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

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

(Mark One)

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

For the fiscal year ended March 31, 2009
or

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

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)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, Par Value $0.0001 Per Share
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant : (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 if disclosure of delinquent filers in response to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [☐]

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 definitions of a "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 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 ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold on the OTC Bulletin Board on September 30, 2008 was $77,878,678.

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

As of July 14, 2009, the Issuer had 39,653,125 shares of its common stock, $0.0001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Amendment”) is filed by Mandalay Media, Inc. (the “Registrant”) to amend the Registrant’s Annual Report on Form 10-K for the fiscal year ended March 31, 2009, as originally filed with the Securities and Exchange Commission (the “Commission”) on July 14, 2009 (the “Form 10-K”). The purpose of this Amendment is to add the audited financial statements for the period from April 1, 2007 through February 12, 2008 of Twistbox Entertainment, Inc., the Registrant’s wholly-owned subsidiary and to amend and restate Item 7 Management’s Discussion and Analysis of Financial Condition and Results of Operations to include discussion related to the audited financial statements for the period from April 1, 2007 through February 12, 2008 per request of the Commission in a letter to the Registrant dated July 15, 2009. The Registrant is also amending and restating Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities to correct information that was inadvertently set forth in the Table captioned Equity Compensation Plan Information that should have been included in a footnote. No other material changes were made to the Form 10-K.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUTY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

As of July 10, 2009, the closing price of our common stock was $0.55.

Our common stock is quoted on the OTC Bulletin Board under the symbol "MNDL.OB." Any investor who purchases our common stock is not likely to find any liquid trading market for our common stock and there can be no assurance that any liquid trading market will develop.

The following table reflects the high and low closing quotations of our common stock for periods indicated. The quotations reflect last sale closing price on a daily basis and reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

	High	Low
Year Ended March 31, 2009		
First quarter	$ 6.00	$ 2.00
Second quarter	$ 2.90	$ 1.50
Third quarter	$ 2.39	$ 0.60
Fourth quarter	$ 1.75	$ 0.51
Three Months Ended March 31, 2008*		
First quarter	$ 6.50	$ 2.40
Year Ended December 31, 2007		
First quarter	$ 2.50	$ 1.75
Second quarter	$ 3.00	$ 1.90
Third quarter	$ 4.00	$ 2.25
Fourth quarter	$ 4.50	$ 2.30

* We changed our fiscal year end to March 31, effective March 31, 2008.

There has never been a public trading market for any of our securities other than our common stock.

Holders

As of July 14, 2009, there were 528 holders of record of our common stock. There were also an undetermined number of holders who hold their stock in nominee or "street" name.

Dividends

We have not declared cash dividends on our common stock since our inception and we do not anticipate paying any cash dividends in the foreseeable future.

Equity Compensation Plan Information

The following table sets forth information concerning our equity compensation plans as of March 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	3,000,000	$ 3.86	0
Equity compensation plans not approved by security holders	1,683,333	2.68	1,377,970
Total	4,683,333	$ 3.44	1,377,970

(1) The table above does not include to purchase an aggregated of 2,227,017 shares of the Company's common stock pursuant to the Twistbox 2006 Stock Incentive Plan, at a weight average exercise price of $0.64, which were assumed by the Company in connection with the merger.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

Period	(a) **Total Number of Shares (or Units) Purchased**	(b) **Average Price Paid per Share (or Unit)**	(c) **Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs**	(d) **Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs**
January 1, 2009- January 31, 2009	-	-	-	-
February 1, 2009- February 28, 2009	-	-	-	-
March 1, 2009- March 31, 2009	62,011(1)	$ 0.88	-	-

(1) These shares were repurchased by the Company in satisfaction of tax liability pursuant to Rule 16b-3 of the Exchange Act.

ITEM 7. 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 Annual Report on Form 10-K/A, 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" beginning on page 8 and elsewhere in this filing. 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 operating and wholly-owned subsidiaries, Twistbox Entertainment, Inc. ("Twistbox") and AMV Holding Limited, a United Kingdom private limited company ("AMV").

Historical Operations of Mandalay Media, Inc.

Mandalay was originally incorporated in the State of Delaware on November 6, 1998 under the name eB2B Commerce, Inc. On April 27, 2000, Mandalay merged into DynamicWeb Enterprises Inc., a New Jersey corporation, and changed its name to eB2B Commerce, Inc. On April 13, 2005, Mandalay changed its name to Mediavest, Inc. On November 7, 2007, through a merger, the Company reincorporated in the State of Delaware under the name Mandalay Media, Inc.

