey and Brooklyn, New York facilities, which expire in 2009 and 2016, respectively, the leases include options to renew the leases. The lease of our executive offices expires on May 31, 2005, has a five-year renewal option (which we intend to exercise), covers 5,237 square feet and has a monthly rent of $12,219. We believe that we have sufficient space to conduct our business for the foreseeable future. All of our leased properties are, in the opinion of our management, in satisfactory condition and adequately covered by insurance.

LEGAL PROCEEDINGS

In February 2003, prior to the acquisition of Hollywood SW, Hollywood SW eliminated the position of an employee and as part of the termination process, Hollywood SW attempted to secure a general release from liability from the employee. In March 2003, we received a letter from the employee's attorney seeking unspecified damages to release the Company from any potential claims, including alleged improper classification as an exempt employee and unpaid vacation time. In February 2004, the employee's attorney filed a lawsuit in California seeking unspecified damages. In September 2004, we settled the matter for a cash payment to the former employee of $75,000 in exchange for the Company's receipt of a general release from liability from the employee.

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 the NorVergence. On July 14, 2004, the 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. As of December 31, 2004, we had accounts receivable of $121,000 recorded on the unaudited Consolidated Balance Sheet related to the NorVergence. We also have a first security interest in the NorVergence's accounts receivable. Based on information received to date, we believe that the NorVergence's 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 and on February 25, 2005 the Company was paid this amount. Additionally, the Company has been granted the right to pursue collection of Norvergence's customer accounts receivable. Any amounts collected will be retained by the Company in settlement of its claim against Norvergence.

MANAGEMENT

The following table sets forth information concerning our directors, executive officers and key employees as of March 1, 2005.

Name	AGE	POSITION(S)
A. Dale Mayo+++.................	63	President, Chief Executive Officer and Chairman of the Board of Directors
Jeff Butkovsky..................	45	Senior Vice President -- Chief Technology Officer
Kevin J. Farrell................	44	Senior Vice President-Data Center Operations and a director
Gary S. Loffredo................	40	Senior Vice President -- Business Affairs, General Counsel, and Secretary, and a director
Brett E. Marks..................	43	Senior Vice President -- Business Development and a director
Brian D. Pflug..................	38	Senior Vice President -- Accounting and Finance
Wayne L. Clevenger*.............	61	Director
Gerald C. Crotty+...............	53	Director
Robert Davidoff*+++.............	78	Director
Matthew W. Finlay*..............	37	Director
David Gajda.....................	48	President and Chief Operating Officer of Hollywood SW
Robert Jackovich................	45	Chief Technology Officer of Hollywood SW
Erik B. Levitt..................	30	President and Chief Operating Officer of Managed Services
Ravi V. Patel...................	52	President and Chief Operating Officer of FiberSat
Russell J. Wintner..............	52	President and Chief Operating Officer of AccessDM

* Member of our Audit Committee.
\+ Member of our Compensation Committee.
++ Member of our Nominating Committee.

The following biographical information about our directors, advisory board members, executive officers and key employees is based solely on information

provided to us by them. There are no familial relationships between or among any of our directors, board of advisors, executive officers and key employees, except for Brett E. Marks, one of our directors, who is the son of Harvey Marks, a member of our board of advisors.

A. DALE MAYO is a co-founder of our Company and has been Chairman, President and Chief Executive Officer since our inception on March 31, 2000. From January to March 2000, Mr. Mayo explored various business opportunities, including data center operations and digital cinemas. From December 1998 to January 2000, he had been the President and Chief Executive Officer of Cablevision Cinemas, LLC ("Cablevision Cinemas"). In December 1994, Mr. Mayo co-founded Clearview, which was sold to Cablevision Cinemas in 1998. Mr. Mayo was also the founder, chairman and chief executive officer of Clearview Leasing Corporation, a lessor of computer peripherals and telecommunications equipment founded in 1976. Mr. Mayo began his career as a computer salesman with IBM in 1965.

JEFF BUTKOVSKY has been our Senior Vice President - Chief Technology Officer since May 2004 and was our Senior Vice President -- Managed Services from October 2000 to May 2004. Previously, Mr. Butkovsky had served as Eastern Regional Director for LogicStream, Inc., a managed service provider and colocation company from March 2000 to October 2000. He served as a sales executive with Auspex Systems, Inc., a network attached storage company, from June 1999 to March 2000. Mr. Butkovsky was employed by Micron Electronics Incorporated from May 1996 to June 1999, where he was the Northeast Regional Director.

KEVIN J. FARRELL is a co-founder of our Company and has been Senior Vice President -- Data Center Operations and a director since our inception. From December 1998 to March 2000, he had served as Director of Operations of Gateway Colocation, LLC, of which he was also a co-founder, where he was responsible for the completion of 80,000 square feet of carrier neutral colocation space and supervised infrastructure build-out, tenant installations and daily operations. Prior to joining Gateway, Mr. Farrell had served, from 1993 to 1998, as Building Superintendent and Director of Facility Maintenance at the Newport Financial Center in Jersey City, NJ. He is a former officer of the International Union of Operating Engineers.

GARY S. LOFFREDO has been our Senior Vice President -- Business Affairs, General Counsel and Secretary, and a director since September 2000. From March 1999 to August 2000, he had been Vice President, General Counsel and Secretary of Cablevision Cinemas. At Cablevision Cinemas, Mr. Loffredo was responsible for all aspects of the legal function, including negotiating and drafting commercial agreements, with emphases on real estate, construction and lease contracts. He was also significantly involved in the business evaluation of Cablevision Cinemas' transactional work, including site selection and analysis, negotiation and new theater construction oversight. Mr. Loffredo was an attorney at the law firm of Kelley Drye & Warren LLP from September 1992 to February 1999.

BRETT E. MARKS is a co-founder of our Company and has been Senior Vice President -- Business Development and a director since our inception. From December 1998 to March 2000, Mr. Marks had been Vice President of Real Estate and Development of Cablevision Cinemas. From June 1998 until December 1998, he was Vice President of First New York Realty Co., Inc. In December 1994, Mr. Marks co-founded, with Mr. Mayo, Clearview and was instrumental in the site selection process that helped to increase its number of theater locations.

BRIAN D. PFLUG has been our Senior Vice President -- Accounting and Finance since January 2003. From September 2000 to December 2002, he had been our Vice President -- Controller. From July 1998 to September 2000, Mr. Pflug was the Controller of Cablevision Cinemas, where he was responsible for all accounting functions, including financial reporting, payroll and accounts payable. Prior to that, Mr. Pflug was employed for four years at GPU, Inc. (which later merged with FirstEnergy Corp.), a large energy provider, in the areas of SEC reporting and accounting research. Mr. Pflug began his career as an auditor at Coopers & Lybrand and is a Certified Public Accountant.

WAYNE L. CLEVENGER has been a director of our Company since October 2001. Mr. Clevenger served on our Compensation Committee from February 2002 to April 15, 2004 and has served on our Audit Committee since April 15, 2004. He has more than 20 years of private equity investment experience. He has been a Managing Director of MidMark Equity Partners II, L.P. ("MidMark"), and its predecessor company since 1989. Mr. Clevenger was President of Lexington Investment Company from 1985 to 1989, and, previously, had been employed by DLJ Capital Corporation (Donaldson, Lufkin & Jenrette) and INCO Securities Corporation, the venture capital arm of INCO Limited. Mr. Clevenger served as a director of Clearview from May 1996 to December 1998.

GERALD C. CROTTY has been a director of our Company since August 2002, served on our Audit Committee from July 2003 to April 15, 2004, and has served on our Compensation Committee since April 15, 2004. Mr. Crotty co-founded and, since June 2001, has directed, Weichert Enterprise LLC ("Weichert Enterprise"), a private and public equity market investment firm. Weichert Enterprise oversees the holdings of Excelsior Ventures Management, a private equity and venture capital firm that Mr. Crotty co-founded in 1999. From 1991 to 1998, he held various executive positions with ITT Corporation, including President and Chief Operating Officer of ITT Consumer Financial Corp. and Chairman, President and Chief Executive Officer of ITT Information Services, Inc. Mr. Crotty also serves as a director of AXA Premier Funds Trust.

ROBERT DAVIDOFF has been a director of our Company since July 2000, has been the Chairman of our Compensation Committee since November 2000 and has served on our Audit Committee since April 2001. Since 1990, Mr. Davidoff has been a Managing Director of Carl Marks & Co., Inc. and, since 1989, the General Partner of CMNY Capital II, L.P., a venture capital affiliate of Carl Marks & Co. Since 1998, Mr. Davidoff has served as a director of Sterling/Carl Marks Capital, Inc. He is also the Chairman and Chief Investment Officer of CM Capital Corporation, the firm's leveraged buyout affiliate. Mr. Davidoff is a director of Hubco Exploration, Inc., Rex Stores Corporation and Marisa Christina, Inc. Mr. Davidoff served as a director of Clearview from December 1994 to December 1998.

MATTHEW W. FINLAY has been a director of our Company since October 2001 and has been the Chairman of our Audit Committee since February 2002. He is a director of MidMark, which he joined in 1997. Previously, he had been a Vice President with the New York merchant banking firm Juno Partners and its investment banking affiliate, Mille Capital, from 1995 to 1997. Mr. Finlay began his career in 1990 as an analyst with the investment banking firm Southport Partners.

DAVID GAJDA is a co-founder of Hollywood SW and had been its Chief Executive Officer since its inception in 1997. Following the completion of our acquisition of Hollywood SW, Mr. Gajda resigned as its Chief Executive Officer and became the President and Chief Operating Officer of Hollywood SW. Prior to co-founding

Hollywood SW, Mr. Gajda owned and managed a strategic consulting company, DWG, from 1990 to 1997. At DWG, he helped many entertainment companies develop their three- to five-year strategic systems plans.

ROBERT JACKOVICH is a co-founder of Hollywood SW and had been its President and Chief Technology Officer since its inception in 1997. Following the completion of our acquisition of Hollywood SW, Mr. Jackovich resigned as President but remained the Chief Technology Officer of Hollywood SW. Prior to co-founding Hollywood SW, Mr. Jackovich was the Chief Information Officer of Savoy Pictures, Inc., from 1993 to 1996, where he managed and facilitated the efforts associated with establishing the organization and systems of this start-up film distribution studio.

RUSSELL J. WINTNER is the President and Chief Operating Officer of AccessDM. Mr. Wintner was the President of WinterTek, Inc., a digital media consultant to various clients, from November 2002 to July 2003. From November 2000 to November 2002, he served as Principal, Exhibitor Relations, Alternative Programming and Marketing for Technicolor Digital Cinema, LLC. From October 1999 until November

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2000, Mr. Wintner founded and served as President of WinterTek, Inc. In 1996, he co-founded CineComm Digital Cinema, LLC and served as its President of Exhibition and Alternative Programming and Chief Operating Officer until October 1999.

