

Cinedigm Digital Cinema Corp.  
Form 10-Q  
February 12, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: December 31, 2009

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

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

Commission File Number: 001-31810

---

Cinedigm Digital Cinema Corp.  
(Exact Name of Registrant as Specified in its Charter)

---

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)

22-3720962  
(I.R.S. Employer Identification No.)

55 Madison Avenue, Suite 300, Morristown New Jersey 07960  
(Address of Principal Executive Offices, Zip Code)

(973-290-0080)  
(Registrant's Telephone Number, Including Area Code)

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

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

Edgar Filing: Cinedigm Digital Cinema Corp. - Form 10-Q

was required to submit and post such files).

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

Large accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer   
Smaller reporting company

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

Yes  No

As of February 5, 2010, 28,032,875 shares of Class A Common Stock, \$0.001 par value, and 733,811 shares of Class B Common Stock, \$0.001 par value, were outstanding.

---

CINEDIGM DIGITAL CINEMA CORP.  
CONTENTS TO FORM 10-Q

PART I --	FINANCIAL INFORMATION	Page
Item 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Balance Sheets at March 31, 2009 and December 31, 2009 (Unaudited)	1
	Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months ended December 31, 2008 and 2009	3
	Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months ended December 31, 2008 and 2009	4
	Notes to Unaudited Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	30
Item 4T.	Controls and Procedures	43
PART II --	OTHER INFORMATION	
Item 1.	Legal Proceedings	44
Item 1A.	Risk Factors	44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	45
Item 3.	Defaults Upon Senior Securities	46
Item 4.	Submission of Matters to a Vote of Security Holders	46
Item 5.	Other Information	46
Item 6.	Exhibits	46
Signatures		47
Exhibit Index		48

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

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

	March 31, 2009	December 31, 2009
<b>ASSETS</b>		(Unaudited)
Current assets		
Cash and cash equivalents	\$26,329	\$ 12,118
Restricted available-for-sale investments	—	5,764
Accounts receivable, net	13,884	13,073
Deferred costs, current portion	3,936	3,013
Unbilled revenue, current portion	3,082	5,061
Prepaid and other current assets	1,798	1,856
Note receivable, current portion	616	165
Total current assets	49,645	41,050
Restricted available-for-sale investments	—	3,492
Restricted cash	255	7,164
Security deposits	424	427
Property and equipment, net	243,124	228,037
Intangible assets, net	10,707	8,452
Capitalized software costs, net	3,653	3,803
Goodwill	8,024	8,024
Deferred costs, net of current portion	3,967	7,295
Unbilled revenue, net of current portion	1,253	966
Note receivable, net of current portion	959	843
Accounts receivable, net of current portion	386	386
Total assets	\$322,397	\$ 309,939

See accompanying notes to Unaudited Condensed Consolidated Financial Statements

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

	March 31, 2009	December 31, 2009
(Unaudited)		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$14,954	\$7,333
Current portion of notes payable, non-recourse	24,824	25,791
Current portion of notes payable	424	181
Current portion of capital leases	175	499
Current portion of deferred revenue	5,535	4,916
Current portion of customer security deposits	314	104
Total current liabilities	46,226	38,824
Notes payable, non-recourse, net of current portion	170,624	153,637
Notes payable, net of current portion	55,333	67,633
Capital leases, net of current portion	5,832	5,721
Warrant liability	—	13,695
Interest rate swap	4,529	2,453
Deferred revenue, net of current portion	1,057	1,976
Customer security deposits, net of current portion	9	9
Total liabilities	283,610	283,948
Commitments and contingencies (see Note 7)		
Stockholders' Equity		
Preferred stock, 15,000,000 shares authorized; Series A 10% - \$0.001 par value per share; 20 shares authorized; 8 shares issued and outstanding at March 31, 2009 and December 31, 2009, respectively. Liquidation preference \$4,050	3,476	3,556
Class A common stock, \$0.001 par value per share; 65,000,000 and 75,000,000 shares authorized at March 31, 2009 and December 31, 2009, respectively; 27,544,315 and 28,084,315 shares issued and 27,492,875 and 28,032,875 shares outstanding at March 31, 2009 and December 31, 2009, respectively	27	28
Class B common stock, \$0.001 par value per share; 15,000,000 shares authorized; 733,811 shares issued and outstanding, at March 31, 2009 and December 31, 2009, respectively	1	1
Additional paid-in capital	173,565	175,596
Treasury stock, at cost; 51,440 Class A shares	(172 )	(172 )
Accumulated deficit	(138,110 )	(152,958 )
Accumulated other comprehensive loss	—	(60 )
Total stockholders' equity	38,787	25,991
Total liabilities and stockholders' equity	\$322,397	\$309,939