On October 27, 2004, and as amended on December 17, 2004, Mandalay filed a plan for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Plan of Reorganization"). Under the Plan of Reorganization, as completed on January 26, 2005: (1) Mandalay's net operating assets and liabilities were transferred to the holders of the secured notes in satisfaction of the principal and accrued interest thereon; (2) $400,000 were transferred to a liquidation trust and used to pay administrative costs and certain preferred creditors; (3) $100,000 were retained by Mandalay to fund the expenses of remaining public; (4) 3.5% of the new common stock of Mandalay (140,000 shares) was issued to the holders of record of Mandalay's preferred stock in settlement of their liquidation preferences; (5) 3.5% of the new common stock of Mandalay (140,000 shares) was issued to common stockholders of record as of January 26, 2005 in exchange for all of the outstanding shares of the common stock of the company; and (6) 93% of the new common stock of Mandalay (3,720,000 shares) was issued to the sponsor of the Plan of Reorganization in exchange for $500,000 in cash. Through January 26, 2005, Mandalay and its subsidiaries were engaged in providing business-to-business transaction management services designed to simplify trading between buyers and suppliers.

Prior to February 12, 2008, Mandalay was a public shell company with no operations, and controlled by its significant stockholder, Trinad Capital Master Fund, L.P.

SUMMARY OF THE MERGER

Mandalay entered into an Agreement and Plan of Merger on December 31, 2007, as subsequently amended by the Amendment to Agreement and Plan of Merger dated February 12, 2008 (the "Merger Agreement"), with Twistbox Acquisition, Inc. (a Delaware corporation and a wholly-owned subsidiary of Mandalay ("Merger Sub"), Twistbox Entertainment, Inc. ("Twistbox"), and Adi McAbian and Spark Captial, L.P., as representatives of the stockholders of Twistbox, pursuant to which Merger Sub would merge with and into Twistbox, with Twistbox as the surviving corporation (the "Merger"). The Merger was completed on February 12, 2008.

Pursuant to the Merger Agreement, upon the completion of the Merger, each outstanding share of Twistbox common stock, $0.001 par value per share, on a fully-converted basis, with the conversion on a one-for-one basis of all issued and outstanding shares of the Series A Convertible Preferred Stock of Twistbox and the Series B Convertible Preferred Stock of Twistbox, each $0.01 par value per share (the "Twistbox Preferred Stock"), converted automatically into and became exchangeable for Mandalay common stock in accordance with certain exchange ratios set forth in the Merger Agreement. In addition, by virtue of the Merger, each outstanding Twistbox option to purchase Twistbox common stock issued pursuant to the Twistbox 2006 Stock Incentive Plan was assumed by Mandalay, subject to the same terms and conditions as were applicable under such plan immediately prior to the Merger, except that (a) the number of shares of Mandalay common stock issuable upon exercise of each Twistbox option was determined by multiplying the number of shares of Twistbox common stock that were subject to such Twistbox option immediately prior to the Merger by 0.72967 (the "Option Conversion Ratio"), rounded down to the nearest whole number; and (b) the per share exercise price for the shares of Mandalay common stock issuable upon exercise of each Twistbox option was determined by dividing the per share exercise price of Twistbox common stock subject to such Twistbox option, as in effect prior to the Merger, by the Option Conversion Ratio, subject to any adjustments required by the Internal Revenue Code. As part of the Merger, Mandalay also assumed all unvested Twistbox options. The merger consideration consisted of an aggregate of up to 12,325,000 shares of Mandalay common stock, which included the conversion of all shares of Twistbox capital stock and the reservation of 2,144,700 shares of Mandalay common stock required for assumption of the vested Twistbox options. Mandalay reserved an additional 318,772 shares of Mandalay common stock required for the assumption of the unvested Twistbox options. All warrants to purchase shares of Twistbox common stock outstanding at the time of the Merger were terminated on or before the effective time of the Merger.

Upon the completion of the Merger, all shares of the Twistbox capital stock were no longer outstanding and were automatically canceled and ceased to exist, and each holder of a certificate representing any such shares ceased to have any rights with respect thereto, except the right to receive the applicable merger consideration. Additionally, each share of the Twistbox capital stock held by Twistbox or owned by Merger Sub, Mandalay or any subsidiary of Twistbox or Mandalay immediately prior to the Merger, was canceled and extinguished as of the completion of the Merger without any conversion or payment in respect thereof. Each share of common stock, $0.001 par value per share, of Merger Sub issued and outstanding immediately prior to the Merger was converted upon completion of the Merger into one validly issued, fully paid and non-assessable share of common stock, $0.001 par value per share, of the surviving corporation.