ERIK LEVITT has been the President and Chief Operating Officer of Managed Services since the Company acquired Core in January 2004. Mr. Levitt is the founder of Core and had been an executive officer at Core since its inception in 1995. Prior to founding Core, Mr. Levitt held consulting positions at Merrill Lynch Private Banking and Volvo Cars of North America. Most recently he spent four years as the Lead Engineer for the Funds Transfer Network at Citigroup. Mr. Levitt received an advanced degree in Management and International Business from the Stern School of Business at NYU and was an International Baccalaureate student at the United Nations International School.

RAVI V. PATEL has been the President and Chief Operating Officer of FiberSat since November 2004. From April 2001 to October 2004, Mr. Patel served as President and Chief Executive Officer of FiberSat Seller. He joined FiberSat Seller in January 2000 as Executive Vice President and Chief Financial Officer. Mr. Patel has over 25 years varied financial and operational management experience, including as President and Consultant of RVP Enterprises, a financial consulting firm providing Chief Financial Officer services to smaller companies. Also, he has previously served as Vice President, Operations and Chief Financial Officer of Uncle Milton Industries, Inc., a specialty toy manufacturer, and Vice President, Chief Financial Officer of The Spectrum Companies, a biotech firm. Mr. Patel was a founder and Vice President Business/Ground Support Systems, Chief Financial Officer of Inflight ATI, Inc., an entrepreneurial company formed for the development of ATMs for use onboard commercial aircraft. Also, Mr. Patel was the Vice President, Chief Operating Officer and Chief Financial Officer with Aero-design Technology, Inc., a company that provided innovative products to the airline industry. Mr. Patel was previously with Donaldson Company, Inc., a filtration company, where he held various positions from senior corporate internal auditor to general manager. Mr. Patel started his career as a staff accountant with Arthur Young and Company in Chicago. Mr. Patel holds Bachelor of Commerce and Master of Commerce degrees from MS University in Baroda, India. He received his MBA from the University of Chicago.

BOARD OF DIRECTORS

Under our bylaws, our board of directors must have at least two but not more than ten members. Our board of directors currently has eight members and is elected annually by the plurality vote of our stockholders. Vacancies and newly-created directorships resulting from an increase in the authorized number of directors may be filled by a majority vote of the directors then in office, even if less than a quorum. All members of our board of directors hold office until the next annual meeting of stockholders and the election and qualification of their successors, or until their earlier death, resignation or removal. Our officers, subject to the terms of any applicable employment agreements, serve at the discretion of our board of directors.

We also have a board of advisors comprised of four members. No compensation has been paid to any of these members for their services as members of the board of advisors.

Our board of directors presently has four independent directors -- Robert Davidoff , Gerald C. Crotty, Matthew W. Finlay and Wayne L. Clevenger. The independent directors are persons who are neither officers nor employees of our Company and whom our board of directors has affirmatively determined have no material relationship with us that would interfere with their exercise of independent judgment. Our board of directors intends to meet at least quarterly and the independent directors serving on our board of directors intend to meet in executive session (i.e., without the presence of any non-independent directors) at least once a year.

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Our board of directors has three standing committees, consisting of an audit committee, a compensation committee and a nominating committee.

AUDIT COMMITTEE

The audit committee consists of Messrs. Davidoff, Clevenger and Finlay. Mr. Finlay is the Chairman of the audit committee. The audit committee meets at least quarterly with our management and our independent registered public accounting firm to review and help ensure the adequacy of our internal controls and to review the results and scope of the auditors' engagement and other financial reporting and control matters. Messrs. Davidoff, Clevenger and Finlay are all financially literate, and Mr. Davidoff is financially sophisticated, as those terms are defined under the rules of the AMEX. Mr. Davidoff is also a financial expert, as such term is defined under the Sarbanes-Oxley Act of 2002.

The audit committee has adopted a formal written charter specifying: (i) the scope of the audit committee's responsibilities and how it is to carry out those responsibilities, including structure, processes and membership requirements; (ii) the audit committee's responsibility for ensuring its receipt from the outside auditor of a formal written statement delineating all relationships between the auditor and the company, consistent with Independence Standards Board Standard 1, adopted in January 1999 by the Independence Standards Board (the private sector standard-setting body governing the independence of auditors from their public company clients) and the committee's responsibility for

actively engaging in communications with the auditor with respect to any relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the entire board of directors take, appropriate action to oversee the independence of the outside auditor; and (iii) the outside auditor's ultimate accountability to the board of directors and the audit committee, as representatives of our company's stockholders, and these stockholder representatives' ultimate authority and responsibility to select, evaluate and, where appropriate, replace the outside auditor (or to nominate the outside auditor for stockholder approval). Our audit committee will review and reassess the adequacy of our written charter on an annual basis.

The audit committee has adopted guidelines and procedures: (i) making it directly responsible for the appointment, compensation and oversight of the work of any public accounting firm engaged by it (including resolution of any disagreements between management and the firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and each such public accounting firm will report directly to the audit committee; (ii) providing for the (a) receipt, retention and treatment of complaints received by our Company regarding accounting, internal accounting controls or auditing matters and (b) confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters; (iii) affording it the authority to engage independent counsel and other advisers, as it may determine to be necessary to carry out its duties; and (iv) providing for appropriate funding for payment of: (a) the public accounting firm engaged by our Company for the purpose of rendering or issuing an audit report and (b) any advisers engaged by the audit committee as described under clause (iii) above.

The audit committee is also responsible for the review, approval and oversight of all related party transactions between our Company and our officers, directors, employees and principal stockholders.

COMPENSATION COMMITTEE

The compensation committee consists of Messrs. Mayo, Davidoff and Crotty. Mr. Davidoff is the Chairman of the compensation committee. The compensation committee approves the compensation package of our Chief Executive Officer and reviews and recommends to our board of directors the levels of compensation and benefits payable to our other executive officers, reviews general policy matters relating to employee compensation and benefits and recommends to the entire

board of directors, for its approval, stock option grants and discretionary bonuses to our officers, employees, directors and consultants.

NOMINATING COMMITTEE

The nominating committee consists of Messrs. Mayo and Davidoff. Mr. Mayo is the Chairman of the nominating committee. The nominating committee evaluates and approves nominations for annual election to, and to fill any vacancies in, our board of directors.

CODE OF ETHICS

We have adopted a code of ethics, as contemplated by Section 406 of the Sarbanes-Oxley Act of 2002. Such code of ethics is included on our website, www.accessitx.com. We will disclose any amendment to, or waiver of, a provision of our code of ethics on a Form 8-K filed with the SEC.

EXECUTIVE COMPENSATION

The following table sets forth information for fiscal years 2004, 2003 and 2002 in respect of the compensation earned by our Chief Executive Officer and our four other most highly compensated executive officers during fiscal year 2004 (the "Named Executives"). We awarded or paid compensation for services rendered by them in all capacities to us during the applicable fiscal years.

		ANNUAL COMPENSATION			LONG-TERM COMPENSAT	
NAME AND PRINCIPAL POSITION(S)	FISCAL YEAR	SALARY($)	BONUS($)	OTHER ANNUAL COMPENSATION(1)	RESTRICTED STOCK AWARDS ($)(2)	SECURIT UNDERLY OPTION (#)(3
A. Dale Mayo	2004	$250,000	$252,035	$ 14,400	--	--
Chief Executive	2003	$250,000	$147,973	$ 14,400	--	--
Officer and President	2002	$200,000	$ 66,875	$ 14,400	--	--
Gary S. Loffredo	2004	$155,000	$ 35,000	$ 10,000	--	50,0
Senior Vice President -	2003	$150,000	$ 7,500	$ 10,000	--	20,0
Business Affairs;	2002	$150,000	$ 12,500	$ 10,000	--	20,0
General Counsel and						
Secretary						
Jeff Butkovsky	2004	$130,000	$ 15,000	$ 7,200	--	30,0
Senior Vice President -	2003	$125,000	$ 10,000	$ 5,400	--	20,0
Chief Technology Officer	2002	$125,000	$ 7,500	$ --	--	10,0
Brian Pflug	2004	$105,000	$ 35,000	$ 7,200	--	50,0
Senior Vice President -	2003	$100,000	$ 7,500	$ --	--	10,0
Accounting and Finance	2002	$100,000	$ 2,500	$ --	--	10,0
Kevin J. Farrell	2004	$103,125	$ 15,000	$ 7,200	--	--
Senior Vice President -	2003	$100,000	$ 10,000	$ 7,200	--	--
Data Center Operations	2002	$100,000	$ 10,000	$ 7,200	--	--

(1) Reflects car allowances paid by us.

(2) We have not made any restricted stock awards.

(3) Reflects stock options granted under our 2000 Stock Option Plan to Messrs. Loffredo, Butkovsky and Pflug.

(4) Includes our matching contributions under our 401(k) plan and the premiums for group term life insurance paid by us. Under our 401(k) plan, we automatically match 50% of employee contributions up to the lesser of 15% of the employee's pay (on a per-payroll period basis) or the statutory annual limit set by the Internal Revenue Service.

(5) Includes premiums for a ten-year term life insurance policy in the benefits amount of $5 million, under which we are the beneficiary and the proceeds of which are to be used to repurchase, after reimbursement of all premiums paid by us, shares of our capital stock held by Mr. Mayo's estate.

(6) Includes $16,000 of shares of Class A common stock issued by us to Messrs. Loffredo and Pflug in December 2002, which shares were valued by an independent appraiser and are not subject to any contractual restrictions.

(7) Includes $12,000 of shares of Class A common stock issued by us to Mr. Butkovsky in December 2002, which shares were valued by an independent appraiser and are not subject to any contractual restrictions.

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The following table sets forth information concerning stock options granted to the Named Executives during fiscal year 2004.

	INDIVIDUAL GRANTS			
NAME	Shares Underlying Options Granted(#)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price($)	Expiration Date
A. Dale Mayo	--	--	--	--
Gary S. Loffredo	50,000	26%	$5.00	11/04/2013
Jeff Butkovsky	30,000	16%	$5.00	11/04/2013
Brian Pflug	50,000	26%	$5.00	11/04/2013
Kevin J. Farrell	--	--	--	--

The following table sets forth information regarding the number of stock options exercised by the Named Executives during fiscal year 2004 and, as of March 31, 2004, the number of securities underlying unexercised stock options and the value of the in-the-money options held by the Named Executives. We have not granted any stock appreciation rights.

Aggregate option exercises in last fiscal year and fiscal year-end option values.

Number of Securities Underlying Unexercised OPTIONS AT FY-END (#)	Value In-the AT F

NAME	Shares Acquired on EXERCISE(#)	Value REALIZED($)	EXERCISABLE	UNEXERCISABLE	EXERCISAB
A. Dale Mayo	--	--	--	--	--
Gary S. Loffredo	--	--	90,000	70,000	$16,667
Jeff Butkovsky	--	--	38,333	46,677	$8,333
Brian Pflug	--	--	45,086	60,000	$8,333
Kevin J. Farrell	--	--	--	--	--

(1) Based on the trading price of shares of our Class A common stock on March 31, 2004.

