UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

(Mark One)

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

For the quarterly period ended June 30, 2008

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____________ to ___________
Commission file number 00-10039

MANDALAY MEDIA, INC.
(Exact name of Registrant as Specified in Its Charter)

Delaware	**22-2267658**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2121 Avenue of the Stars, Suite 2550, Los Angeles, CA	**90067**
(Address of principal executive offices)	(Zip Code)

(310) 601-2500
(Registrant's telephone number, including area code)

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

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

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

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

On August 13, 2008, there were 32,415,777 shares of the Registrant's common stock, par value $0.0001 per share, issued and outstanding.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A (this “Amendment”) is filed by Mandalay Media, Inc. (the “Registrant”) to amend the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, as originally filed with the Securities and Exchange Commission (the “Commission”) on August 14, 2008 (the “Form 10-Q”). The purpose of this Amendment is to add the unaudited interim financial statements for the quarter ended June 30, 2007 of Twistbox Entertainment, Inc., the Registrant’s wholly-owned subsidiary and to add Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations as it relates to these unaudited interim financial statements per request of the Commission in a letter to the Registrant dated July 15, 2009. No other material changes were made to the Form 10-Q.

Part I - Financial Information

Item 1. Financial Statements

(In thousands, except share amounts)

	Successor	
	June 30, 2008 (Unaudited)	**March 31, 2008**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,987	$ 10,936
Accounts receivable, net of allowances	6,486	6,162
Note Receivable	2,025	-
Prepaid expenses and other current assets	775	531
Total current assets	16,273	17,629
Property and equipment, net	1,029	1,037
Other long-term assets	210	301
Intangible assets, net	19,541	19,780
Goodwill	61,377	61,377
TOTAL ASSETS	**$ 98,430**	**$100,124**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,688	$ 2,399
Accrued license fees	3,856	3,833
Accrued compensation	589	688
Current portion of long term debt	631	248
Other current liabilities	2,126	2,087
Total currrent liabilities	9,890	9,255
Accrued license fees, long term portion	1,033	1,337
Long term debt, net of current portion	16,483	16,483
Total liabilities	$ 27,406	27,075
Commitments and contingencies (Note 15)		
Stockholders equity		
Preferred stock, 1,000 shares authorized		
Series A Convertible Preferred Stock, 100,000 shares; authorized at $0.0001 par value; 100,000 shares issued and outstanding	100	100
Common stock, $0.0001 par value: 100,000,000 shares authorized; 32,415,777 issued and outstanding at June 30, 2008; 32,149,089 issued and outstanding at March 31, 2008;	3	3
Additional paid-in capital	77,476	76,154
Accumulated other comprehensive income/(loss)	51	61
Accumulated deficit	(6,606)	(3,269)
Total stockholders' equity	71,024	73,049
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 98,430**	**$100,124**

Mandalay Media, Inc. and Subsidiaries
Consolidated Statement of Operations (Unaudited)

(In thousands, except per share amounts)

	Successor		Predecessor
	3 Months Ended June 30 2008	3 Months Ended June 30 2007	3 Months Ended June 30 2007
Revenues	$ 5,347	$ -	$ 3,708
Cost of revenues			
License fees	2,150	-	1,669
Other direct cost of revenues	102	-	169
Total cost of revenues	2,252	-	1,838
Gross profit	3,095	-	1,870
Operating expenses			
Product development	1,766	-	2,491
Sales and marketing	1,280	-	1,352
General and administrative	2,813	264	1,176
Amortization of intangible assets	137	-	30
Total operating expenses	5,996	264	5,049
Loss from operations	(2,901)	(264)	(3,179)
Interest and other income/(expense)			
Interest income	76	-	10
Interest (expense)	(484)	-	(55)
Foreign exchange transaction gain (loss)	131	-	68
Other (expense)	(86)	-	(202)
Interest and other income/(expense)	(363)	-	(179)
Loss before income taxes	(3,264)	(264)	(3,358)
Income tax provision	(73)	-	2
Net loss	$ (3,337)	$ (264)	$ (3,356)
Preferred Stock Dividends	-	-	-
Net Loss attributable to Common Shareholders	$ (3,337)	$ (264)	$ (3,356)
Basic and Diluted net loss per common share	$ (0.10)	$ (0.02)	$ (0.43)
Weighted average common shares outstanding, basic and diluted	32,330	16,730	7,786

The accompanying notes are an integral part of these consolidated financial statements

Mandalay Media, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity and Comprehensive Loss

(Unaudited)

Three Months Ended June 30, 2008

Successor	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income/(Loss)	Accumulated Deficit	Total	Comprehensive Loss
Balance at March 31, 2008	32,149,089	$ 3	100,000	$ 100	$ 76,154	$ 61	$ (3,269)	$ 73,049	
Net Loss							(3,337)	(3,337)	(3,337)
Issuance of common stock in satisfaction of amount payable	25,000	0			100			100	
Issuance of common stock on cashless exercise of warrants	241,688	0						0	
Foreign currency translation gain/(loss)						(10)		(10)	(10)
Deferred stock-based compensation					1,222			1,222	
Comprehensive loss									$ (3,347)
Balance at June 30, 2008	32,415,777	$ 3	100,000	$ 100	$ 77,476	$ 51	$ (6,606)	$ 71,024	

The accompanying notes are an integral part of these consolidated financial statements

Mandalay Media, Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	Successor		Predecessor
	3 Months Ended June 30, 2008	3 Months Ended June 30, 2007	3 Months Ended June 30, 2007
Cash flows from operating activities			
Net loss	$ (3,337)	$ (264)	$ (3,356)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	317	-	105
Provision for doubtful accounts	(56)	-	22
Stock-based compensation	1,222	-	19
(Increase) / decrease in assets:			
Accounts receivable	(268)	-	132
Prepaid expenses and other	(153)	-	2
Increase / (decrease) in liabilities:			
Accounts payable	389	(60)	712
Accrued license fees	23	-	(747)
Accrued compensation	(99)	-	401
Other liabilities	118	-	(351)
Net cash used in operating activities	(1,844)	(324)	(3,061)
Cash flows from investing activities			
Purchase of property and equipment	(70)	-	(145)
Issuance of Note Receivable	(2,025)	-	-
Repayment of notes receivable			13
Net cash used in investing activities	(2,095)	-	(132)
Cash flows from financing activities			
Proceeds from the sale of preferred stock	-		3,000
Repayment of short-term debt			335
	-		-
Net cash provided by financing activities	-	-	3,335
Effect of exchange rate changes on cash and cash equivalents	(10)	-	53
Net increase/(decrease) in cash and cash equivalents	(3,949)	(324)	195
Cash and cash equivalents, beginning of period	10,936	5,742	631
Cash and cash equivalents, end of period	$ 6,987	$ 5,418	$ 826
Supplemental disclosure of cash flow information:			
Interest paid	-	-	55
Taxes paid	(73)	-	-

The accompanying notes are an integral part of these consolidated financial statements

1. Organization

Mandalay Media, Inc. (the "Company"), formerly Mediavest, Inc. (Mediavest) was originally incorporated in the state of Delaware on November 6, 1998 under the name eB2B Commerce, Inc. On April 27, 2000, it merged into DynamicWeb Enterprises Inc., a New Jersey corporation, the surviving company, and changed its name to eB2B Commerce, Inc. On April 13, 2005, the Company changed its name to Mediavest, Inc. (Mediavest). Through January 26, 2005, the Company and its former subsidiaries were engaged in providing business-to-business transaction management services designed to simplify trading between buyers and suppliers. The Company was inactive from January 26, 2005 through its merger with Twistbox Entertainment, Inc., February 12, 2008 (Note 6). On September 14, 2007, Mandalay Media, Inc. (Mandalay) was incorporated by Mediavest in the state of Delaware.