As part of the Merger, Mandalay agreed to guarantee up to $8,250,000 of Twistbox's outstanding debt to ValueAct SmallCap Master Fund L.P. ("ValueAct"), with certain amendments. On July 30, 2007, Twistbox had entered into a Securities Purchase Agreement by and among Twistbox, the Subsidiary Guarantors (as defined therein) and ValueAct, pursuant to which ValueAct purchased a note in the amount of $16,500,000 (the "ValueAct Note") and a warrant which entitled ValueAct to purchase from Twistbox up to a total of 2,401,747 shares of Twistbox's common stock (the "Warrant"). Twistbox and ValueAct had also entered into a Guarantee and Security Agreement by and among Twistbox, each of the subsidiaries of Twistbox, the Investors, as defined therein, and ValueAct, as collateral agent, pursuant to which the parties agreed that the ValueAct Note would be secured by substantially all of the assets of Twistbox and its subsidiaries. In connection with the Merger, the Warrant was terminated and we issued two warrants in place thereof to ValueAct to purchase shares of our common stock. One of such warrants entitles ValueAct to purchase up to a total of 1,092,622 shares of our common stock at an exercise price of $7.55 per share. The other warrant entitles ValueAct to purchase up to a total of 1,092,621 shares of our common stock at an initial exercise price of $5.00 per share, which, if not exercised in full by February 12, 2009, will be permanently increased to an exercise price of $7.55 per share. Both warrants expire on July 30, 2011. The terms of the warrants were subsequently modified on October 23, 2008, as set forth below. We also entered into a Guaranty with ValueAct whereby Mandalay agreed to guarantee Twistbox's payment to ValueAct of up to $8,250,000 of principal under the Note in accordance with the terms, conditions and limitations contained in the ValueAct Note. The financial covenants of the ValueAct Note were also amended, pursuant to which Twistbox is required maintain a cash balance of not less than $2,500,000 at all times and Mandalay is required to maintain a cash balance of not less than $4,000,000 at all times. These covenants were subsequently amended as set forth below.

SUMMARY OF THE AMV ACQUISITION

On October 23, 2008, Mandalay consummated the acquisition of 100% of the issued and outstanding share capital of AMV Holding Limited, a United Kingdom private limited company ("AMV") and 80% of the issued and outstanding share capital of Fierce Media Limited, United Kingdom private limited company (collectively the "Shares"). The acquisition of AMV is referred to herein as the "AMV Acquisition". The aggregate purchase price (subject to adjustments as provided in the stock purchase agreement) for the Shares consisted of (i) $5,375,000 in cash; (ii) 4,500,000 shares of common stock, par value $0.0001 per share; (iii) a secured promissory note in the aggregate principal amount of $5,375,000 (the "AMV Note"); and (iv) additional earn-out amounts, if any, based on certain targeted earnings as set forth in the stock purchase agreement.

The AMV Note matures on January 30, 2010, and bears interest at an initial rate of 5% per annum, subject to adjustment as provided therein. In the event Mandalay completes an equity financing which results in gross proceeds of over $6,000,000, Mandalay will prepay a portion of the Note in an amount equal to one-third of the excess of the gross proceeds of such financing over $6,000,000. In addition, if within nine months of the issuance date of the AMV Note, Mandalay completes a financing that results in gross proceeds of over $15,000,000, then Mandalay shall prepay the entire principal amount then outstanding under the AMV Note, plus accrued interest. If within nine months of the issuance date of the AMV Note, the aggregate principal sum then outstanding under the AMV Note plus accrued interest thereon has not been prepaid, then on and after such date, interest shall accrue on the unpaid principal balance of the AMV Note at a rate of 7% per annum.

In addition, also on October 23, 2008, in connection with the AMV Acquisition, Mandalay, Twistbox and ValueAct entered into a Second Amendment to the ValueAct Note, which among other things, provides for a payment in kind election at the option of Twistbox, modifies the financial covenants set forth in the ValueAct Note to require that Mandalay and Twistbox maintain certain minimum combined cash balances and provides for certain covenants with respect to the indebtedness of Mandalay and its subsidiaries. Also on October 23, 2008, AMV granted to ValueAct a security interest in its assets to secure the obligations under the ValueAct Note. In addition, Mandalay and ValueAct entered into an allonge to each of those certain warrants issued to ValueAct in connection with the Merger, which, among other things, amended the exercise price of each of the warrants to $4.00 per share.