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EQUITY COMPENSATION PLANS

The following table sets forth certain information, as of March 31, 2004, regarding the shares of AccessIT's Class A common stock and AccessDM's common stock authorized for issuance under their respective equity compensation plans.

PLAN	Number of shares of common stock issuable upon exercise of Outstanding Options (#)	Weighted average of exercise price of Outstanding Options ($)
AccessIT Amended and Restated 2000 Stock Option Plan approved by stockholders.......................	520,564(1)	$6.12
AccessIT compensation plans not approved by stockholders............	N/A	N/A
AccessDM compensation plan approved by stockholders............	1,000,000(2)	$0.21
AccessDM compensation plans not approved by stockholders............	N/A	N/A

(1) Shares of AccessIT Class A common stock (2) Shares of AccessDM common stock

ACCESSIT STOCK OPTION PLAN

Our board of directors adopted our Plan, on June 1, 2000 and, in July 2000, our stockholders approved the Plan by written consent. Under the Plan, which was amended and restated in January 2003 and further amended in September 2003 and October 2004, we grant both incentive and non-statutory stock options to our employees, non-employee directors and consultants. The primary purpose of the Plan is to enable us to attract, retain and motivate our employees, non-employee directors and consultants. The Plan, as amended, authorizes up to 850,000 shares of our Class A common stock for issuance upon the exercise of options granted

under the Plan. As of December 31, 2004, there were options to purchase 251,103 shares of our Class A common stock available for grant under the Plan.

Under the Plan, stock options covering no more than 100,000 shares may be granted to any participant in any single calendar year and no participant may be granted incentive stock options with an aggregate fair market value, as of the date on which such options were granted, of more than $100,000 becoming exercisable for the first time in any given calendar year. Options granted under the Plan expire 10 years following the date of grant (or such shorter period of time as may be provided in a stock option agreement or five years in the case of incentive stock options granted to stockholders who own greater than 10% of the total combined voting power of our company) and are subject to restrictions on transfer. Options granted under the Plan vest generally over periods up to three years. The Plan is administered by our board of directors.

The Plan provides for the granting of incentive stock options with exercise prices of not less than 100% of the fair market value of our common stock on the date of grant. Incentive stock options granted to holders of more than 10% of the total combined voting power of our company must have exercise prices of not less than 110% of the fair market value of our common stock on the date of

grant. Incentive and non-statutory stock options granted under the Plan are subject to vesting provisions, and exercise is subject to the continuous service of the optionee. The exercise prices and vesting periods (if any) for non-statutory options are set in the discretion of our board of directors. Upon a change of control of our company, all options (incentive and non-statutory) that have not previously vested will become immediately and fully exercisable. In connection with the grants of options under the Plan, we and the participants have executed stock option agreements setting forth the terms of the grant.

ACCESSDM STOCK OPTION PLAN

AccessDM's board of directors adopted its stock option plan on May 13, 2003 and its stockholders approved the plan on May 13, 2003. Under the plan, AccessDM grants stock options to its employees, non-employee directors and consultants. The plan authorizes up to 2,000,000 shares of AccessDM common stock for issuance upon the exercise of options granted under the plan. As of December 31, 2004, AccessDM has issued options to purchase 1,005,000 of its shares to employees, and there were options to purchase 995,000 shares of AccessDM common stock available for grant under the plan.

Under the plan, stock options covering no more than 500,000 shares may be granted to any participant in any single calendar year and no participant may be granted incentive stock options with an aggregate fair market value, as of the date on which such options were granted, of more than $100,000 becoming exercisable for the first time in any given calendar year. Options granted under the plan expire 10 years following the date of grant (or such shorter period of time as may be provided in a stock option agreement or five years in the case of incentive stock options granted to stockholders who own greater than 10% of the total combined voting power of AccessDM) and are subject to restrictions on transfer. Options granted under the plan vest generally over periods up to three years. The plan is administered by AccessDM's board of directors.

The plan provides for the granting of incentive stock options with exercise prices of not less than 100% of the fair market value of AccessDM's common stock

on the date of grant. Incentive stock options granted to holders of more than 10% of the total combined voting power of AccessDM must have exercise prices of not less than 110% of the fair market value of AccessDM common stock on the date of grant. Incentive and non-statutory stock options granted under the plan are subject to vesting provisions, and exercise is subject to the continuous service of the optionee. The exercise prices and vesting periods (if any) for non-statutory options are set in the discretion of AccessDM's board of directors. Upon a change of control of AccessDM, all options (incentive and non-statutory) that have not previously vested will become immediately and fully exercisable. In connection with the grants of options under the plan, AccessDM and the participants have executed stock option agreements setting forth the terms of the grant.

EMPLOYEE BENEFIT PLANS

Since 2002, we belonged to a Professional Employer Organization ("PEO"). Through the PEO, we purchased all of our benefits and payroll services, along with other PEO member companies. For tax filing and for benefits purposes, the employees of our company were considered to be employees of the PEO. However, Hollywood SW was not a member of the PEO, and purchased its benefits from other providers.

Through the PEO, our Company had a 401(k) plan that permitted eligible employees to contribute up to 15% of their compensation, not to exceed the statutory limit. We automatically matched 50% of all our employees' contributions. Employee contributions, employer matching contributions and related earnings vested immediately. Total expenses for our prior 401(k) plan and the PEO 401(k) plan were $37,000 and $39,000 for the fiscal years ended March 31, 2003 and 2004, respectively.

Hollywood SW's employees were covered by a profit sharing plan qualified under IRS section 401. The plan provided for Hollywood SW to make discretionary profit contributions on behalf of eligible employees. Hollywood SW made no contributions in 2003 or 2004.

Effective January 1, 2005, we terminated our PEO arrangement and are currently purchasing employee benefits from other providers. Effective January 1, 2005, we also terminated the Hollywood SW profit sharing plan. We also established a new 401(k) plan with a company match of 50% of the first 6% of employee contributions. Employer matching contributions vest over a 5-year period.

EMPLOYMENT AGREEMENTS

A. DALE MAYO. In July 2000, we entered into an employment agreement with A. Dale Mayo, which was amended on December 1, 2000. The amended employment agreement provides for our payment of an annual base salary of $250,000 and annual bonuses equal to 3.5% of our annual gross revenues up to $10 million and 2% of any annual gross revenues in excess of $10 million. In connection with our IPO, we and Mr. Mayo entered into a second amendment to the employment agreement and have agreed that his employment term will be extended through September 30, 2006; however, it will be automatically renewed for successive one-year terms unless written notice is given by either AccessIT or Mr. Mayo at least six months prior to the end of the term (as may be extended) that such party desires to terminate the agreement. We and Mr. Mayo have further agreed his combined annual salary and bonus will be limited to $1.2 million in any fiscal year. Under his employment agreement, Mr. Mayo has agreed to not disclose or use any confidential information of our Company and, for a period of one year after the

termination or expiration of his agreement, not to compete with our Company, within certain geographical limitations. We may terminate Mr. Mayo's employment if Mr. Mayo is convicted of theft or embezzlement, fraud, unauthorized appropriation of any assets or property or any felony involving dishonesty or moral turpitude. In the event of such termination, our Company will pay only any earned but unpaid salary up to the date of termination. If our Company terminates Mr. Mayo for any other reason, Mr. Mayo will be entitled to receive his salary until the scheduled expiration of the agreement, during which time Mr. Mayo will be obligated to seek other employment.

KEVIN J. FARRELL. In April 2000, we entered into an employment agreement with Kevin Farrell. The employment agreement provides for our payment of an annual base salary of $100,000, which amount was increased to $112,500 on January 1, 2004. A bonus may be granted in the sole discretion of our board of directors. The employment agreement expires on December 31, 2005; however, it will be automatically renewed for successive one-year terms unless written notice is given by either our Company or Mr. Farrell at least 120 days prior to the end of the term (as it may be extended) that such party desires to terminate the agreement. Mr. Farrell's employment will terminate on his death, disability or termination for cause (as defined therein). In addition, Mr. Farrell has entered into a confidentiality, non-solicitation and non-compete agreement with us, under which Mr. Farrell has agreed to not disclose or use any confidential information of our Company, to assign all intellectual property made, developed or conceived by Mr. Farrell in connection with his employment by our Company and to not compete with, or to solicit employees from, our company for a period of one year after his employment agreement is terminated or expires.

DAVID GAJDA. Under his employment agreement with Hollywood SW, Mr. Gajda serves as the President and Chief Operating Officer of Hollywood SW. The employment agreement provides for the payment by Hollywood SW of an annual base salary of $175,000 plus a bonus, if and as determined in the sole discretion of Hollywood SW's board of directors based upon any performance targets that may be adopted by that board. The employment agreement expires on October 31, 2005; however, it will be automatically renewed for successive one-year terms unless written notice is given by either Hollywood SW or Mr. Gajda at least 90 days prior to the end of the term (as it may be extended) that such party desires to terminate the agreement. Mr. Gajda's employment will terminate on his death, disability, by Mr. Gajda for good reason (as defined therein) or by Hollywood SW for cause (as defined therein). If Mr. Gajda's employment is terminated by him for good

reason or by Hollywood SW without cause, Mr. Gajda is entitled to receive his base salary until the expiration of his employment term. In addition, Mr. Gajda has entered into a confidentiality, non-solicitation and non-compete agreement with Hollywood SW, under which Mr. Gajda has agreed to keep secret and treat confidentially all confidential information of Hollywood SW, to assign to Hollywood SW all intellectual property made, developed or conceived by him in connection with his employment by Hollywood SW and to not compete with the business of Hollywood SW or to solicit employees from our company or Hollywood SW for any period during which he receives severance payments from Hollywood SW. These restrictions are in addition to those contained in the Hollywood SW stock purchase agreement.

ROBERT JACKOVICH. Under his employment agreement with Hollywood SW, Mr. Jackovich serves as the Chief Technology Officer of Hollywood SW. The employment agreement provides for the payment by Hollywood SW of an annual base salary of $175,000 plus a bonus, if and as determined in the sole discretion of Hollywood

SW's board of directors based upon any performance targets that may be adopted by that board. The employment agreement expires on October 31, 2005; however, it will be automatically renewed for successive one-year terms unless written notice is given by either Hollywood SW or Mr. Jackovich at least 90 days prior to the end of the term (as it may be extended) that such party desires to terminate the agreement. Mr. Jackovich's employment will terminate on his death, disability, by Mr. Jackovich for good reason (as defined therein) or by Hollywood SW for cause (as defined therein). If Mr. Jackovich's employment is terminated by him for good reason or by Hollywood SW without cause, Mr. Jackovich is entitled to receive his base salary until the expiration of his employment term. In addition, Mr. Jackovich has entered into a confidentiality, non-solicitation and non-compete agreement with Hollywood SW, under which Mr. Jackovich will agree to keep secret and treat confidentially all confidential information of Hollywood SW, to assign to Hollywood SW all intellectual property made, developed or conceived by him in connection with his employment by Hollywood SW and to not compete with the business of Hollywood SW or to solicit employees from our company or Hollywood SW for any period during which he receives severance payments from Hollywood SW. These restrictions are in addition to those contained in the Hollywood SW stock purchase agreement. If, however, Mr. Jackovich's employment is terminated by Hollywood SW without cause or by him for good reason, he may work for a consulting company or a company in the film production, exhibition or distribution business if such company does not provide outsourced solutions similar to those of Hollywood SW to third parties.