On November 7, 2007, Mediavest merged into its wholly-owned, newly formed subsidiary, Mandalay, with Mandalay as the surviving corporation. Mandalay issued: (1) one new share of common stock in exchange for each share of Mediavest's outstanding common stock and (2) one new share of preferred stock in exchange for each share of Mediavest's outstanding preferred stock as of November 7, 2007. Mandalay's preferred and common stock assumed the same status and par value as Mediavest's and acceded to all the rights, acquired all the assets and assumed all of the liabilities of Mediavest.

On February 12, 2008, Mandalay completed a merger with Twistbox Entertainment, Inc. ("Twistbox") through an exchange of all outstanding capital stock of Twistbox for 10,180 shares of common stock of the Company and the Company's assumption of all the outstanding options of Twistbox's 2006 Stock Incentive Plan by the issuance of options to purchases 2,463 shares of common stock of the Company, including 2,145 vested and 319 unvested options.

After the Merger, Twistbox became a wholly owned subsidiary of the Company, and the company's only active subsidiary.

Twistbox Entertainment Inc. (formerly known as The WAAT Corporation) is incorporated in the State of Delaware.

Twistbox is considered the Predecessor entity and therefore, the accompanying consolidated statements of operations, cash flows and stockholders' equity are presented for two periods: Predecessor and Successor, which relate to the period preceding the February 12, 2008 transaction and the period succeeding that date, respectively. The Company refers to the operations of Mandalay Media, Inc. and subsidiaries for both the Predecessor and Successor periods.

Twistbox is a global publisher and distributor of branded entertainment content, including images, video, TV programming and games, for Third Generation (3G) mobile networks. Twistbox publishes and distributes its content in a number of countries. Since operations began in 2003, Twistbox has developed an intellectual property portfolio that includes mobile rights to global brands and content from leading film, television and lifestyle content publishing companies. Twistbox has built a proprietary mobile publishing platform that includes: tools that automate handset portability for the distribution of images and video; a mobile games development suite that automates the porting of mobile games and applications to multiple handsets; and a content standards and ratings system globally adopted by major wireless carriers to assist with the responsible deployment of age-verified content. Twistbox has distribution agreements with many of the largest mobile operators in the world.

Twistbox is headquartered in the Los Angeles area and has offices in Europe and South America that provide local sales and marketing support for both mobile operators and third party distribution in their respective regions.

2. Summary of Significant Accounting Policies

Basis of Presentation
The accompanying consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K/T, filed with the Securities and Exchange Commission. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting only of normal recurring adjustments, which the Company believes are necessary for a fair statement of the Company's financial position as of June 30, 2008 and its results of operations for the Successor's three months ended June 30, 2008 and 2007, and the Predecessor's three months ended June 30, 2007. These consolidated financial statements are not necessarily indicative of the results to be expected for the entire year. The consolidated balance sheet presented as of June 30, 2008 has been derived from the unaudited consolidated financial statements as of that date, and the consolidated balance sheet presented as of March 31, 2008 has been derived from the audited consolidated financial statements as of that date.

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition
Twistbox's revenues are derived primarily by licensing material and software products in the form of products (Image Galleries, Wallpapers, video, WAP Site access, Mobile TV) and mobile games. License arrangements with the end user can be on a perpetual or subscription basis.

A perpetual license gives an end user the right to use the product, image or game on the registered handset on a perpetual basis. A subscription license gives an end user the right to use the product, image or game on the registered handset for a limited period of time, ranging from a few days to as long as one month. Twistbox distributes its products primarily through mobile telecommunications service providers ("carriers"), which market the product, images or games to end users. License fees for perpetual and subscription licenses are usually billed by the carrier upon download of the product, image or game by the end user. In the case of subscriber licenses, many subscriber agreements provide for automatic renewal until the subscriber opts-out, while the others provide opt-in renewal. In either case, subsequent billings for subscription licenses are generally billed monthly. Twistbox applies the provisions of Statement of Position 97-2, *Software Revenue Recognition*, as amended by Statement of Position 98-9, Modification of SOP 97-2, *Software Revenue Recognition, With Respect to Certain Transactions*, to all transactions.

Revenues are recognized from our products, images and games when persuasive evidence of an arrangement exists, the product, image or game has been delivered, the fee is fixed or determinable, and the collection of the resulting receivable is probable. For both perpetual and subscription licenses, management considers a signed license agreement to be evidence of an arrangement with a carrier and a "clickwrap" agreement to be evidence of an arrangement with an end user. For these licenses, Twistbox defines delivery as the download of the product, image or game by the end user. Twistbox estimates revenues from carriers in the current period when reasonable estimates of these amounts can be made. Most carriers only provide detailed sales transaction data on a one to two month lag. Estimated revenue is treated as unbilled receivables until the detailed reporting is received and the revenues can be billed. Some carriers provide reliable interim preliminary reporting and others report sales data within a reasonable time frame following the end of each month, both of which allow Twistbox to make reasonable estimates of revenues and therefore to recognize revenues during the reporting period when the end user licenses the product, image or game. Determination of the appropriate amount of revenue recognized involves judgments and estimates that Twistbox believes are reasonable, but it is possible that actual results may differ from Twistbox's estimates, and those differences may be material. Twistbox's estimates for revenues include consideration of factors such as preliminary sales data, carrier-specific historical sales trends, volume of activity on company monitored sites, seasonality, time elapsed from launch of services or product lines, the age of games and the expected impact of newly launched games, successful introduction of new handsets, growth of 3G subscribers by carrier, promotions during the period and economic trends. When Twistbox receives the final carrier reports, to the extent not received within a reasonable time frame following the end of each month, Twistbox records any differences between estimated revenues and actual revenues in the reporting period when Twistbox determines the actual amounts. Revenues earned from certain carriers may not be reasonably estimated. If Twistbox is unable to reasonably estimate the amount of revenues to be recognized in the current period, Twistbox recognizes revenues upon the receipt of a carrier revenue report and when Twistbox's portion of licensed revenues are fixed or determinable and collection is probable. To monitor the reliability of Twistbox's estimates, management, where possible, reviews the revenues by country by carrier and by product line on a regular basis to identify unusual trends such as differential adoption rates by carriers or the introduction of new handsets. If Twistbox deems a carrier not to be creditworthy, Twistbox defers all revenues from the arrangement until Twistbox receives payment and all other revenue recognition criteria have been met.