On October 23, 2008, Mandalay entered into a Securities Purchase Agreement with certain investors identified therein (the "Investors"), pursuant to which Mandalay agreed to sell to the Investors in a private offering an aggregate of 1,685,394 shares of Common Stock and warrants to purchase 842,697 shares of common stock for gross proceeds to Mandalay of $4,500,000. The warrants have a five year term and an exercise price of $2.67 per share. The funds were held in an escrow account pursuant to an Escrow Agreement, dated October 23, 2008 and were released to Mandalay on or about November 8, 2008.

The Merger and the AMV Acquisition both included the issuance of common stock as all or part of the consideration. Based on the trading price of the common stock as of the acquisition dates, the total consideration was approximately $67.5 million for the Merger and approximately $22.2 million for the AMV Acquisition. Subsequent to the Merger and the AMV Acquisition, the average trading price of the Common Stock has decreased significantly. If the decrease in trading price is deemed to "not be temporary in nature", management expects that an impairment of goodwill and other long lived intangible assets could occur by year end. Other factors affecting management's estimate of impairment include the current profitability and expected future cash flows from the acquired business.

Overview

From February 12, 2008 to October 23, 2008, our operations were those of our wholly-owned subsidiary, Twistbox. 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 over 40 countries representing more than one billion subscribers. Operating since 2003, Twistbox has developed an intellectual property portfolio unique to its target demographic (18 to 35 year old) that includes worldwide exclusive (or territory exclusive) 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 over 1,500 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 leveraged its brand portfolio and platform to secure "direct" distribution agreements with the largest mobile operators in the world, including, among others, AT&T, Hutchison 3G, O2, MTS, Orange, T-Mobile, Telefonica, Verizon and Vodafone. Twistbox has experienced annual revenue growth in excess of 50% over the past two years and expects to become one of the leading players in the rapidly-growing, multibillion-dollar mobile entertainment market.

Twistbox maintains a worldwide distribution agreement with Vodafone. Through this relationship, Twistbox serves as Vodafone's exclusive supplier of late night content, a portion of which is age-verified. Additionally, Twistbox is one of the select few content aggregators for Vodafone. Twistbox aggregates content from leading entertainment companies and manages distribution of this content to Vodafone. Additionally, Twistbox maintains distribution agreements with other leading mobile network operators throughout the North American, European, and Asia-Pacific regions that include Verizon, Virgin Mobile, T-Mobile, Telefonica, Hutchison 3G, Three, O2 and Orange.

Twistbox's intellectual property encompasses over 75 worldwide exclusive or territory exclusive content licensing agreements that cover all of its key content genres including lifestyle, glamour, and celebrity news and gossip for U.S. Hispanic and Latin American markets, poker news and information, late night entertainment and casual games.

Twistbox currently has content live on more than 100 network operators in 40 countries. Through these relationships, Twistbox can currently reach over one billion mobile subscribers worldwide. Its existing content portfolio includes 300 WAP sites, 250 games and 66 mobile TV channels.

In addition to its content publishing business, Twistbox operates a rapidly growing suite of premium short message service (Premium SMS) services that include text and video chat and web2mobile marketing services of video, images and games that are promoted through on-line, magazine and TV affiliates. The Premium SMS infrastructure essentially allows end consumers of Twistbox content to pay for their content purchases directly from their mobile phone bills.

Twistbox's end-users are the highly-mobile, digitally-aware 18 to 35 year old demographic. This group is a major consumer of digital entertainment services and commands significant amounts of disposable income. In addition, this group is very focused on consumer lifestyle brands and is much sought after by advertisers.

Beginning October 23, 2008, our operations included those of our wholly-owned subsidiary, AMV Holding Limited ("AMV"). AMV is a mobile media and marketing company delivering games and lifestyle content directly to consumers in the United Kingdom, Australia, South Africa and various other European countries. AMV markets its well established branded services including *Bling* , *Phonebar* and *GameZone* through a unique Customer Relationship Management (CRM) platform that drives revenue through mobile internet, print and television advertising.