ERIK LEVITT. Under his employment agreement with Core, Mr. Levitt serves as the President and Chief Operating Officer of Managed Services. The employment agreement provides for the payment by Core of an annual base salary of $100,000 plus a bonus, if and as determined in the sole discretion of Core's board of directors. The employment agreement expires on March 31, 2007; however, it will be automatically renewed for successive one-year terms unless written notice is given by either Core or Mr. Levitt at least 90 days prior to the end of the term (as it may be extended) that such party desires to terminate the agreement. Mr. Levitt's employment will terminate on his death, disability or by Core for cause (as defined therein). In addition, Mr. Levitt has entered into a confidentiality, non-solicitation and non-compete agreement with Core, under which Mr. Levitt has agreed to keep secret and treat confidentially all confidential information of Core, to assign to AccessIT or Core all intellectual property made, developed or conceived by him in connection with his employment by Core and to not compete with the business of Core or to solicit employees from AccessIT or Core during the term of his employment and for a period of five years thereafter. These restrictions are in addition to those contained in the Core stock purchase agreement.

RUSSELL WINTNER. Under his employment agreement with AccessDM, Mr. Wintner serves as the President and Chief Operating Officer of AccessDM. The employment agreement provides for the payment by AccessDM of an annual base salary of $160,000 plus a bonus, if and as determined in the sole discretion of AccessDM's board of directors. The employment agreement expires on October 31, 2005; however, it will be automatically renewed for successive one-year terms unless

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written notice is given by either AccessDM or Mr. Wintner at least 90 days prior to the end of the term (as it may be extended) that such party desires to terminate the agreement. Mr. Wintner's employment will terminate on his death, disability or by AccessDM for cause (as defined therein). Mr. Wintner has entered into a confidentiality, inventions and non-compete agreement with AccessDM, under which Mr. Wintner has agreed to keep secret and treat

confidentially all confidential information of AccessDM, to assign to AccessIT or AccessDM all intellectual property made, developed or conceived by him in connection with his employment by AccessDM and to not compete with the business of AccessDM or to solicit employees from AccessIT or AccessDM for any period during his employment and for two years thereafter.

DIRECTORS' COMPENSATION

Our directors do not presently receive any cash compensation for serving as directors or participating on any committee of our board of directors, but are reimbursed for the out-of-pocket expenses that they incur in attending board meetings. Non-employee directors are eligible for grants under our Plan and, to date, four present directors and one former director have been granted options covering an aggregate of 40,000 shares of our Class A common stock for services provided by them as directors.

RELATED PARTY TRANSACTIONS

RELATED PARTY TRANSACTIONS

In April 2000, A. Dale Mayo, one of our co-founders and our President and Chief Executive Officer, and Brett E. Marks, a founder and an executive officer and director of our Company, invested $200,000 and $100,000 respectively, in Fibertech & Wireless, Inc., a holding company formed on March 29, 2000 with no material assets or business activity, and received 10,000,000 and 5,000,000 shares, respectively, of the common stock of Fibertech & Wireless, Inc. Upon the merger of Fibertech & Wireless, Inc. into AccessColo, Inc. in September 2000, each of such shares was exchanged for 0.6205 of a share of common stock of AccessColo, Inc., and resulted in A. Dale Mayo owning 1,241,000 shares of Class A common stock and Brett E. Marks owning 620,500 shares of Class A common stock. We changed its name from AccessColo, Inc. to Access Integrated Technologies, Inc. in November 2001.

Kevin A. Booth, one of our co-founders and a former director of our Company (and a former employee), and Kevin J. Farrell, a co-founder, director and Senior Vice President -- Data Center Operations of our Company, each received 400,000 shares of Class A common stock in April 2000, upon formation of AccessColo, Inc. and in connection with their employment and status as co-founders. At the time of their receipt of such shares, we were a subsidiary of Fibertech & Wireless, Inc. In July 2003, Mr. Booth left our employ and also resigned from our Board of Directors.

In October 2001, A. Dale Mayo returned 153,333 shares of Class B common stock and Brett E. Marks, Kevin A. Booth and Kevin J. Farrell returned 76,667, 85,000 and 85,000 shares, respectively, of Class A common stock and received no consideration from us for such returned shares.

In December 2002, A. Dale Mayo returned 30,000 shares of our Class B common stock and Brett E. Marks, Kevin A. Booth and Kevin J. Farrell returned 10,000, 10,000 and 10,000 shares, respectively, of Class A common stock and received no consideration from us for such returned shares.

In connection with the execution of one of our long-term real property leases, A. Dale Mayo and Brett E. Marks posted a letter of credit in the aggregate amount of $525,000 in June 2000. This letter of credit was reduced by one-third in each of the three successive years and terminated in June 2003. We reimbursed Messrs. Mayo and Marks for the issuance costs of approximately $10,000 for the letter of credit.

Wayne Clevenger and Matthew Finlay, two of our directors, are directors of MidMark, which previously held all of our outstanding Series A and Series B

preferred stock and related contingent warrants. In connection with its purchase of shares of our Series A and Series B preferred stock, we paid MidMark a $75,000 investment banking fee. In September 2003, we entered into an exchange agreement with MidMark, under which we agreed to issue 2,207,976 additional shares of Class A common stock to MidMark in exchange for all of our outstanding shares of Series A and Series B preferred stock, including accrued dividends thereon, and through the exercise and exchange of certain warrants. Upon the IPO, MidMark (i) converted all 8,202,929 shares of its Series A and Series B preferred stock into 1,640,585 shares of Class A common stock; (ii) exchanged warrants that were exercisable, subject to certain future conditions, for up to 951,041 shares of Class A common stock, for 320,000 shares of Class A common stock; (iii) exercised a warrant exercisable for up to 144,663 shares of Class A common stock (143,216 shares on a cashless-exercise basis); and (iv) accepted 104,175 shares of Class A common stock as payment of all accrued dividends on shares of Series A and Series B preferred stock held by such stockholder. The number of shares of Class A common stock issued as payment of accrued dividends was calculated at the offering price of $5.00. Additionally, MidMark also purchased $333,000 of one-year notes, which was repaid in April 2002, and was issued 6,902 of the one-year notes warrants. Each of these directors have been granted options to purchase 5,000 shares of our Class A common stock. We paid MidMark a management fee of $50,000 per year until November 2003.

From March 2002 to August 2002, we borrowed from, and issued five-year promissory notes (each bearing interest at 8% per year) to, Mr. Mayo, Mr. Marks, CMNY, John L. O'Hara, a member of our board of advisors, and several other investors in the aggregate principal amount of $3.175 million. From June 2003 to July 2003, we borrowed from, and issued five-year promissory notes (each bearing interest at 8% per year) to, Mr. O'Hara and several other investors in the aggregate principal amount of $1.23 million. In connection with these five-year notes, we granted to these investors ten-year warrants with an exercise price of $0.05 per share to purchase up to an aggregate of 440,500 shares of Class A common stock, which warrants were exercised before the completion of the IPO. Messrs. Mayo, Marks and O'Hara and CMNY have exercised all of the warrants attached to the five-year notes held by them and purchased an aggregate of 142,500 shares of Class A common stock. The net proceeds of the five-year note issuances were used to repay the one-year notes and to fund our working capital requirements.

On March 24, 2004, pursuant to the Exchange Offer, we exchanged $2.5 million and $1.7 million aggregate principal amount of five-year promissory notes for shares of Class A common stock and for longer term 6% convertible notes, respectively. We issued 707,477 unregistered shares of Class A common stock and $1.7 aggregate principal amount of convertible notes which as of March 1, 2005 were convertible into a maximum of 310,857 shares of Class A common stock (i) at any time up to the maturity date at each holder's option or (ii) automatically on the date when the average closing price on the American Stock Exchange of the Class A common stock for 30 consecutive trading days has been equal to or greater than $12.00.

A. Dale Mayo and Brett E. Marks invested $250,000 and $125,000, respectively, in our offering of one-year 8% notes and received warrants to purchase 4,601 and 2,301 shares, respectively, of Class A common stock at $0.05 per share. These notes were repaid prior to March 31, 2002. Messrs. Mayo and Marks invested $250,000 and $125,000, respectively, in our offering of five-year 8% promissory

notes and received warrants to purchase 25,000 and 12,500 shares, respectively, of Class A common stock at $0.05 per share. In September 2003, all of the warrants that were attached to our one-year and five-year promissory notes held by Messrs. Mayo and Marks were exercised. In March 2004 Messrs. Mayo and Marks participated in the Exchange Offer and exchanged their 5-year notes and accrued interest totaling $382,000 for Convertible Notes, convertible into 67,713 shares of Class A common stock. As of March 31, 2003 and 2004, the principal due to these executive officers of $375,000 and $382,000, respectively, is included in notes payable.

Warren H. Colodner, one of our former directors, is a partner in the law firm of Kirkpatrick & Lockhart LLP, which provided legal services to us, including handling legal matters related to the IPO. For the fiscal years ended March 31, 2003 and 2004, we purchased approximately $124,000 and $639,000, respectively,

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of legal services from this firm. Mr. Colodner was granted options to purchase 4,000 shares of Class A common stock.

Robert Davidoff, one of our directors, is the general partner of CMNY Capital II, L.P., which holds 157,927 shares of Class A common stock, and a director of Sterling/Carl Marks Capital, Inc., which holds 51,025 shares of Class A common stock. CMNY Capital II, L.P. also invested $1 million in our offering of one-year promissory notes, which was repaid in March 2002, and invested $1 million in our offering of five-year promissory notes. The warrants attached to such one-year and five-year notes were exercised in August 2003 and are included in the share numbers above. Mr. Davidoff has also been granted options to purchase 9,000 shares of Class A common stock. In March 2004 CMNY Capital II, LP participated in the Exchange Offer and exchanged its five-year promissory notes and accrued interest totaling $1 million for Convertible Notes, convertible into 180,569 shares of Class A common stock. As of March 31, 2003 and 2004, the principal due to CMNY Capital II, LP of $1 million in each of those years, is included in notes payable.

Harvey Marks, a member of our board of advisors, is the father of Brett E. Marks, one of our founders and executive officers, and is a partner in an entity that performs real estate services for us. We incurred real estate commissions of $26,000 related to services provided by this entity during the fiscal year ended March 31, 2002. Harvey Marks also has been granted options to purchase 41,025 shares of Class A common stock at a weighted average exercise price of $6.83 per share.