In accordance with Emerging Issues Task Force, or EITF Issue No. 99-19, *Reporting Revenue Gross as a Principal Versus Net as an Agent*, Twistbox recognizes as revenues the amount the carrier reports as payable upon the sale of Twistbox's products, images or games. Twistbox has evaluated its carrier agreements and has determined that it is not the principal when selling its products, images or games through carriers. Key indicators that it evaluated to reach this determination include:

- wireless subscribers directly contract with the carriers, which have most of the service interaction and are generally viewed as the primary obligor by the subscribers;
- carriers generally have significant control over the types of content that they offer to their subscribers;
- carriers are directly responsible for billing and collecting fees from their subscribers, including the resolution of billing disputes;
- carriers generally pay Twistbox a fixed percentage of their revenues or a fixed fee for each game;

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- carriers generally pay Twistbox a fixed percentage of their revenues or a fixed fee for each game;

While not a significant portion of revenue, in some instances revenue is earned by delivering a product or service direct to the end user of that product or service. In those cases Twistbox records as revenue the amount billed to that end user and recognizes the revenue when persuasive evidence of an arrangement exists, the product, image or game has been delivered, the fee is fixed or determinable, and the collection of the resulting receivable is probable.

Net Income (Loss) per Common Share

Basic income (loss) per common share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period plus dilutive common stock equivalents, using the treasury stock method. Potentially dilutive shares from stock options and warrants and the conversion of the Series A preferred stock for the periods ended June 30, 2008 and June 30, 2007 consisted of 5,060 and 671 shares, respectively, and were not included in the computation of diluted loss per share as they were anti-dilutive in each period.

Comprehensive Income/(Loss)

Comprehensive income/(loss) consists of two components, net income/(loss) and other comprehensive income/(loss). Other comprehensive income/(loss) refers to gains and losses that under generally accepted accounting principles are recorded as an element of stockholders' equity but are excluded from net income/(loss). The Company's other comprehensive income/(loss) currently includes only foreign currency translation adjustments. Total comprehensive loss for the successor for the three months ended June 30, 2008 was $3,347. Total comprehensive loss for the predecessor for the three months ended June 30, 2007 was $3,464.

Cash and Cash Equivalents

The Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

Content Provider Licenses

Content Provider License Fees and Minimum Guarantees

The Company's royalty expenses consist of fees that it pays to branded content owners for the use of their intellectual property in the development of the Company's games and other content, and other expenses directly incurred in earning revenue. Royalty-based obligations are either accrued as incurred and subsequently paid, or in the case of longer term content acquisitions, paid in advance and capitalized on our balance sheet as prepaid royalties. These royalty-based obligations are expensed to cost of revenues either at the applicable contractual rate related to that revenue or over the estimated life of the prepaid royalties. Advanced license payments that are not recoupable against future royalties are capitalized and amortized over the lesser of the estimated life of the branded title or the term of the license agreement.

The Company's contracts with some licensors include minimum guaranteed royalty payments, which are payable regardless of the ultimate volume of sales to end users. Each quarter, the Company evaluates the realization of its royalties as well as any unrecognized guarantees not yet paid to determine amounts that it deems unlikely to be realized through product sales. The Company uses estimates of revenues, and share of the relevant licensor to evaluate the future realization of future royalties and guarantees. This evaluation considers multiple factors, including the term of the agreement, forecasted demand, product life cycle status, product development plans, and current and anticipated sales levels, as well as other qualitative factors. To the extent that this evaluation indicates that the remaining future guaranteed royalty payments are not recoverable, the Company records an impairment charge to cost of revenues and a liability in the period that impairment is indicated.

Content Acquired
Amounts paid to third party content providers as part of an agreement to make content available to the Company for a term or in perpetuity, without a revenue share, have been capitalized and are included in the balance sheet as prepaid expenses. These balances will be expensed over the estimated life of the material acquired.

Software Development Costs
The Company applies the principles of Statement of Financial Accounting Standards No. 86, *Accounting for the Costs of Computer Software to Be Sold, Leased, or Otherwise Marketed* ("SFAS No. 86"). SFAS No. 86 requires that software development costs incurred in conjunction with product development be charged to research and development expense until technological feasibility is established. Thereafter, until the product is released for sale, software development costs must be capitalized and reported at the lower of unamortized cost or net realizable value of the related product.

The Company has adopted the "tested working model" approach to establishing technological feasibility for its products and games. Under this approach, the Company does not consider a product or game in development to have passed the technological feasibility milestone until the Company has completed a model of the product or game that contains essentially all the functionality and features of the final game and has tested the model to ensure that it works as expected. To date, the Company has not incurred significant costs between the establishment of technological feasibility and the release of a product or game for sale; thus, the Company has expensed all software development costs as incurred. The Company considers the following factors in determining whether costs can be capitalized: the emerging nature of the mobile market; the gradual evolution of the wireless carrier platforms and mobile phones for which it develops products and games; the lack of pre-orders or sales history for its products and games; the uncertainty regarding a product's or game's revenue-generating potential; its lack of control over the carrier distribution channel resulting in uncertainty as to when, if ever, a product or game will be available for sale; and its historical practice of canceling products and games at any stage of the development process.

Product Development Costs
The Company charges costs related to research, design and development of products to product development expense as incurred. The types of costs included in product development expenses include salaries, contractor fees and allocated facilities costs.

Advertising Expenses
The Company expenses the production costs of advertising, including direct response advertising, the first time the advertising takes place. Advertising expense for the Successor was $424 and $40 for the periods ended June 30, 2008 and 2007, respectively. Advertising expense for the Predecessor was $7 for the three months ended June 30, 2007.

Restructuring
The Company accounts for costs associated with employee terminations and other exit activities in accordance with Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities. The Company records employee termination benefits as an operating expense when it communicates the benefit arrangement to the employee and it requires no significant future services, other than a minimum retention period, from the employee to earn the termination benefits.

Fair Value of Financial Instruments
For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other current liabilities, the carrying amounts approximate their fair value due to their relatively short maturity. Based on the borrowing rates available to the Company for loans with similar terms, the carrying value of borrowings outstanding approximates their fair value.

Foreign Currency Translation.
The Company uses the United States dollar for financial reporting purposes. Assets and liabilities of foreign operations are translated using current rates of exchange prevailing at the balance sheet date. Equity accounts have been translated at their historical exchange rates when the capital transaction occurred. Statement of Operations amounts are translated at average rates in effect for the reporting period. The foreign currency translation adjustment (loss) for the Successor was ($10) during the three month ended June 30, 2008. The foreign currency translation adjustment (loss) for the Predecessor was $108 during the three month ended June 30, 2007. The foreign currency translation adjustment (loss) has been reported as a component of comprehensive loss in the consolidated statement of stockholders equity and comprehensive loss. Translation gains or losses are shown as a separate component of retained earnings.

Concentrations of Credit Risk.
Financial instruments which potentially subject us to concentration of credit risk consist principally of cash and cash equivalents, short-term investments, and accounts receivable. We have placed cash and cash equivalents and short-term investments with a single high credit-quality institution. As of June 30, 2008 we did not have any long-term marketable securities. Most of our sales are made directly to large national Mobile Phone Operators in the countries that we operate. We have a significant level of business and resulting significant accounts receivable balance with one operator and therefore have a high concentration of credit risk with that operator. We perform ongoing credit evaluations of our customers and maintain an allowance for potential credit losses. As of June 30, 2008, approximately 25% of our gross accounts receivable outstanding was with one major customer. This customer accounted for 40% of our gross sales in the period ended June 30, 2008.