AMV's direct-to-consumer "off-deck" distribution channels allow us to market AMV's products and services directly to end-users using a suite a premium short message service (Premium SMS) codes. The use of Premium SMS codes allows end-users to pay for AMV products and services directly from their mobile phone bills via a third party billing aggregator versus through the wireless carrier's billing infrastructure with which the end-user has his/her mobile service. Through this channel, AMV is not reliant upon the wireless carrier's "on-deck" portal for discovery and billing thereby giving AMV greater flexibility to reach the end-user. AMV's strategy is to expand its international distribution footprint using a defined set of criteria: identifying territories that provide ease of access to market; established mobile billing capabilities; a receptive market and audience to mobile content; and the potential to establish long-term, profitable market share. AMV currently markets it products and services in the following territories: the United Kingdom, Ireland, Australia, South Africa, The Netherlands, Finland, Sweden, Austria, Switzerland and the Czech Republic. Launched in 2004, it is headquartered in the United Kingdom. In 2007, it was recognized as the United Kingdom's fourth fastest growing technology company by the Micosoft Tech Track 100. AMV is comprised of three primary lines of business: (i) mobile content services, such as wallpapers, animations, video, games and ringtones; (ii) mobile interactive and community services such as text dating and adult oriented text chatting; and (iii) voice interactive services such as virtual chat, live infotainment services (e.g., horoscopes and psychic readings) and adult oriented voice services.

AMV develops its own consumer brands by extensively marketing its products and services through a variety of media including traditional print, television, internet and mobile internet advertising. It is also expanding its internet advertising activities through web affiliates, search and targeted landing pages. AMV also has established partnerships with several web application protocol (WAP) advertising affiliates. As carriers begin to open their portals for advertising distribution, WAP advertising is becoming a significant distribution channel for AMV advertising. AMV is well positioned to take advantage of the internet advertising inventory through the use of mobile search and its WAP affiliate relationships. AMV has established such relationships with Google, Yahoo, Admob, Admoda, 4 th Screen, AdInfuse, and many others. Google has recently confirmed that AMV is one of its 10 largest mobile internet advertisers – globally.

All AMV advertising is produced in-house using a team of highly skilled creative graphic designers. AMV is one of the largest print advertisers in the United Kingdom and South Africa, and is considered a significant advertiser in several other markets. AMV has historically spent a significant amount of its working capital on advertising and intends to continue do so in the foreseeable future.

AMV offers a complete suite of mobile entertainment products and services. In addition to its three primary lines of business, AMV has significant experience in WAP site management — from content sourcing through design, marketing and distribution. AMV maintains a mobile internet portal of over 200 different sites which are refreshed regularly and AMV is one of the largest direct-to-consumer marketers of Java-based games through its Game Zone and Games Demon brands. AMV has secured a catalog of more than 2000 Java-based games. AMV’s end-users are the highly-mobile, digitally-aware 18 to 35 year old demographic. This group is a major consumer of digital entertainment services and commands significant amounts of disposable income.

RESULTS OF OPERATIONS

(in thousands, except per share amounts)

	Successor				Predecessor
	Year ended March 31, 2009	Year ended December 31, 2007	3 months ended March 31, 2008	3 months ended March 31, 2007 (unaudited)	Period April 1, 2007- February 12, 2008
Revenues	$ 31,256	$ -	$ 3,208	$ -	$ 12,282
Cost of revenues	11,150	-	(153)	-	5,517
Gross profit	20,106	-	3,361	-	6,765
SG&A	26,555	2,521	3,304	(264)	14,591
Amortization of intangible assets	628	-	72	-	119
Restructuring charges	-	-	-	-	-
Impairment of goodwill and intangible assets	31,784	-	-	-	-
Operating income (loss)	(38,861)	(2,521)	(15)	264	(7,945)
Interest expense, net	(2,161)	317	(213)	-	(859)
Other expenses	(542)	-	(54)	-	(23)
(Loss) / income before income taxes	(41,564)	(2,204)	(282)	264	(8,827)
Income (taxes) / benefit	111	-	(16)	-	(56)
(Loss) / income from continuing operations	(41,453)	(2,204)	(298)	264	(8,883)
(Loss) from discontinued operations, net of taxes	(147)	-	-	-	-
Net (loss) / income	$ (41,600)	$ (2,204)	$ (298)	$ 264	$ (8,883)
Basic and Diluted net loss per common share:					
Continuing operations	$ (1.14)	$ (0.12)	$ (0.01)	$ 0.02	$ (1.14)
Discontinued operations	$ (0.00)	$ -	$ -	$ -	$ -
Net loss	$ (1.15)	$ (0.12)	$ (0.01)	$ 0.02	$ (1.14)
Basic and Diluted weighted average shares outstanding	36,264	18,997	21,628	16,730	7,786

Comparison of the Year Ended March 31, 2009 (Successor) and the Period April 1, 2007 – February 12, 2008 (Predecessor)

The following compares the successor period, Year Ended March 31, 2009 to the predecessor period April 1, 2007 – February 12, 2008.