John L. O'Hara, a member of our board of advisors, is the President of John O'Hara Contracting, Inc., which performs construction and other work at our IDCs. Mr. O'Hara has invested $50,000 in our five-year notes, and holds 5,000 five-year note attached warrants. This contractor has been paid $18,000 and $10,000 for the fiscal years ended March 31, 2003 and 2004, respectively. John O'Hara Contracting, Inc. also, owns 8,000 shares of Class A common stock, issued as partial consideration for work performed during the fiscal year ended March 31, 2001. In September 2003, Mr. O'Hara exercised the five-year warrants. In addition, in March 2004, Mr. O'Hara participated in the Exchange Offer and exchanged his 5 year notes and accrued interest totaling $51,000 for 14,264 shares of Class A common stock.

Edward H. Herbst, one of the members of our board of advisors, owns an architectural services firm that performs work at our IDCs. His firm was paid $3,000 and $1,000 for the fiscal years ended March 31, 2003 and March 31, 2004, respectively. In addition, Mr. Herbst holds options to purchase 600 shares of our Class A common stock.

In January 2003, the board of directors approved the purchase of two separate ten-year, term life insurance policies on the life of A. Dale Mayo. Each policy carries a death benefit of $5 million, and we are the beneficiary of each policy. Under one of the policies, however, the proceeds will be used to repurchase, after reimbursement of all premiums paid by us some, or all of the shares of our capital stock held by Mr. Mayo's estate at the then-determined fair market value.

In connection with the Hollywood SW acquisition, we purchased all of the outstanding capital stock of Hollywood SW from its security holders, David Gajda and Robert Jackovich, on November 3, 2003. Messrs. Gajda and Jackovich have continued as executive officers of Hollywood SW under new employment agreements and have received an aggregate of 400,000 unregistered shares of our Class A common stock, less 40,444 unregistered shares of Class A common stock that were issued to certain optionees of Hollywood SW.

Hollywood SW and Hollywood Media Center, LLC, a limited liability company that is 95% owned by David Gajda, one of the sellers of Hollywood SW, entered into a Commercial Property Lease, dated January 1, 2000, for 2,115 square feet of office space. We have assumed Hollywood SW's obligations under this lease pursuant to the acquisition, including the monthly rental payments of $2,335. The lease is currently a month-to-month tenancy with the same monthly rent. Mr. Gajda is the President of Hollywood SW. On May 1, 2004 an additional 933 square

feet were rented on a month-to-month basis for monthly additional rental payments of $1,000.

In connection with Russell J. Wintner's employment arrangement with AccessDM, we paid Mr. Wintner a finder's fee of $25,000 during the fiscal year ended March 2004, in connection with his efforts related to the Hollywood SW acquisition.

We entered into a consulting agreement with Kevin A. Booth, one of our co-founders and directors, following the termination of his employment with us as of July 5, 2003. Under the terms of the agreement, Mr. Booth agreed to provide consulting services to us in connection with the IPO and our acquisition of Hollywood SW, for which we paid him $10,000 per month (plus reasonable out-of-pocket expenses) for the period beginning on July 5, 2003 through September 30, 2003. We also paid Mr. Booth $20,000 in November 2003 in connection with the completion of the IPO. After September 30, 2003, we may, in our sole discretion, retain Mr. Booth's services for future projects on mutually agreed to terms. Mr. Booth has agreed that the term of his confidentiality, non-solicitation and non-compete agreement, which he entered into as of April 10, 2000, will remain in effect through July 4, 2004.

In connection with the Core acquisition, we purchased all of the outstanding capital stock of Core from its sole security holder, Erik Levitt, on January 9, 2004. Mr. Levitt continued as an executive officer of Core under a new employment agreement and as consideration for the sale of Core capital stock, received $250,000 and 100,000 unregistered shares of Class A common stock.

PRINCIPAL AND SELLING STOCKHOLDERS

The following "Principal Stockholders" table and "Selling Stockholders" table set forth as of March 1, 2005 and as of February 11, 2005, respectively, certain information with respect to the beneficial ownership of the Class A common stock as to (i) each person known by us to beneficially own more than five percent of the outstanding shares of our Class A common stock, (ii) each of our directors, (iii) each of our Named Executives, (iv) all of our directors and executive officers as a group and (v) each selling security holder.

PRINCIPAL STOCKHOLDERS

	SHARES BENEFICIALLY OWNED PRIOR T OFFERING (a)	
NAME (b)	NUMBER	PERCENT
A. Dale Mayo..	1,040,554 (c)	10.0%
Brett E. Marks..	556,134 (d)	5.9%
Kevin J. Farrell..	305,000	3.2%
Gary S. Loffredo..	139,998 (e)	1.5%
Jeff Butkovsky..	73,333 (f)	*
Brian Pflug...	88,518 (g)	*
Robert Davidoff, 40 Stoner Avenue, Great Neck, NY 11021...	5,000 (h)	*
Gerald Crotty...	3,000 (h)	*
James Weichert, 1625 State Route 10, Morris Plains, NJ 07950-2933.............................	531,588	5.6%
MidMark Equity Partners II, L.P., 177 Madison Avenue, Morristown, NJ 07960.....................................	2,214,879 (i)	23.5%
Wayne L. Clevenger, c/o MidMark Equity Partners II, L.P., 177 Madison Avenue, Morristown, NJ 07960	1,667 (j)	*

Matthew Finlay, c/o MidMark Equity Partners II, L.P., 177 Madison Avenue, Morristown, NJ 07960......................	1,667 (k)	*
All directors and executive officers as a group...........	4,961,338	46.3%

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SELLING STOCKHOLDERS

NAME (b)	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING (a) NUMBER	PERCENT	SHA WHICH BE OF PURSUA THIS OF NUMB
Lagunitas Partners LP, c/o Gruber & McBaine, 50 Osgood Place, Penthouse, San Francisco, CA 94133.................	225,000 (l)	2.6%	225,0
Gruber & McBaine International, c/o Gruber & McBaine, 50 Osgood Place, Penthouse, San Francisco, CA 94133..........	75,000 (m)	*	75,0
Jon D. Gruber and Linda W. Gruber, c/o Gruber & McBaine, 50 Osgood Place, Penthouse, San Francisco, CA 94133..........	45,000 (n)	*	45,0
J. Patterson McBaine, c/o Gruber & McBaine, 50 Osgood Place, Penthouse, San Francisco, CA 94133........................	45,000 (o)	*	45,0
Straus-GEPT Partners, LP, Straus Asset Management, 605 Third Avenue, New York, NY 10158-3698...........................	30,000 (p)	*	30,0
Straus Partners, LP, Straus Asset Management, 605 Third Avenue, New York, NY 10158-3698...........................	45,000 (q)	*	45,0
Omicron Master Trust, Omicron Capital, LP, 810 Seventh Avenue, 39th Floor, New York, NY 10019....................	36,500 (r)	*	36,5
033 Growth Partners I, LP, 033 Asset Management LLC, 125 High Street, Suite 1405, Boston, MA 02110.................	147,654 (s)	1.7%	147,6
033 Growth Partners II, LP, 033 Asset Management LLC, 125 High Street, Suite 1405, Boston, MA 02110.................	45,540 (t)	*	45,5
033 Growth International Fund, Ltd, 033 Asset Management LLC, 125 High Street, Suite 1405, Boston, MA 02110........	73,026 (u)	*	73,0

Oyster Pond Partners, LP, 033 Asset Management LLC, 125 High Street, Suite 1405, Boston, MA 02110.....................	33,780 (v)	*	33,7
Frost National Bank, FBO Renaissance US Growth Investment Trust PLC, c/o RENN Capital Group, Inc., 8080 N. Central Expressway, Suite 210, LB-59, Dallas, TX 75206...........	150,000 (w)	1.7%	150,0
Frost National Bank, FBO BFS US Special Opportunities Trust PLC, c/o RENN Capital Group, Inc., 8080 N. Central Expressway, Suite 210, LB-59, Dallas, TX 75206...........	150,000 (x)	1.7%	150,0
MicroCapital Fund LP, 201 Post Street, Suite 1001, San Francisco, CA 94108.......................................	135,000 (y)	1.5%	135,0
MicroCapital Fund Ltd., 201 Post Street, Suite 1001, San Francisco, CA 94108.......................................	90,000 (z)	1.0%	90,0
Neal Ira Goldman, c/o Goldman Capital Management, 220 East 42 Street, 29th Floor, New York, NY 10017................	37,500 (aa)	*	37,5
Guerrilla IRA Partners, 237 Park Avenue, 9th Floor, New York, NY 10017..	6,000 (bb)	*	6,0
Guerrilla Partners, 237 Park Avenue, 9th Floor, New York, NY 10017..	30,000 (cc)	*	30,0
Roth Capital Partners, LLC, 11100 Santa Monica Blvd., 8th Floor, Los Angeles, CA 90025.............................	60,875 (dd)	*	60,8
Total Selling Stockholders................................	1,460,875	15.5%	1,460,8

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* Less than 1%

(a) Applicable percentage of ownership is based on 9,415,422 shares of Class A common stock outstanding as of March 1, 2005 together with all applicable options, warrants and other securities convertible into shares of our Class A common stock for such stockholder. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Shares of Class A common stock subject to options, warrants or other convertible securities exercisable within 60 days after March 1, 2005 are deemed outstanding for computing the percentage ownership of the person holding such options, warrants or other convertible securities, but are not deemed outstanding for computing the percentage of any other person. Except as otherwise noted, the named beneficial owner has the sole voting and investment power with respect to the shares shown.

(b) Unless otherwise indicated, the business address of each person named in the table is c/o Access Integrated Technologies, Inc., 55 Madison Avenue, Suite 300, Morristown, New Jersey 07960.

(c) Includes 885,811 shares of Class B common stock held by Mr. Mayo and 100,000 shares of Class B common stock held by Mr. Mayo's spouse. Mr. Mayo disclaims beneficial ownership of all 100,000 shares of Class B common stock held by Mr. Mayo's spouse. The holder of each share of class B common stock is entitled to ten votes per share. Including the voting rights of his shares of Class B common stock, Mr. Mayo may exercise up to 51.3% of the total voting power of our common stock. Each share of Class B common stock is convertible at any time at the holder's option into one share of Class A common stock.