Property and Equipment
Property and equipment is stated at cost. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are 8 to 10 years for leasehold improvements and 5 years for other assets.

Goodwill
In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS No. 142"), the Company's goodwill is not amortized but is tested for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

Impairment of Long-Lived Assets and Intangibles
Long-lived assets, including purchased intangible assets with finite lives are amortized using the straight-line method over their useful lives ranging from three to ten years and are reviewed for impairment in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income Taxes
The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* ("SFAS No. 109"), which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in its financial statements or tax returns. Under SFAS No. 109, the Company determines deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of assets and liabilities along with net operating losses, if it is more likely than not the tax benefits will be realized using the enacted tax rates in effect for the year in which it expects the differences to reverse. To the extent a deferred tax asset cannot be recognized, a valuation allowance is established if necessary.

We adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement 109 ("FIN 48") on January 1, 2008. FIN 48 did not impact the Company's financial position or results of operations at the date of adoption. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. FIN 48 prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken. Tax positions that meet the "more-likely-than-not" recognition threshold should be measured as the largest amount of the tax benefits, determined on a cumulative probability basis, which is more likely than not to be realized upon ultimate settlement in the financial statements. We recognize interest and penalties related to income tax matters as a component of the provision for income taxes. We do not currently anticipate that the total amount of unrecognized tax benefits will significantly change within the next 12 months.

Stock-based compensation.
We have applied SFAS No. 123(R) Share-Based Payment ("FAS 123R") and accordingly, we record stock-based compensation expense for all of our stock-based awards.

Under FAS 123R, we estimate the fair value of stock options granted using the Black-Scholes option pricing model. The fair value for awards that are expected to vest is then amortized on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. The amount of expense recognized represents the expense associated with the stock options we expect to ultimately vest based upon an estimated rate of forfeitures; this rate of forfeitures is updated as necessary and any adjustments needed to recognize the fair value of options that actually vest or are forfeited are recorded.

The Black-Scholes option pricing model, used to estimate the fair value of an award, requires the input of subjective assumptions, including the expected volatility of our common stock and an option's expected life. As a result, the financial statements include amounts that are based upon our best estimates and judgments relating to the expenses recognized for stock-based compensation.

Preferred Stock

The Company applies the guidance enumerated in SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," and EITF Topic D-98, "Classification and Measurement of Redeemable Securities," when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value in accordance with SFAS 150. All other issuances of preferred stock are subject to the classification and measurement principles of EITF Topic D-98. Accordingly, the Company classifies conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control, as temporary equity. At all other times, the Company classifies its preferred shares in stockholders' equity.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent asset and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The most significant estimates relate to revenues for periods not yet reported by Carriers, liabilities recorded for future minimum guarantee payments under content licenses, accounts receivable allowances, and stock-based compensation expense.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements", which is an amendment of Accounting Research Bulletin ("ARB") No. 51. This statement clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. This statement changes the way the consolidated income statement is presented, thus requiring consolidated net income to be reported at amounts that include the amounts attributable to both parent and the noncontrolling interest. This statement is effective for the fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Based on current conditions, the Company does not expect the adoption of SFAS 160 to have a significant impact on its results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141R (revised 2007), "Business Combinations." This statement replaces FASB Statement No. 141, "Business Combinations." This statement retains the fundamental requirements in SFAS 141 that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. This statement requires an acquirer to recognize the assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions specified in the statement. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not expect the adoption of SFAS 141R to have a significant impact on its results of operations or financial position.

In March 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an Amendment of FASB No. 133," ("SFAS 161"). SFAS 161 is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133"). SFAS 161 also applies to non-derivative hedging instruments and all hedged items designated and qualifying under SFAS 133. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. SFAS 161 encourages, but does not require, comparative disclosures for periods prior to its initial adoption. The Company does not expect the adoption of SFAS 161 to have a significant impact on its results of operations or financial position.

In April 2008, the FASB issued FASB Staff Position ("FSP") No. 142-3, "Determination of the Useful Life of Intangible Assets". FSP 142-3 amends the factors an entity should consider in developing renewal or extension assumptions used in determining the useful life of recognized intangible assets under FASB Statement No. 142, "Goodwill and Other Intangible Assets". This new guidance applies prospectively to intangible assets that are acquired individually or with a group of other assets in business combinations and asset acquisitions. FSP 142-3 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. Early adoption is prohibited. We are currently evaluating the impact, if any, that FSP 142-3 will have on our consolidated financial statements.

3. Liquidity

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern. The Company's operating subsidiary, Twistbox, has sustained substantial operating losses since commencement of operations. In addition, the Company has incurred negative cash flows from operating activities and the majority of the Company's assets are intangible assets and goodwill.

In view of these matters, realization of a major portion of the assets in the accompanying consolidated balance sheet is dependent upon continued operations of the Company, which is in turn dependent on the Company reaching a positive cash flow position or obtaining additional financing, while maintaining adequate liquidity.

Management believes that actions undertaken to achieve this position provide the opportunity for the Company to continue as a going concern. These actions include continued increases in revenues by introducing new products and revenue streams, continued expansion into new territories, reviewing additional financing options, reducing operating costs and accretive acquisitions.

(all numbers in thousands except per share amounts)

4. Balance Sheet Components

Accounts Receivable

	June 30, 2008	March 31, 2008
Accounts receivable	$ 6,598	$ 6,330
Less: allowance for doubtful accounts	(112)	(168)
	$ 6,486	$ 6,162

Accounts receivable includes amounts billed and unbilled as of the respective balance sheet dates. The Successor had no significant write-offs or recoveries during the period ended June 30, 2008. The Predecessor reserved $22 for the three months ended June 30, 2007 and $0 was written off against the allowance.

Note Receivable

	June 30, 2008	March 31, 2008
Loan secured by Note inclusive of interest (refer Note 15)	$ 2,025	$ -

Property and Equipment

	June 30, 2008	**March 31, 2007**
Equipment	$ 708	$ 654
Equipment subject to capitalized lease	81	71
Furniture & fixtures	234	228
Leasehold improvements	140	140
	1,163	1,093
Accumulated depreciation	(134)	(56)
	$ 1,029	$ 1,037

Depreciation expense for the Successor for the three months ended June 30, 2008 and 2007 was $86 and $75 respectively. Depreciation expense for the Predecessor for the three months ended June 30, 2007 was $75.

Capital Lease

Accumulated depreciation associated with the equipment under capital lease noted above was $7 and $72 at June 30, 2008 and March 31, 2008, respectively. The Company has a commitment to pay $12 under these leases during the year ending June 30, 2009. These payments have a net present value of $11.

(all numbers in thousands except per share amounts)

5. Description of Stock Plans

On September 27, 2007, the stockholders of the Company adopted the 2007 Employee, Director and Consultant Stock Plan (the "Plan"). Under the Plan, the Company may grant up to 3,000 shares or equivalents of common stock of the Company as incentive stock options (ISO), non-qualified options (NQO), stock grants or stock-based awards to employees, directors or consultants, except that ISO's shall only be issued to employees. Generally, ISO's and NQO's shall be issued at prices not less than fair market value at the date of issuance, as defined, and for terms ranging up to ten years, as defined. All other terms of grants shall be determined by the board of directors of the Company, subject to the Plan.