Revenues

	Successor Year Ended March 31, 2009	Predecessor Period April 1, 2007- February 12, 2008

	(In thousands)	
Revenues by type:		
Games	$ 5,736	$ 3,246
Other content	25,520	9,036
Total	$ 31,256	$ 12,282

Games revenue includes both licensed and internally developed games for use on mobile phones. The growth in games revenue largely reflects incremental revenue related to the rollout of the Play for Prizes platform, additional games development projects in both the US and Germany, and revenue related to the management of carrier platforms in Europe. 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 revenues is primarily due to the inclusion of revenues from AMV Holding which was acquired in the third quarter of fiscal 2009, the expansion of direct to consumer business in the US, and incremental revenue related to the management of advertising platforms for carriers.

Cost of Revenues

	Successor Year Ended March 31, 2009		Predecessor Period April 1, 2007- February 12, 2008	
	(In thousands)			
Cost of Revenues:				
License Fees	$	7,387	$	5,491
Other direct cost of revenues		3,763		26
Total Cost of Revenues	$	11,150	$	5,517
Revenues	$	31,256	$	12,282
Gross Margin		64.3%		55.1%

License fees represents costs payable to content providers for use of their intellectual property in products sold. The increase in expenses is proportionate to the increase in the related revenue. Other direct cost of revenues in the current period includes costs to deliver products, and amortization of the intangibles identified as part of the purchase price accounting and attributed to cost of revenues. The increase in other direct costs is largely attributable to AMV cost of revenues. The increase in margin is the result of the addition of higher margin revenue streams, particularly platform management and licensing, and also a change in mix towards non-branded and lower royalty-cost revenue with higher margins.

Operating Expenses

	Successor Year Ended March 31, 2009		Predecessor Period April 1, 2007- February 12, 2008	
	(In thousands)			
Product Development Expenses	$	6,981	$	6,897
Sales and Marketing Expenses		9,236		3,905
General and Administrative Expenses		10,338		3,789
Amortization of Intangible Assets		628		119
Impairment of goodwill and intangible assets		31,784		-

Product Development expenses include the costs to develop, edit and make content ready for consumption on a mobile phone.

Sales and Marketing Expenses represent the costs of sales and marketing personnel, and advertising and marketing campaigns – advertising has increased significantly with the AMV Acquisition in October 2008 due to the “direct to consumer” nature of that business, with a significant element of direct marketing required to stimulate revenues. In addition, a significant portion of AMV’s employee base is classified as sales and marketing employees.

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 is the result of stock option expense of $2.8 million, and additional legal and management expenses at the holding company level.

Amortization of intangibles for the successor in the year ended March 31, 2009 represents amortization of the intangibles identified as part of the purchase price accounting related to the Twistbox and AMV acquisitions and attributed to operating expenses. Amortization expenses for the predecessor in the priod April 1, 2007 to February 12, 2008 represents the amortization of predecessor intangible assets related to prior acquisitions by Twistbox.

Impairment of goodwill and intangible assets represents the write down in value of goodwill and intangible assets associated with the acquisitions of Twistbox and AMV. The consideration in the Twistbox acquisitions was entirely stock-based, while the AMV Acquisition was substantially stock-based, and both acquisitions generated significant goodwill since they were not capital intensive companies. Subsequent to the acquisitions, the Company experienced a significant and continued decline in the market value of its common stock, which resulted in the Company's market capitalization falling below its net book value. The Company performed its annual impairment review for goodwill and intangible assets in the fourth quarter of fiscal 2009. As a result of the assessment, the Company determined that its net book value exceeded the implied fair value; therefore, the Company recorded an impairment charge of $27,844 to write down goodwill and $3,940 to write down intangibles assets. The intangible asset impaired was the valuation associated with the Twistbox trademark/tradename.

Other Expenses

	Successor Year Ended March 31, 2009	Predecessor Period April 1, 2007- February 12, 2008
	(In thousands)	
Interest and other income/(expense)	$ (2,703)	$ (882)
Loss from discontinued operations, net of taxes	$ (147)	$ -

Interest and other income/(expense) includes interest income on invested funds, interest expense related to the ValueAct Note, foreign exchange transaction gains and losses, and depreciation expense. The higher expense relates to higher interest expense under the ValueAct Note which was initiated in July 2007, and foreign exchange losses incurred in the successor period due to adverse fluctuations during the year in the value of the Euro and the British pound against the US dollar, versus gains in the predecessor period.