(d) Includes 35,906 shares of Class A common stock held by Mr. Marks' spouse.
(e) Includes 119,998 shares of Class A common stock underlying options exercisable within sixty days of March 1, 2005 that may be acquired upon exercise of such options.
(f) Includes 58,333 shares of Class A common stock underlying options exercisable within sixty days of March 1, 2005 that may be acquired upon exercise of such options.
(g) Includes 68,518 shares of Class A common stock underlying options exercisable within sixty days of March 1, 2005 that may be acquired upon exercise of such options.
(h) Represents shares of Class A common stock underlying options exercisable within sixty days of March 1, 2005 that may be acquired upon exercise of such options.
(i) Includes beneficial ownership by MidMark Advisors II, LLC, the general partner of MidMark.
(j) Mr. Clevenger is a managing director of MidMark and a managing member of MidMark Advisors II, LLC. Represents shares of Class A common stock underlying options exercisable within sixty days of March 1, 2005 that may be acquired upon exercise of such options.
(k) Mr. Finlay is a director of MidMark. Represents shares of Class A common stock underlying options exercisable within sixty days of March 1, 2005 that may be acquired upon exercise of such options.
(l) Includes 37,500 shares of Class A common stock underlying warrants exercisable as of February 11, 2005.
(m) Includes 12,500 shares of Class A common stock underlying warrants exercisable as of February11, 2005.
(n) Includes 7,500 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Mr. Jon D. Gruber is a manager of Gruber & McBaine Capital Management where he has investment and voting power. Gruber & McBaine Capital Management is the general partner of Lagunitas Partners LP and the investment advisor for Gruber & McBaine International which beneficially own 225,000 and 75,000 shares of Class A common stock, respectively. Mr. Gruber disclaims beneficial ownership of these shares held by Lagunitas Partners LP and Gruber & McBaine International.
(o) Includes 7,500 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Mr. McBaine is a manager of Gruber & McBaine Capital Management where he has investment and voting power. Gruber & McBaine Capital Management is the general partner of Lagunitas Partners LP and the investment advisor for Gruber & McBaine International which beneficially own 225,000 and 75,000 shares of Class A common stock, respectively. Mr. McBaine disclaims beneficial ownership of these shares held by Lagunitas Partners LP and Gruber & McBaine International.
(p) Includes 5,000 shares of Class A common stock underlying warrants

exercisable as of February 11, 2005. Melville Straus is the Managing Principal of this selling stockholder and may be deemed to beneficially own its shares. Mr. Straus disclaims beneficial ownership of this selling stockholder's shares.

(q) Includes 7,500 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Melville Straus is the Managing Principal of this selling stockholder and may be deemed to beneficially own its shares. Mr. Straus disclaims beneficial ownership of this selling stockholder's shares.

(r) Includes 10,000 shares of Class A common stock underlying warrants exercisable as of February 11, 2005.

(s) Includes 24,609 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Lawrence C. Longo, Jr. and Michael T. Vigo are executive officers of this selling stockholder and may be deemed to beneficially own its shares. Messrs. Longo and Vigo disclaim beneficial ownership of this selling stockholder's shares.

(t) Includes 7,590 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Lawrence C. Longo, Jr. and Michael T. Vigo are executive officers of this selling stockholder and may be deemed to beneficially own its shares. Messrs. Longo and Vigo disclaim beneficial ownership of this selling stockholder's shares.

(u) Includes 12,171 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Lawrence C. Longo, Jr. and Michael T. Vigo are executive officers of this selling stockholder and may be deemed to beneficially own its shares. Messrs. Longo and Vigo disclaim beneficial ownership of this selling stockholder's shares.

(v) Includes 5,630 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Lawrence C. Longo, Jr. and Michael T. Vigo are executive officers of this selling stockholder and may be deemed to beneficially own its shares. Messrs. Longo and Vigo disclaim beneficial ownership of this selling stockholder's shares.

(w) Includes 25,000 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. RENN Capital Group, Inc. has voting and investment power with respect to this selling stockholder's shares and may be deemed to beneficially own its shares.

(x) Includes 25,000 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. RENN Capital Group, Inc. has voting and investment power with respect to this selling stockholder's shares and may be deemed to beneficially own its shares.

(y) Includes 22,500 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Ian P. Ellis is the President of this selling stockholder and may be deemed to beneficially own its shares. Mr. Ellis disclaims beneficial ownership of this selling stockholder's shares.

(z) Includes 15,000 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Ian P. Ellis is the President of this selling stockholder and may be deemed to beneficially own its shares. Mr. Ellis disclaims beneficial ownership of this selling stockholder's shares.

(aa) Includes 12,500 shares of Class A common stock underlying warrants exercisable as of February 11, 2005.

(bb) Includes 1,000 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Peter Siris is the Managing Director of this selling stockholder and may be deemed to beneficially own its shares. Mr. Siris disclaims beneficial ownership of this selling stockholder's shares.

(cc) Includes 5,000 shares of Class A common stock underlying warrants exercisable as of February 11, 2005. Peter Siris is the Managing Director of this selling stockholder and may be deemed to beneficially own its

shares. Mr. Siris disclaims beneficial ownership of this selling stockholder's shares.

(dd) These shares of Class A common stock underlie warrants exercisable as of February 11, 2005. Byron Roth and Gordon Roth are executive officers of this selling stockholder and may be deemed to beneficially own its shares. Messrs. Roth and Roth disclaim beneficial ownership of this selling stockholder's shares.

(ee) Assumes sale of all shares offered under this prospectus.

No selling stockholder has held a position as a director or officer nor has had a material relationship with us or any of our affiliates, or our or their predescessors, within the past three years.

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DESCRIPTION OF SECURITIES

The following summary description of our capital stock is not intended to be complete and is subject, and qualified in its entirety by reference, to our amended and restated certificate of incorporation and our bylaws.

GENERAL

We have authorized capital stock consisting of 80,000,000 shares of common stock, par value $0.001 per share, and 15,000,000 shares of preferred stock, par value $0.001 per share. Of our authorized shares of common stock, 40,000,000 shares are designated as Class A and 15,000,000 are designated as Class B. Of our authorized shares of preferred stock, no shares are designated or issued.

We have reserved 850,000 shares of our Class A common stock for issuance under our Plan, of which stock options covering 598,897 shares of our Class A common stock had been granted as of December 31, 2004.

Holders of a majority of our outstanding shares of capital stock present or represented by proxy at any meeting of our stockholders constitute a quorum. If a quorum exists, holders of a majority of the voting power of the shares of capital stock present at the meeting may generally approve matters coming before any stockholders meeting. The affirmative vote of the holders of a majority of the voting power of the outstanding shares of our capital stock is required to approve significant corporate transactions, including a liquidation, merger or sale of substantially all of our assets. The holders of our Class B common stock are entitled to ten votes per share.

COMMON STOCK

VOTING RIGHTS. Holders of our common stock are entitled to the following vote(s) per share on all matters submitted to a vote of our stockholders: the Class A common stock, one vote per share; and the Class B common stock, ten votes per share. The holders of our outstanding shares of common stock vote together as a single class on all matters submitted to a vote (or consent) of our stockholders.

CONVERSION. Each outstanding share of Class B common stock may be converted into one share of Class A common stock at any time, and from time to time, at the

option of the holder of such share.

DIVIDENDS; LIQUIDATION; PREEMPTIVE RIGHTS. Holders of our common stock are entitled to receive dividends only if, as and when declared by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding-up, holders of our common stock are entitled, subject to any priorities due to any holders of our preferred stock, ratably to share in all assets remaining after payment of our liabilities. Holders of our common stock have no preemptive rights nor, except with respect to the conversion rights of the Class B common stockholder described above, any other rights to subscribe for shares or securities convertible into or exchangeable for shares of our common stock.

PREFERRED STOCK

No shares of preferred stock are currently outstanding. Our amended and restated certificate of incorporation authorizes the issuance of up to 15,000,000 shares of preferred stock. Our board of directors, within the limitations set forth in our certificate of incorporation, is authorized to issue preferred stock from time to time in one or more series or classes and to fix the number of shares, fix or alter the dividend rights, dividend rates, rights and terms of redemption, redemption price or prices, liquidation preference, conversion rights, voting rights and any other rights, preferences or limitations of any

unissued shares of preferred stock, and to fix and amend the number of shares constituting any issued or unissued series or class and the designation thereof, or any of the foregoing. To the extent that shares of preferred stock with voting rights are issued, such issuance would affect the voting rights of the holders of our common stock by increasing the number of outstanding shares entitled to vote and, if applicable, by creating a separate class or series of voting rights. Additionally, the issuance of preferred stock, in certain circumstances, may have the effect of delaying, deterring or preventing a change of control of our company, may discourage bids for our common stock at a premium over market price and may adversely affect the market price, and the voting and other rights of the holders, of our common stock.

OPTIONS

We have adopted a stock option plan under which we have reserved 850,000 shares of our Class A common stock for issuance upon the exercise of stock options. Options vest generally over a three-year period.

CONVERTIBLE NOTES AND DEBENTURES

We currently have outstanding subordinated convertible notes which may be converted into a maximum of 310,857 shares of our Class A common stock as of March 1, 2005, at any time until March 24, 2011 at the election of each holder or automatically on the date when the average closing price of our Class A common stock for 30 consecutive trading days has been equal to or greater than $12.00 per share. The convertible notes do not confer upon the holders any rights as stockholders of our Company.

Also, in connection with our February 2005 private placement, we issued the Convertible Debentures to a group of institutional investors for aggregate proceeds of $7.6 million. The Convertible Debentures have a four year term, with one third of the unconverted principal balance repayable in 12 equal monthly installments beginning three years after the closing of the February 2005

private placement. The remaining unconverted principal balance of the Convertible Debentures is due at maturity. We may pay the interest in cash or, if certain conditions are met, by issuing shares of our shares of Class A common stock. If we are eligible to issue shares of our Class A common stock to repay interest, the number of shares issuable is based on 93% of the 5-day average closing price preceding the interest due date. The Convertible Debentures may be converted (i) voluntarily by any holder, at any time until its Convertible Debentures are no longer outstanding or (ii) at our option, after the 24 month anniversary of the original issuance date, on the business day after each of the closing prices of our Class A common stock for 20 consecutive trading days exceeds $7.90 per share, provided that the trading volume of Class A common stock for each of such trading days is greater than or equal to 100,000 shares and certain other conditions are met. The Convertible Debentures are initially convertible into 1,867,322 shares of our Class A common stock, based upon an initial conversion price of $4.07 per share subject to adjustments from time to time. The Convertible Debentures do not confer upon the holders any rights as stockholders of our company.

WARRANTS

In connection with our IPO, we issued to the underwriter warrants to purchase up to 120,000 shares of our Class A common stock at an exercise price of $6.25 per share exercisable at any time through November 10, 2007.

In connection with our June 2, 2004 private placement, we issued warrants, exercisable upon receipt, to the investors to purchase up to 243,500 shares of our Class A common stock at any time through June 4, 2009 at an exercise price of $4.80. Additionally, we issued warrants, exercisable upon receipt, to the placement agent in connection with such private placement. These warrants entitle the placement agent to purchase up to 60,875 shares of our Class A common stock at any time through June 4, 2009 at an exercise price of $4.80 per share.

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In connection with our February 2005 private placement, we issued the Convertible Debentures Warrants to purchase up to 560,197 shares of our 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 5 years thereafter. Also, if certain conditions are met, we may redeem the Convertible Debentures, whereupon we must, among other things, issue five-year warrants exercisable for shares of our Class A common stock (the "Redemption Warrants").

None of the warrants described above confer upon the holder any voting, dividend or other rights as a stockholder of our company.

REGISTRATION RIGHTS

Except with respect to the shares issued pursuant to our June 2004 private placement (as more fully described below), the owners of the following shares of our Class A common stock currently outstanding or issuable upon the exercise of warrants or other convertible securities are entitled to registration rights under the Securities Act:

- securities issued prior to our IPO;

- securities issued pursuant to the Exchange Offer;
- securities issued pursuant to our acquisitions of Hollywood SW, Core, and the assets of Boeing Digital and FiberSat Seller; and
- securities issued pursuant to our November 2004 and February 2005 private placements.