On February 12, 2008, the Company amended the Plan to increase the number of shares of our common stock that may be issued under the Plan to 7,000 shares and on March 7, 2008, amended the Plan to increase the maximum number of shares of the Company's common stock with respect to which stock rights may be granted in any fiscal year to 1,100 shares. All other terms of the plan remain in full force and effect.

The following table summarizes options granted for the periods or as of the dates indicated:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005		
Granted		
Canceled		
Exercised		
Outstanding at December 31, 2006	-	-
Granted	1,600,000	$ 2.64
Canceled	-	-
Exercised	-	-
Outstanding at December 31, 2007	1,600,000	$ 2.64
Granted	2,751,864	$ 4.57
Transferred in from Twistbox	2,462,090	$ 0.64
Canceled	(11,855)	$ 0.81
Outstanding at March 31, 2008	6,802,099	$ 2.70
Granted	1,500,000	$ 2.75
Canceled	-	$ -
Exercised	(2,189)	$ 0.48
Outstanding at June 30, 2008	8,299,910	$ 2.71
Exercisable at June 30, 2008	4,325,711	$ 2.10

The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Options Granted Three Months Ended June 30, 2008	Options Granted	Options tranferred from Twistbox
Expected life (years)	4	4 to 6	3 to 7
Risk-free interest rate	3.89	2.7% to 3.89%	2.03% to 5.03%
Expected volatility	75.20%	70% to 75.2%	70% to 75%
Expected dividend yield	0%	0%	

(all numbers in thousands except per share amounts)

The exercise price for options outstanding at June 30, 2008 was as follows:

Range of Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number Outsanding June 30, 2008		Weighted Average Exercise Price		Aggregate Intrinsic Value
$0 - $1.00	8.07	2,448,047	$	0.64	$	5,536,245
$2.00 - $3.00	9.60	3,100,000	$	2.69	$	640,000
$3.00 - $4.00	-	-	$	-	$	-
$4.00 - $5.00	9.65	2,751,864	$	4.57	$	-
	9.17	8,299,911		2.71	$	6,176,245

The exercise price for options exercisable at June 30, 2007 was as follows:

Range of Exercise Price	Weighted Average Remaining Contractual Life (Years)	Options exercisable at June 30, 2008		Weighted Average Exercise Price		Aggregate Intrinsic Value
$0 - $1.00	8.02	2,206,502	$	0.63	$	5,018,365
$2.00 - $3.00	9.56	1,111,762	$	2.69	$	232,291
$3.00 - $4.00	-	-	$	-	$	-
$4.00 - $5.00	9.63	1,007,447	$	4.70	$	-
	8.79	4,325,711		2.10		5,250,656

Stock option expense for the Successor was $1,222 and $0 for the three months ended June 30, 2008 and 2007, respectively. Stock option expense for the Predecessor was $19 for three months ended June 30, 2007. Stock option expense is included primarily in general and administrative expense.

6. Acquisitions/Purchase Price Accounting

Twistbox Entertainment, Inc. and related entities

On February 12, 2008, Mandalay completed a merger with Twistbox Entertainment, Inc. (Twistbox) through an exchange of all outstanding capital stock of Twistbox for 10,180 shares of common stock of the Company and the Company's assumption of all the outstanding options of Twistbox's 2006 Stock Incentive Plan by the issuance of options to purchases 2,463 shares of common stock of the Company, including 2,145 vested and 318 unvested options. After the Merger, Twistbox became a wholly owned subsidiary of the Company.

Twistbox is a global publisher and distributor of branded entertainment content, including images, video, TV programming and games, for Third Generation (3G) mobile networks. It publishes and distributes its content globally and has developed an intellectual property portfolio unique to its target demographic that includes worldwide mobile rights to global brands and content from leading film, television and lifestyle content publishing companies. Twistbox has built a proprietary mobile publishing platform and has leveraged its brand portfolio and platform to secure "direct" distribution agreements with the largest mobile operators in the world. These factors contributed to a purchase price in excess of the fair value of net tangible and intangible assets acquired, and, as a result, the Company recorded goodwill in connection with this transaction.

(all numbers in thousands except per share amounts)

In connection with the Merger, the Company guaranteed up to $8,250 of principal under an existing note of Twistbox in accordance with the terms, conditions and limitations contained in the note. In connection with the guaranty, the Company issued the lender warrants to purchase 1,093 and 1,093 shares of common stock of the Company, exercisable at $7.55 per share, and at $5.00 per share, (increasing to $7.55 per share, if not exercised in full by February 12, 2009), respectively, through July 30, 2011. The warrants have been included as part of the purchase consideration and have been valued using the Black Scholes method, using the stock price at the merger date of $4.75 per share discounted for certain restrictions, a volatility of 70%, and the exercise price and the expected time to vest for each group.

The purchase consideration was determined by an independent valuation to be $67,479, consisting of $66,025 attributed to the common stock and options exchanged and warrants issued, and $1,454 in transaction costs. The stock and options were valued using the Black Scholes method, using the stock price at the merger date of $4.75 per share, a volatility of 70%, and in the case of options the exercise price and the expected time to vest for each group. Under the purchase method of accounting, the Company allocated the total purchase price of $67,479 to the net tangible and intangible assets acquired and liabilities assumed based upon their respective estimated fair values as of the acquisition date as follows:

Cash	$ 6,679
Accounts receivable	4,966
Prepaid expenses and other current assets	1,138
Property and equipment	1,062
Other long-term assets	361
Accounts Payable, accrued license fees and accruals	(6,882)
Other current liabilities	(814)
Accrued license fees, long term portion	(2,796)
Long term debt	(16,483)
Identified Intangibles	19,905
Merger related restructuring reserves	(1,034)
Goodwill	61,377
	$ 67,479

Goodwill recognized in the above transaction amounted to $61,377. Goodwill in relation to the acquisition of Twistbox is not expected to be deductible for income tax purposes. The preliminary purchase price allocation, including the allocation of goodwill, will be updated as additional information becomes available. Merger related restructuring reserves include reserves for employee severance and for office relocation.

(all numbers in thousands except per share amounts)

Unaudited Pro Forma Summary

The following pro forma consolidated amounts give effect to the acquisition of Twistbox by Mandalay Media accounted for by the purchase method of accounting as if it had occurred as at April 1, 2007, the beginning of the comparable three month period. The pro forma consolidated results are not necessarily indicative of the operating results that would have been achieved had the transaction been in effect as of the beginning of the period presented and should not be construed as being representative of future operating results.

	3 months ended June 30, 2007
Revenues	$ 3,708
Cost of revenues	1,838
Gross profit/(loss)	1,870
Operating expenses net of interest income and other expense	4,870
Income tax expense	(2)
Net loss	(3,356)
Basic and Diluted net loss per common share	$ (0.43)

7. Other Intangible Assets

	June 30, 2008	**March 31, 2008**
Software	$ 1,611	$ 1,611
Trade Name / Trademark	13,030	13,030
Customer list	4,378	4,378
License agreements	886	886
	19,905	19,905
Accumulated amortization	(364)	(125)
	$ 19,541	$ 19,780

The Company has included amortization of acquired intangible assets directly attributable to revenue-generating activities in cost of revenues. The Company has included amortization of acquired intangible assets not directly attributable to revenue-generating activities in operating expenses. During the three months ended June 30, 2008 and 2007 the Successor recorded amortization expense in the amount of $53 and $0, respectively in cost of revenues; and amortization expense in the amount of $72 and $0, respectively in operating expenses. The Predecessor recorded $7 in cost of revenues and $23 in operating expenses for the three months ended June 30, 2007.