Liquidity and Capital Resources

	Successor Year Ended March 31, 2009	Predecessor Period April 1, 2007- February 12, 2008
	(In thousands)	
Consolidated Statement of Cash Flows Data:		
Capital expenditures	(219)	(307)
Cash flows used in operating activities	(5,360)	(11,296)
Cash flows (used in)/ provided by investing activities	(3,773)	100
Cash flows (used in)/ provided by financing activities	4,300	17,463

Cash flows in the periods presented were impacted by ongoing operating losses and the acquisition of the two subsidiaries.

Twistbox has incurred losses and negative cash flows since inception. The primary sources of liquidity have historically been issuance of common and preferred stock, and in the case of Twistbox, borrowings under credit facilities. In the future, we anticipate that our primary sources of liquidity will be cash generated by our operating activities.

Operating Activities

In the year ended March 31, 2009, we used $5.4 million of net cash in operating activities. This primarily related to the net loss of $41.4 million, and decreases in accounts payable and other liabilities amounting to $4.6 million, an increase in prepaid expenses of $0.3 million, offset by the non cash impairment of goodwill of $31.8 million, non cash stock based compensation and depreciation and amortization included in the net loss of $3.1 million and $1.5 million respectively, as well as a decrease in accounts receivable of $4.5 million.

In the period April 1, 2007 – February 12, 2008, the predecessor used $11.3 million of net cash in operating activities. This primarily related to the net loss of $8.9 million, and decreases on accrued license fees and other liabilities of $2.6 million and increases in accounts receivable and prepaid assets, offset by non-cash items included in the net loss related to stock compensation and depreciation and amortization.

Investing Activities

In the year ended March 31, 2009, a net $3.8 million was used in investing activities - $6.9 million in cash consideration and transaction costs related to the AMV Acquisition, $0.2 in equipment purchases, offset by $3.4 million of cash in the acquired subsidiary. The predecessor used $0.3 million in investing activities, primarily related to capital investments.

Financing Activities

Proceeds from issuing common stock represented $4.3 million in the year ended March 31, 2009. For the predecessor, $17.5 was provided by financing activities, consisting of $3 million from the sale of B-1 preferred stock, $16.5 million proceeds from the ValueAct Note, offset by $2 million repayment of debt in the period.

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates the 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.

As of March 31, 2009, the Company had approximately $5.9 million of cash, and the Company is seeking to restructure its debt, in particular debt which becomes payable within 12 months. The Company's cash requirements will be dependent on that restructuring, as well as actions taken to improve cashflow. As a result, we may require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If these sources are insufficient to satisfy our cash requirements, we may seek to sell additional debt securities or additional equity securities or to obtain a credit facility. The sale of convertible debt securities or additional equity securities could result in additional dilution to our stockholders. The incurrence of increased indebtedness would result in additional debt service obligations and could result in additional operating and financial covenants that would restrict our operations. In addition, there can be no assurance that any additional financing will be available on acceptable terms, if at all.

Debt obligations include interest payments under the ValueAct Note, payable at the end of the term, in January 2010. As described above, the ValueAct Note was amended during fiscal 2009 such that the Company may elect to add interest to the principal, with the full amount payable at the end of the term. The Company's operating lease obligations include noncancelable operating leases for the Company's office facilities in several locations, expiring in various years through 2010. Twistbox has entered into license agreements with various owners of brands and other intellectual property so that we could develop and publish branded products for mobile handsets. Pursuant to some of these agreements, we are required to pay minimum royalties over the term of the agreements regardless of actual sales.

Comparison of the Three Months Ended March 31, 2008 and 2007

	Three Months Ended March 31,	
	2008	2007
	(In thousands)	
Revenues:	$ 3,208	$ -
Cost of revenues	(153)	-
SG&A	3,304	(264)
Amortization of intangible assets	72	-
Interest and other expense	267	-

Prior to the acquisition of Twistbox, Mandalay Media was a public shell company with no operations, and as a result the only activity in the three months ended March 31, 2007 represents expenses incurred in developing the company.

Revenues in 2008 related to the post-acquisition revenues of Twistbox, which was acquired during the period. Cost of revenues in 2008 related to the post-acquisition revenues of Twistbox, which was acquired during the period. This includes license fees, representing costs payable to content providers for use of their intellectual property in products sold. Cost of revenues was a negative amount in this period due to an adjustment to impairment of guarantees, related to the reassessment of the impairment reserve for guarantees payable under content provider contracts. The partial reversal was largely the result of a major content provider contract which was renegotiated during the period.