Under the terms of agreements between us and the holders of those registrable securities, if we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders exercising registration rights, such owners are entitled to notice of such registration and, subject to customary underwriting cutbacks due to market factors which may result in the limitation of the number of shares to be underwritten, to include their shares in the registration. Additionally, of such shares entitled to registration, a pre-IPO owner of shares is entitled to demand registration rights pursuant to which it may require us on two occasions, commencing 180 days following our IPO, to file a registration statement under the Securities Act with respect to its shares of common stock; we would then be required to use our reasonable efforts to effect the registration. Further, the owners of the above referenced registrable securities may require us to file an unlimited number of registration statements on Form S-3 (to the extent that we are eligible to use such Form). We have agreed to pay all registration rights expenses, except for underwriting discounts, selling commissions and counsel fees (subject to, in certain limited instances, thresholds in excess of $20,000) of, each seller in connection with the registration of his or its shares.

Most of the above registration rights terminate with respect to each holder if and when such stockholder either holds less than 1% of our outstanding common stock or is eligible to sell all of his or its registrable securities under Rule 144(d) of the Securities Act within any three-month period without volume restrictions or under Rule 144(k) of the Securities Act. Accordingly, if a holder is not an "affiliate" of ours, then such holder's registration rights will terminate no later than two years after its purchase of the applicable registrable shares.

Owners of 1,521,875 shares of our Class A common stock issued or issuable upon exercise of warrants in connection with our June 2, 2004 private placement are entitled to registration of those shares under the Securities Act. Under the terms of agreements between us and the holders of those registrable securities, we were required to file the registration statement to which this prospectus is a part on or prior to July 4, 2004. We were required to cause such registration statement to be declared effective under the Securities Act within certain prescribed time frames and to keep such registration statement effective until the earlier of two years after the date of effectiveness or the date on which the holders are able to resell their shares without volume restrictions pursuant to Rule 144(k) of the Securities Act. We filed such registration statement on the Original SB-2, and the Original SB-2 was declared effective on July 20, 2004. As set forth in this prospectus, certain subsequent events have recently occurred which require the filing of a post-effective amendment to the Original

SB-2 and this updated prospectus. If we are unable to timely file the post-effective amendment to the Original SB-2 to which this prospectus is a part, cause the post-effective amendment to the Original SB-2 to become effective within the prescribed time frames or keep the post-effective amendment to the Original SB-2 effective for the prescribed time frames, we will be required to pay to each holder liquidated damages in the amount of 1% of the

amount invested by such holder pursuant to the private placement, and if the breach remains uncured, 2% in liquidated damages for the first month and 1.5% each month thereafter. Failure to pay such liquidated damages will require us to pay interest to each holder at the rate of 12% per annum until such amounts are paid in full.

In connection with our February 2005 private placement, owners of (i) 1,867,322 shares of our Class A common stock issuable upon conversion of the Convertible Debentures, (ii) 560,197 shares issuable upon exercise of outstanding Convertible Debentures Warrants, (iii) up to approximately 456,936 shares of our Class A common stock issuable as payment of interest on the Convertible Debentures (the "Interest Shares"), and (iv) up to approximately 653,563 shares issuable upon exercise of the Redemption Warrants are entitled to registration of those shares under the Securities Act. Under the terms of agreements between us and the holders of those registrable securities, we are required to file (x) a registration statement on Form S-3 for resale of the shares issuable upon conversion of the Convertible Debentures and exercise of the Convertible Debentures Warrants no later than March 14, 2005 and (y) a registration statement for resale of the shares issuable upon exercise of the Redemption Warrants and the Interest Shares at an appropriate later date. Also, we are required to cause such registration statements to be declared effective under the Securities Act within certain prescribed time frames and to keep such registration statements effective until the date of effectiveness or the date on which the holders are able to resell the shares registered for resale thereunder without volume restrictions pursuant to Rule 144(k) of the Securities Act. If we are unable to timely file the registration statements, cause such registration statements to become effective within the prescribed time frames or keep such registration statements effective for the prescribed time frames, we will be required to pay to each holder certain partial liquidated damages on a daily pro-rata basis for any portion of a month prior to the cure of the breach.

LOCK-UP AGREEMENTS

In connection with our IPO, holders of all of our outstanding shares of stock and persons who have been granted options or warrants to purchase shares of our Class A common stock agreed not to, directly or indirectly, offer, sell, announce an intention to sell, contract to sell, pledge, hypothecate, grant any option to purchase, or otherwise dispose of any shares of our common stock or any securities convertible into or exercisable for shares of our common stock for a period of 18 months following the date of our IPO prospectus without the prior written consent of the lead underwriter. However, the period was for 12 months following the date of our IPO prospectus for stockholders that owned 20,000 shares of our common stock or less, and stockholders that own more than 20,000 shares of our common stock have been permitted to sell up to 10,000

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shares per quarter beginning 12 months following the date of our IPO prospectus. In addition, in connection with our acquisition of Hollywood SW, our acquisition of Core and our March 24, 2004 exchange offering, those persons who received unregistered shares of our Class A common stock have agreed to the same lock-up period. However, we have agreed that, subject to the lead underwriter's agreement, those persons who received their unregistered shares in connection with the Hollywood SW acquisition will be released from their lock-up restrictions with respect to at least 50,000 shares per quarter if any of our other stockholders that hold at least 100,000 shares are permitted to sell any of their shares during the lock-up period. In addition, in connection with our June 2004 private placement, we agreed to take such actions as are required to

ensure that none of our executive officers sold more than five percent (5%) of the total number of shares of Class A common stock that such executive officer beneficially owned for a period of six (6) months following the initial effective date of the registration statement relating to this offering without the consent of the investors of our private offering; PROVIDED, HOWEVER, that an executive officer may transfer an unlimited number of shares of our Class A common stock for estate or tax planning purposes, so long as such transfer is to a person that is and remains at all times controlled by such executive officer and such person enters into a lock-up agreement with us that contains provisions substantially similar to those provided above. In connection with our October 2004 private placement, we have agreed to the same lock-up provision as the foregoing June 2004 private placement lock-up provision, except that the lock-up period in such November 2004 private placement was for three months after November 8, 2004. The shares of Class A common stock being offered by the selling stockholders by this prospectus will not be subject to any lock-up provisions and will be freely tradable.

ANTI-TAKEOVER LAW

We are subject to Section 203 of the DGCL. Section 203, which regulates corporate business combinations and similar events. DGCL Section 203 prevents certain Delaware corporations, including those whose securities are listed on a national securities exchange, like the AMEX, from engaging in a business combination with any interested stockholder during the three-year period following the date that such stockholder became an interested stockholder, unless appropriate approvals by its board of directors or stockholders have been obtained. For purposes of DGCL Section 203, a business combination includes a merger or consolidation involving our company and the interested stockholder or the sale of 10% or more of our assets to an interested stockholder. In general, DGCL Section 203 defines an interested stockholder of us as any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with, controlling or controlled by such entity or person. A Delaware corporation may opt out of DGCL Section 203 through an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by the holders of a majority of its outstanding voting shares. We have not opted out of DGCL Section 203.

DIRECTOR AND OFFICER LIABILITY AND INDEMNIFICATION

Our amended and restated certificate of incorporation eliminates the monetary liability of our directors to the fullest extent permitted by the DGCL. Consequently, no director will be personally liable to us or our stockholders for monetary damages resulting from his or her conduct as a director of our company, except liability for:

- any breach of the director's duty of loyalty to the company or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any acts under Section 174 of the DGCL; or
- any transaction from which the director derives an improper personal benefit.

Additionally, under recent Delaware court decisions, a director's liability may not be limited or eliminated for a "conscious disregard of a known risk" that calls into question whether the director acted in good faith.

Our amended and restated certificate of incorporation and bylaws both provide for indemnification of our directors, officers and other authorized persons, which may include employees and agents, to the maximum extent permitted by

Delaware law. Our directors and officers may also be protected against costs and liabilities that they incur by virtue of serving in those capacities under a liability insurance policy maintained by us, which provides coverage up to $5 million.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of a small business issuer, like our company, pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

PLAN OF DISTRIBUTION

The selling stockholders and any of their pledgees, donees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Class A common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales (other than short sales established prior to the effectiveness of the registration statement to which this prospectus is a part);
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the selling security holders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling stockholders may from time to time pledge or grant a security interest in some or all of the shares owned by them and, if they default in the performance of their secured obligations, the pledges or secured parties may offer and sell shares of Class A common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledge, transferee or other successors in interest as selling stockholders under this prospectus.

Upon our company being notified in writing by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of Class A common stock through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing:

- the name of each such selling stockholder and of the participating broker-dealer(s);
- the number of shares involved;
- the price at which such the shares of Class A common stock were sold;
- the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable;
- that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus; and
- other facts material to the transaction.

In addition, upon our company being notified in writing by a selling stockholder that a donee or pledge intends to sell more than 500 shares of common stock, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The selling stockholders also may transfer the shares of Class A common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each selling stockholder has represented and warranted to us that it does not have any agreement or understanding, directly or indirectly, with any person to distribute our Class A common stock.

We are required to pay all fees and expenses incident to the registration of the shares. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

TRANSFER AGENT

The transfer agent for our Class A common stock is American Stock Transfer & Trust Company.

LEGAL MATTERS

The validity of the offered shares of Class A common stock has been passed on for us by Kelley Drye & Warren LLP of New York, New York.

EXPERTS

The consolidated financial statements of AccessIT at March 31, 2003 and 2004 and for each of the two fiscal years in the period ended March 31, 2004 included in

this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP ("PwC"), an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Hollywood SW at March 31, 2002 and 2003 and for each of the two fiscal years in the period ended March 31, 2003 appearing elsewhere in this prospectus have been audited by BDO Seidman, LLP, an independent registered public accounting firm, to the extent and for the periods set forth in their report thereon, and are included in reliance upon said report given upon the authority of such firm as experts in accounting and auditing.

The financial statements of FiberSat Seller as of December 31, 2003 appearing elsewhere in this prospectus have been audited by Singer Lewak Greenbaum & Goldstein LLP, an independent registered public accounting firm, and are included in reliance upon said report given upon the authority of such firm as experts in accounting and auditing.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

On September 9, 2004, the audit committee of our Board of Directors dismissed PwC as our independent registered public accounting firm and engaged Eisner LLP ("Eisner") as our new independent registered public accounting firm.

The audit reports of PwC on our consolidated financial statements as of and for the fiscal years ended March 31, 2003 and March 31, 2004 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal years ended March 31, 2003 and March 31, 2004 and through September 9, 2004, there were no disagreements between us and PwC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements if not resolved to PwC's satisfaction would have caused PwC to make reference thereto in its reports on

the consolidated financial statements for such years.

No reportable events of the type described in Item 304(a)(1)(iv)(B) of Regulation S-B occurred during the fiscal years ended March 31, 2003 and March 31, 2004 and through September 9, 2004.