(all numbers in thousands except per share amounts)

As of June 30, 2008, the total expected future amortization related to intangible assets was as follows:

	12 Months ended June 30,					
	2009	2010	2011	2012	2013	Thereafter
Software	$ 230	$ 230	$ 230	$ 230	$ 230	$ 373
Customer List	547	547	547	547	547	1,435
License Agreements	177	177	177	177	110	-
	$ 954	$ 954	$ 954	$ 954	$ 887	$ 1,808

8. Debt

	June 30, 2008	March 31, 2008
Short Term Debt		
Capitalized lease liabilities, current portion	$ 12	$ 20
Senior Secured Note, accrued interest	619	228
	$ 631	$ 248

	June 30, 2008	March 31, 2008
Long Term Debt		
Senior Secured Note, long term portion, net of discount	$ 16,483	$ 16,483

In July 2007, Twistbox entered into a debt financing agreement in the form of a Senior Secured Note amounting to $16,500, payable at 30 months. The holder of the Note was granted first lien over all of the Company's assets. The Note carries interest of 9% annually for the first year and 10% subsequently, with semi-annual interest only payments. The agreement included certain restrictive covenants. In conjunction with the merger described in Note 6, the Company guaranteed up to $8,250 of the principal; and the restrictive covenants were modified, including a requirement for both Mandalay and Twistbox to maintain certain minimum cash balances. In connection with the guaranty, the Company issued the lender warrants to purchase 1,093 and 1,093 shares of common stock of the Company, exercisable at $7.55 per share, and at $5.00 per share, (increasing to $7.55 per share, if not exercised in full by February 12, 2009), respectively, through July 30, 2011. These warrants replaced warrants originally issued by Twistbox in conjunction with the Senior Secured Note.

Minimum future obligations, including interest, under the Senior Secured Note are $1,636 for the year ended June 30, 2009 and $17,463 during the year ended June 30, 2010 including repayment of the principle. Capitalized lease assets are set out in Note 4. Future obligations under capitalized leases are included as part of Other Obligations in Note 15.

9. Related Party Transactions

The Company engages in various business relationships with shareholders and officers and their related entities. The significant relationships are disclosed below.

Mandalay Media, Inc.

On September 14, 2006, the Company entered into a management agreement (Agreement) with Trinad Management for five years. Pursuant to the terms of the Agreement, Trinad Management will provide certain management services, including, without limitation, the sourcing, structuring and negotiation of a potential business combination transaction involving the Company in exchange for a fee of $90 per quarter, plus reimbursements of all expenses reasonably incurred in connection with the provision of Agreement. The Management Agreement expires on September 14, 2011. Either party may terminate with prior written notice. However, if the Company terminates, it shall pay a termination fee of $1,000. For the three months ended June 30, 2008 and 2007, the Company paid management fees under the agreement of $90 and $90 respectively.

In March 2007, the Company entered into a month to month lease for office space with Trinad Management for rent of $9 per month. Rent expense in connection with this lease was $26 and $26 respectively for the three months ended June 30, 2008 and 2007.

Twistbox Entertainment, Inc.

Lease of Premises
The Company leases its primary offices in Los Angeles from Berkshire Holdings, LLC, a company with common ownership by officers of Twistbox. Amount paid in connection with this lease was $95 and $95 for the three months ended June 30, 2008 and 2007 respectively.

The Company is party to an oral agreement with a person affiliated with the Company with respect to a lease of an apartment in London. Amount paid in connection with this lease was $18 and $18 for the three months ended June 30, 2008 and 2007 respectively.

10. Capital Stock Transactions

Preferred Stock

On October 3, 2006, the Company designated a Series A Preferred Stock, par value $.0001 per share (Series A). The Series A holders shall be entitled to: (1) vote on an equal per share basis as common, (2) dividends on an if-converted basis and (3) a liquidation preference equal to the greater of $10, per share of Series A (subject to adjustment) or such amount that would have been paid on an if-converted basis. Each Series A holder may treat as a dissolution or winding up of the Company any of the following transactions: a consolidation, merger, sale of substantially all the assets of the company, issuance/sale of common stock of the Company constituting a majority of all shares outstanding and a merger/business combination, each as defined.

In addition, the Series A holders may convert, at their discretion, all or any of their Series A shares into the number of common shares equal to the number calculated by dividing the original purchase price of such Series A Preferred, plus the amount of any accumulated, but unpaid dividends, as of the conversion date, by the original purchase price (subject to certain adjustments) in effect at the close of business on the conversion date.

On August 3, 2006, the Company sold 100 shares of the Series A to Trinad Management, LLC (Trinad Management), an affiliate of Trinad Capital LP (Trinad Capital), one of the Company's principal shareholders, for an aggregate sale price of $100, $1.00 per share. The Company recognized a one time, non-cash deemed preferred dividend of $43 because the fair value of our common stock at the time of the sale of $1.425 per share, was greater than the conversion price of $1.00 per share.

Common Stock

On August 3, 2006, the Company authorized an increase in their authorized shares of common stock from 19,000 to 100,000 shares.

On August 3, 2006, the Company authorized a 2.5 to 1 stock split of its common stock, increasing its outstanding shares from 4,000 to 10,000. In connection with the split, the Company transferred $6 from additional paid-in capital to common stock. All share and per share amounts have been retroactively adjusted to reflect the effect of the stock split.

On August 3, 2006, the Company granted warrants to purchase 150 and 50 shares of common stock of the Company to its president and a director, respectively. Each warrant is exercisable at $2.50 per share, through August 1, 2008. The warrants were valued at $111 using a Black-Scholes model assuming a risk free interest rate of 4.89%, expected life of two years, and expected volatility of 105.67%.

On September 14, 2006, October 12, 2006 and December 26, 2006, the Company sold 2,800, 3,400 and 530 units, respectively, at $1.00 per unit, for an aggregate proceeds of $ 6,057, net of offering costs of $673. Each unit consisted of one share of common stock of the Company and one warrant. Each warrant is exercisable to purchase one share of common stock of the Company at $2.00 per share, through September, October and December 2008.

On July 24, 2007, the Company sold 5,000 shares of the Company's common stock, at $0.50 per share, for aggregate proceeds of $2,473, net of offering costs of $27.

In September, October and December 2007, warrants to purchase 625 shares of common stock were exercised in a cashless exchange for 239 shares of the Company's common stock based on the average closing price of the Company's common stock for the five days prior to the exercise date.

On November 7, 2007, the Company granted non-qualified stock options to purchase 500 shares of common stock of the Company to a director under the Plan. The options have a ten year term and are exercisable at $2.65 per share, with one-third of the options vesting immediately upon grant, one-third vesting on the first anniversary of the date of grant and the one-third on the second anniversary of the date of grant. The options were valued at $772 using a Black-Scholes model assuming a risk free interest rate of 3.89%, expected life of four years, and expected volatility of 75.2%.

On November 14, 2007, the Company granted non-qualified stock options to purchase 100 shares of common stock of the Company to a director under the Plan. The options have a ten year term and are exercisable at a price of $2.50 per share, with one-third of the options granted vesting immediately upon grant, one-third vesting on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant. The options were valued at $160 using a Black-Scholes model assuming a risk free interest rate of 3.89%, expected life of four years, and expected volatility of 75.2%.

(all numbers in thousands except per share amounts)

Series A Preferred Stock	100
Options under the Plan	7,000
Warrants not under the Plan	100
Warrants issued with units	6,205
	13,405

On February 12, 2008, the Company issued 10,180 shares of common stock in connection with the merger with Twistbox. The Company also assumed all the outstanding options of Twistbox's 2006 Stock Incentive Plan by the issuance of options to purchases 2,463 shares of common stock of the Company, including 2,144 vested and 319 unvested options; and the Company issued warrants to a lender to Twistbox, to purchase 1,093 and 1,093 shares of common stock of the Company, exercisable at $7.55 per share, and at $5.00 per share, (increasing to $7.55 per share, if not exercised in full by February 12, 2009), respectively, through July 30, 2011.

On April 9, 2008 a former director of the company exercised warrants to purchase 50 shares of common stock in a cashless exchange for 25 shares of the Company's common stock.

In April and June 2008, warrants to purchase 350 shares of common stock were exercised in a cashless exchange for 217 shares of the Company's common stock based on the average closing price of the Company's common stock for the five days prior to the exercise date.

On June 18, 2008, the Company granted non-qualified stock options to purchase 1,500 shares of common stock of the Company to four directors under the Plan. The options have a ten year term and are exercisable at a price of $2.75 per share, with one-third of the options granted vesting immediately upon grant, one-third vesting on the first anniversary of the date of grant and one-third on the second anniversary of the date of grant. The options were valued at $2,403 using a Black-Scholes model assuming a risk free interest rate of 3.89%, expected life of four years, and expected volatility of 75.2%.

11. Employee Benefit Plans

The Company has an employee 401(k) savings plan (the "Plan") covering full-time eligible employees. These employees may contribute eligible compensation up to the annual IRS limit. The Company does not make matching contributions.

12. Income Taxes

As of June 30, 2008, the Company had net operating loss (NOL) carry-forwards to reduce future Federal income taxes of approximately $39,200, expiring in various years ranging through 2027. The Company may have had ownership changes, as defined by the Internal Revenue Service, which may subject the NOL's to annual limitations which could reduce or defer the use of the NOL' carry-forwards.

In connection with the merger described in Note 6 above, the Company has recorded goodwill and intangibles which will have differing amortization for book and tax purposes. Goodwill and trademarks, amounting to $74,407 will not be amortized for book purposes, but will be subject to amortization for tax purposes, giving rise to a permanent difference. Other intangible assets, amounting to $6,875 will be amortized over a shorter period for book purposes than tax purposes, giving rise to timing differences. These differences will impact the Company's NOL carry-forwards in the future.

(all numbers in thousands except per share amounts)

As of June 30, 2008, realization of the Company's net deferred tax asset of approximately $16,575 was not considered more likely than not and, accordingly, a valuation allowance of $16,575 has been provided. During the three months ended June 30, 2008, the valuation allowance increased by $1,825.

Management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements as of June 30, 2008.

The Company adopted the provisions of FIN 48 on January 1, 2008 and there was no difference between the amounts of unrecognized tax benefits recognized in the balance sheet prior to the adoption of FIN 48 and those after the adoption of FIN 48. There were no unrecognized tax benefits not subject to valuation allowance as at June 30, 2008, December 31, 2007 and December 31, 2006. The Company will classify interest and penalties on any unrecognized tax benefits as a component of the provision for income taxes.

13. Segment and Geographic information

The Company operates in one reportable segment in which it is a developer and publisher of branded entertainment content for mobile phones. Revenues are attributed to geographic areas based on the country in which the carrier's principal operations are located. The company attributes its long-lived assets, which primarily consist of property and equipment, to a country primarily based on the physical location of the assets. Goodwill and intangibles are not included in this allocation. The following information sets forth geographic information on our sales for the three months ended June 30, 2008 and net property and equipment at June 30, 2008 for the Successor:

	North America	Europe	South America	Other Regions	Consolidated
Three Months ended June 30, 2008					
Net sales to unaffiliated customers	592	4,453	167	134	5,347
Property and equipment, net	858	170	-	-	1,029

Our largest single customer accounted for 40% of our revenue for the three months ended June 30, 2008.

The following information sets forth geographic information on our sales for the three months ended June 30, 2007; and property and equipment at June 30, 2007 for the Predecessor:

	North America	Europe	South America	Other Regions	Consolidated
Three Months ended June 30, 2007					
Net sales to unaffiliated customers	3,228	255	77	148	3,708
Property and equipment, net	936	24	-	137	1,097

Our largest customer accounted for 59% of our gross sales for three months ended June 30, 2007.

(all numbers in thousands except per share amounts)

14. Commitments and Contingencies

Operating Lease Obligations

The Company leases office facilities under noncancelable operating leases expiring in various years through 2011.

Following is a summary of future minimum payments under initial terms of leases at June 30, 2008:

Year Ending June 30,		
2009	$	269
2010		252
2011		11
Total minimum payments	$	532

These amounts do not reflect future escalations for real estate taxes and building operating expenses. Rental expense for the Successor amounted to $210 and $0 for the three months ended June 30, 2008 and 2007, respectively. Rental expense for the Predecessor amounted to $246 for the three months ended June 30, 2007.

Minimum Guaranteed Royalties

The Company has entered into license agreements with various owners of brands and other intellectual property so that it could develop and publish branded products for mobile handsets.

Pursuant to some of these agreements, the Company is required to pay minimum royalties over the term of the agreements regardless of actual sales. Future minimum royalty payments for those agreements as of June 30, 2008 were as follows:

Year Ending June 30,		Minimum Guaranteed Royalties
2009	$	1,760
2010		1,560
2011		1,200
2012		-
Total minimum payments	$	4,520

Commitments in the above table include guaranteed royalties to licensors that are included as a liability in the Company's consolidated balance sheet of $1,965 as of June 30, 2008, because the Company has determined that recoupment is unlikely.

Other Obligations

As of June 30, 2008, the Company was obligated for payments under various distribution agreements, equipment lease agreements, employment contracts and the management agreement described in Note 10 with initial terms greater than one year at June 30, 2008. Annual payments relating to these commitments at June 30, 2008 are as follows:

(all numbers in thousands except per share amounts)

Year Ending June 30	Commitments
2009	3,132
2010	2,374
2011	1,127
2012	75
Total minimum payments	$ 6,708

Litigation

The Company is subject to various claims and legal proceedings arising in the normal course of business. Based on the opinion of the Company's legal counsel, management believes that the ultimate liability, if any in the aggregate will not be material to the financial position or results of operations of the Company for any future period; and no liability has been accrued.