We had provided PwC with the above statements and requested that PwC furnish us with a letter addressed to the SEC stating whether or not it agrees with the above statements. A copy of the letter from PwC dated September 10, 2004 was filed as an exhibit to our Form 8-K filed on September 14, 2004 (file No. 041028711).

During the two fiscal years ended March 31, 2003 and March 31, 2004 and through September 9, 2004, we have not consulted with Eisner on any matter that (i) involved the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements, in each case where written or oral advice was provided that was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) was either the subject of a disagreement, as that term is described in Item 304(a)(1)(iv)(A) of Regulation S-B and the related instruction to Item 304 of Regulation S-B, or reportable information, as that term is described in Item 304(a)(1)(iv)(B) of Regulation S-B.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form SB-2 under the Securities Act with respect to the shares of Class A common stock being offered

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for resale pursuant to this prospectus. This prospectus, filed as a part of the registration statement, does not contain all of the information set forth in the registration statement, portions of which have been omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the Class A common stock offered by the selling stockholders, we refer you to the registration statement. Statements made in this prospectus as to the contents of any contract or other document are not necessarily complete and, in each instance, we refer you to a copy of the contract or other document filed as an exhibit to the registration statement and each such statement is qualified in its entirety by such reference. The registration statement, including exhibits and schedules, may be inspected without charge at the Public Reference Room of the SEC, Judiciary Plaza Building, 450 Fifth Street, N.W., Washington DC 20549. Copies may be obtained, at prescribed rates, from the Public Reference Room of the SEC at Room 1024, Judiciary Plaza Building, 450 Fifth Street, N.W. Washington DC 20549. You may obtain information regarding the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a web site that contains registration statements, reports, proxy statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's web site is WWW.SEC.GOV.

We are subject to the reporting and other requirements of the Exchange Act. For as long as we are subject to the reporting requirements of the Exchange Act, we will provide our stockholders with annual reports containing audited financial statements and interim quarterly reports containing unaudited financial information.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Access Integrated Technologies, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Access

Integrated Technologies, Inc. and its subsidiaries at March 31, 2003 and 2004, and the results of their operations and their cash flows for each of the two years in the period ended March 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
June 9, 2004

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

	MARCH 31, 2003
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$956
Accounts receivable, net	41
Prepaid and other current assets	287
Unbilled revenue	43
Total current assets	1,327
Property and equipment, net	5,133
Intangible assets, net	2,309
Capitalized software costs, net	--
Goodwill	--
Deferred costs	212
Unbilled revenue, net of current portion	444

Security deposits	469
Total assets	$9,894
LIABILITIES, REDEEMABLE STOCK AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$792
Current portion of notes payable	1,152
Current portion of customer security deposits	--
Current portion of capital leases	261
Current portion of deferred revenue	76
Current portion of deferred rent expense	--
Total current liabilities	2,281
Notes payable, net of current portion	1,730
Customer security deposits, net of current portion	138
Deferred revenue, net of current portion	287
Capital leases, net of current portion	252
Deferred rent expense	667
Minority interest in subsidiary	--
Deferred tax liability	--
Total liabilities	5,355
COMMITMENTS AND CONTINGENCIES (See Note 9)	
Mandatorily redeemable convertible preferred stock	
Preferred stock with mandatory redemption - Series A, $0.001 par value, 3,500,000 authorized; issued and outstanding, 2003 - 3,226,538 and 2004 - 0 shares	879
Preferred stock with mandatory redemption - Series B, $0.001 par value, 5,000,000 authorized; issued and outstanding, 2003 - 4,976,391 and 2004 - 0 shares	2,032
Redeemable Class A common stock, issued and outstanding, 2003 - 0 and 2004 - 53,534 shares, respectively	--
Stockholders' Equity:	
Class A common stock, $0.001 par value per share; 40,000,000 shares authorized; shares issued and outstanding, 2003 - 2,015,770 and 2004 - 7,281,730 shares, respectively	2
Class B common stock, $0.001 par value per share; 15,000,000 shares authorized; shares issued and outstanding, 2003 and 2004 1,005,811 shares	1
Additional paid-in capital	11,530
Deferred stock-based compensation	(11)
Accumulated deficit	(9,894)
Total stockholders' equity	1,628
Total Liabilities, Redeemable Stock and Stockholders' Equity	$9,894

See accompanying notes to consolidated financial statements.

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

	FOR THE FIS MAR
	2003
Revenues	
Media services	$ --
Data centers	4,228
Total revenues	4,228
Cost of revenues (exclusive of depreciation shown below)	
Media services	--
Data centers	3,101
Total costs of revenues	3,101
Gross profit	1,127
Operating expenses	
Selling, general and administrative (excludes non- cash stock-based compensation of $99 in 2003 and $15 in 2004)	2,305
Research and development	--
Non-cash stock-based compensation	99
Depreciation and amortization	1,687
Total operating expenses	4,091
Loss from operations	(2,964)
Interest income	13
Interest expense	(364)
Loss on early extinguishment of debt	--
Non-cash interest expense	(282)
Minority interest in subsidiary	--
Other income (expense), net	8
Net loss before income taxes	(3,589)
Income tax benefit	185
Net loss	(3,404)
Accretion related to redeemable convertible Preferred stock	(628)
Accretion of preferred dividends	(229)
Net loss available to common stockholders	$(4,261)
Net loss available to common stockholders per common share:	

Basic and diluted..	$(1.41)
Weighted average number of common shares outstanding:	
Basic and diluted..	3,027,865
	=========

See accompanying notes to consolidated financial statements.

ACCESS INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except for share data)

	Class A Common Stock		Class B Common St
	SHARES	AMOUNT	SHARES
Balances as of March 31, 2002................................	1,958,770	$2	1,067,811
Issuance of common stock for cash..........................	20,000	--	--
Exercise of warrants to purchase common stock..............	5,000	--	--
Issuance of warrants to purchase common stock (attached to Series B preferred stock).....................	--	--	--
Issuance of warrants to purchase common stock (attached to notes payable)...............................	--	--	--
Conversion of Class B common stock to Class A common stock..	62,000	--	(62,000)
Cancellation of stock issued for goods and services.........	(30,000)	--	--
Contribution of Class A common stock from founders..........	(60,000)	--	--
Issuance of Class A common stock to employees..............	60,000	--	--
Stock-based compensation..................................	--	--	--
Forfeiture of non-employee stock options...................	--	--	--
Amortization of stock-based compensation...................	--	--	--
Accretion of preferred stock to redemption amount...........	--	--	--
Net loss...	--	--	--
Balances as of March 31, 2003................................	2,015,770	$2	1,005,811
Issuance of common stock, net.............................	1,380,000	1	--
Issuance of warrant to purchase common stock...............	--	--	--
Issuance of common stock in exchange for preferred stock and contingent warrants..................................	2,207,976	2	--
Issuance of warrants to purchase common stock (attached to notes payable)..............................	--	--	--
Issuance of common stock for the purchase of Hollywood Software, Inc.................................	400,000	--	--

Issuance of common stock for the purchase of Core Technology Services, Inc.	100,000	--	--
Issuance of common stock upon completion of notes exchange	707,477	1	--
Issuance of common stock for goods and services	9,700	--	--
Exercise of warrants to purchase common stock (attached to notes payable)	460,807	1	--
Amortization of stock-based compensation	--	--	--
Accretion of preferred stock to redemption amount	--	--	--
Gain on sale of stock by subsidiary	--	--	--
Net loss	--	--	--
Balances as of March 31, 2004	7,281,730	$7	1,005,811

See accompanying notes to consolidated financial statements.

ACCESS INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - (continued)
(In thousands, except for share data)

	Deferred Stock-Based COMPENSATION	Accumula DEFIC
Balances as of March 31, 2002	$(77)	$(6,490
Issuance of common stock for cash	--	--

Exercise of warrants to purchase common stock................	--	--
Issuance of warrants to purchase common stock (attached to Series B preferred stock)......................	--	--
Issuance of warrants to purchase common stock (attached to notes payable)................................	--	--
Conversion of Class B common stock to Class A common stock...	--	--
Cancellation of stock issued for goods and services..........	--	--
Contribution of Class A common stock from founders...........	--	--
Issuance of Class A common stock to employees................	--	--
Stock-based compensation.....................................	(3)	--
Forfeiture of non-employee stock options.....................	18	--
Amortization of stock-based compensation.....................	51	--
Accretion of preferred stock to redemption amount............	--	--
Net loss...	--	(3,404
	--	-------
Balances as of March 31, 2003................................	$(11)	$(9,894
Issuance of common stock, net	--	--
Issuance of warrant to purchase common stock.................	--	--
Issuance of common stock in exchange for preferred stock and contingent warrants	--	--
Issuance of warrants to purchase common stock (attached to notes payable)...............................	--	--
Issuance of common stock for the purchase of Hollywood Software, Inc..................................	--	--
Issuance of common stock for the purchase of Core Technology Services, Inc...........................	--	--
Issuance of common stock upon completion of notes exchange...	--	--
Issuance of common stock for goods and services..............	(4)	--
Exercise of warrants to purchase common stock (attached to notes payable)...............................	--	--
Amortization of stock-based compensation.....................	15	--
Accretion of preferred stock to redemption amount............	--	--
Gain on sale of stock by subsidiary..........................	--	--
Net loss...	--	(4,805
	-----	-------
Balances as of March 31, 2004................................	$--	$(14,699
	=====	=======

See accompanying notes to consolidated financial statements.

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

	FOR THE FISCAL YEARS EN MARCH 31,	
	2003	2004
Cash flows from operating activities		
Net loss	$(3,404)	$(4,805)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,687	2,692
Amortization of software development costs	--	118
Non-cash stock-based compensation	99	15
Non-cash interest expense	282	1,823
Minority Interest	--	(25)
Loss on early extinguishment of debt	--	126
Changes in operating assets and liabilities:		
Accounts receivable	88	(283)
Prepaid and other current assets	(76)	4
Other assets	(342)	(24)
Accounts payable and accrued expenses	257	292
Deferred revenue	354	237
Other liabilities	295	151
Net cash (used in) provided by operating activities	(760)	321
Cash flows from investing activities:		
Purchases of property and equipment	(327)	(279)
Purchases of intangible assets	--	(50)
Additions to capitalized software costs	--	(198)
Acquisition of Hollywood software, net of cash acquired	--	(2,387)
Acquisition of Core Technology Services	--	(275)
Acquisition of Boeing Digital Cinema assets	--	(405)
Settlement of Bridgepoint obligation	(200)	--
Settlement of Tower obligation	(750)	--
Increase (decrease) in restricted cash	951	--
Acquisition of data centers	(2,309)	--
Net cash (used in) investing activities	(2,635)	(3,594)
Cash flows from financing activities:		
Net proceeds from issuance of preferred stock	2,375	--
Net proceeds from issuance of notes payable and warrants	1,360	1,230
Repayment of notes payable	(333)	(1,000)
Principal payments on capital leases	(177)	(363)
Proceeds from issuance of common stock		