15. Subsequent Events

On May 16, 2008, the Company signed a letter of intent to purchase video gaming company Green Screen Interactive Software, Inc. ("Green Screen"). In connection with the potential acquisition, the Company also provided a bridge loan of $2,000 to Green Screen on May 16, 2008 by purchasing a Convertible Secured Promissory Note in the aggregate principal amount of $2,000 (the "Note") from Green Screen. The letter of intent expired without execution of a definitive acquisition agreement, and has therefore been terminated. The entire Note, plus interest ($2,028), was repaid on July 7, 2008.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Financial Statements and the Notes thereto included in this report. This discussion contains certain forward-looking statements that involve substantial risks and uncertainties. When used in this Quarterly Report on Form 10-QA, the words "anticipate," "believe," "estimate," "expect" and similar expressions, as they relate to our management or us, are intended to identify such forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements as a result of a variety of factors including those set forth under "Risk Factors" in our Transitional Report on Form 10-KT for the Transition Period ended March 31, 2008. Historical operating results are not necessarily indicative of the trends in operating results for any future period.

Unless the context otherwise indicates, the use of the terms "we," "our" "us" or the "Company" refer to the business and operations of Mandalay Media, Inc. ("Mandalay") through its sole operating and wholly-owned subsidiary, Twistbox Entertainment, Inc. ("Twistbox").

This discussion is included to compare the financial results of our successor to the financial results of our predecessor.

Comparison of the Three Months Ended June 30, 2008 (Successor) and Three Months Ended June 30, 2007(Predecessor)

Revenues

	Successor	Predecessor
	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Revenues by type:		
Games	$ 1,276	$ 988
Other content	4,071	2,720
Total	$ 5,347	$ 3,708

Games revenue includes both licensed and internally developed games for use on mobile phones. The growth in games revenue largely reflects additional revenue associated with management of a carrier platform for games in Germany. Other content includes a broad range of primarily licensed product delivered in the form of WAP, Video, Wallpaper and Mobile TV. The increase in other content revenue year over year relates to the launch of a new revenue stream related to management of carrier advertising platforms, and the expansion of direct to consumer activities in the US, as well as increased licensing revenue.

Cost of Revenues

	Successor	Predecessor
	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Cost of Revenues:		
License Fees	$ 2,150	$ 1,669
Other direct cost of revenues	102	169
Total Cost of Revenues	$ 2,252	$ 1,838
Revenues	5,347	$ 3,708
Gross Margin	57.9%	50.4%

License fees represents costs payable to content providers for use of their intellectual property in products sold. Other direct cost of revenues includes amortization of the intangibles identified as part of the purchase price accounting and attributed to cost of revenues. The increase in margin is the result of the addition of higher margin revenue streams, particularly platform management and licensing.

Operating Expenses

	Successor	Predecessor
	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Product Development Expenses	$ 1,766	$ 2,491
Sales and Marketing Expenses	1,280	1,352
General and Administrative Expenses	2,813	1,176
Amortization of Intangible Assets	137	30

Product Development expenses include the costs to develop, edit and make content ready for consumption on a mobile phone. The decrease in expenses compared to the first quarter of the prior year, are primarily the result of restructuring during the year which resulted in a reduction in employees, particularly in the product development areas.

Sales and Marketing Expenses represent the costs of sales and marketing personnel, and advertising and marketing campaigns. A reduction in personnel costs was largely offset by increased advertising expenses.

General and administrative expenses represent management and support personnel costs in both Mandalay Media and Twistbox, and related expenses, as well as professional and consulting costs incurred, and other costs such as stock based compensation, depreciation and bad debt expenses. The increase in expense over the first quarter in the prior year is largely the result of stock option expense of $1.2million, and additional management expenses at the holding company level.

Amortization of intangibles in the current quarter represents amortization of the intangibles identified as part of the purchase price accounting related to the Twistox acquisition and attributed to operating expenses. Amortisation expenses in the first quarter of the prior year represents the amortization predecessor intangible assets related to prior acquisitions by Twistbox.

Other Expenses

	Successor	Predecessor
	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Interest and other income/(expense)	$ (363)	$ (179)

Interest and other income/(expense) includes interest income on invested funds, interest expense related the Twistbox's senior secured note, foreign exchange transaction gains and losses. The increase year over year is a result of higher interest expense, since the secured note was initiated in July 2007.

	Successor Three Months Ended June 30, 2008 (In thousands)	Predecessor Three Months Ended June 30, 2007 (In thousands)
Consolidated Statement of Cash Flows Data:		
Capital expenditures	(70)	(145)
Cash flows used in operating activities	(1,844)	(3,080)
Cash flows (used in)/ provided by investing activities	(2,095)	32
Cash flows (used in)/provided by financing activities	-	3,335

The primary sources of liquidity have historically been issuance of common and preferred stock, and in the case of the predecessor entity,Twistbox, borrowings under credit facilities with aggregate proceeds of $16.5 million. In the future, we anticipate that our primary sources of liquidity will be cash generated by our operating activities.

Operating Activities

In the three months ended June 30, 2007 we used $3.1 million of net cash in operating expenses, primarily driven by the net loss for the period of $3.4 million offset by non-cash deprecation and bad debt expense and changes in working capital amounts. In the three months ended June 30, 2008, we used $1.8 million of net cash in operating expenses. This primarily related to the net loss of $3.4 million, an increase in a receivables of $0.3 million, partially offset by non cash stock based compensation and depreciation and amortization included in the net loss of $1.2million and $0.3 million respectively, and increases in accounts payable and other liabilities.

Investing Activities

In the three months ended June 30, 2007, $32,000 was provided by investing activities, the result of the proceeds of sale of repayment of advances to third parties. In the three months ended June 30, 2008, $2.1 million was used in investing activities, related to the bridge loan provided to Green Screen Interactive Software Inc. as part of a potential acquisition. The acquisition did not proceed and the loan was fully repaid with interest on July 7, 2008.

Financing Activities

In the three months ended June 30, 2007, $3.3 million was provided by financing activities, the result of the proceeds on sale of Series B-1 preferred stock by the predessor entity, Twistbox, as well as the repayment of short term debt to that entity.

Item 6. Exhibits.

31.1	Certification of Ray Schaaf, Principal Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Russell Burke, Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Ray Schaaf, Principal Executive Officer, pursuant to 18 U.S.C. Section 1350. *
32.1	Certification of Russell Burke, Principal Financial Officer, pursuant to 18 U.S.C. Section 1350. *

* Filed herewith

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mandalay Media, Inc.

Date: December 3, 2009

By: /s/ Ray Schaaf
Ray Schaaf
President
(Authorized Officer and Principal Executive Officer)

Date: December 3, 2009

By: /s/ Russell Burke
Russell Burke
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ray Schaaf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of Mandalay Media, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: December 3, 2009

/s/ Ray Schaaf
Ray Schaaf
President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Russell Burke, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A of Mandalay Media, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: December 3, 2009

/s/ Russell Burke
Russell Burke
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Mandalay Media, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q/A for the period ended June 30, 2008 of the Company (the "Form 10-Q/A") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q/A fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 3, 2009

/s/ Ray Schaaf
Ray Schaaf
President
(Principal Executive Officer)

EXHIBIT 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Mandalay Media, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q/A for the period ended June 30, 2008 of the Company (the "Form 10-Q/A") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Form 10-Q/A fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 3, 2009

/s/Russell Burke
Russell Burke
Chief Financial Officer
(Principal Financial Officer)