SG&A includes General and Administrative expenses, Product Development and Sales and Marketing Expenses. General and Administrative expenses consisted primarily of consulting and professional fees, accounting and legal expenses and employee related expenses including stock based compensation. G&A Expenses increased in 2007 over 2006, primarily the result of employing executive management for the company, a significant increase in legal and other professional fees, and the addition of Twistbox expenses subsequent to the merger. Product Development and Sales and Marketing Expenses represent the operating expenses of Twistbox post-acquisition.

Amortization of Intangibles represents amortization of the intangibles identified as part of the purchase price accounting and attributed to operating expenses.

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, and depreciation expense.

Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. In addition, we do not have any undisclosed borrowings or debt, and we have not entered into any synthetic leases. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Stock Sales and Liquidity

On August 3, 2006, we increased our authorized shares of common stock from 19,000,000 to 100,000,000 and authorized and effectuated a 2.5 to 1 stock split of our common stock to increase our outstanding shares from 4,000,000 to 10,000,000. All share and per share amounts have been retroactively adjusted to reflect the effect of the stock split.

On September 14, 2006, we sold 2,800,000 units; on October 12, 2006, we sold 3,400,000 units; and on December 26, 2006, we sold 530,000 units. Each unit sold, at a price per unit of $1.00, consisted of one share of our common stock and one warrant to purchase one share of our common stock. We realized net proceeds of $6,057,000 after the costs of the offering. The warrants have an exercise price of $2.00 per share and expire as follows: 2,800,000 warrants expired in September 2008, 3,400,000 warrants expired in October 2008, and 530,000 warrants expired in December 2008.

On October 12, 2006, we entered into a Series A Convertible Preferred Stock Purchase Agreement with Trinad Management, LLC (“Trinad Management”). Pursuant to the terms of the agreement, Trinad Management purchased 100,000 shares of our Series A Convertible Preferred Stock, par value $ 0.0001 per share (“Series A Preferred Stock”), for an aggregate purchase price of $100,000. Series A Preferred stockholders are entitled to convert, at their option, all or any shares of the Series A Preferred Stock into the number of fully paid and non-assessable shares of common stock equal to the number obtained by dividing the original purchase price of such Series A Preferred Stock, 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. The fair value of the 100,000 shares of our common stock underlying the Series A Convertible Preferred Stock was $1.425 per share at the date of grant. Since the value was $0.425 lower than the fair value of our common stock on October 12, 2006, the $42,500 intrinsic value of the conversion option resulted in the reduction of stockholders’ equity for the recognition of a preferred stock dividend and an increase to additional paid-in capital.

On July 24, 2007, we entered into a Subscription Agreement with certain investors, pursuant to which such investors agreed to subscribe for an aggregate of 5,000,000 shares of our common stock. Each share of common stock was sold at the price of $0.50, for an aggregate purchase price of $2,500,000.

In September, October and December 2007, warrants to purchase 625,000 shares of common stock were exercised in a cashless exchange for 239,000 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, we entered into non-qualified stock option agreements with certain of our directors and officers pursuant to our 2007 Employee, Director and Consultant Stock Plan, as amended (the “Plan”), whereby we issued options to purchase an aggregate of 1,500,000 shares of our common stock. The directors and officers included James Lefkowitz, President of the Company, Robert Zangrillo, a former director of the Company, and Bruce Stein, a former director of the Company and our former Chief Executive Officer as of March 7, 2008, each of whom was granted an option to purchase 500,000 shares in connection with services provided to the Company. The options have a ten-year term and are exercisable at a price of $2.65 per share. On November 14, 2007, we entered into a non-qualified stock option agreement with Richard Spitz, a director of the Company, whereby we issued an option to purchase 100,000 shares of its common stock. The options granted to Mr. Spitz have a ten-year term and are exercisable at a price of $2.50 per share. The options for Messrs. Zangrillo, Stein and Spitz become exercisable over a two-year period, with one-third of the options granted vesting immediately upon grant, an additional one-third vesting on the first anniversary thereafter and the remaining one-third on the second anniversary thereafter. The options for Mr. Lefkowitz also become exercisable over a two-year period, with one-third of the options granted vesting immediately upon grant, an additional one-third vesting on June 28, 2008 and the remainder vesting on June 28, 2009. The options were granted pursuant to the exemption from registration permitted under Rule 506 of Regulation D of the Securities Act of 1933, as amended (the “Securities Act”).

On January 2, 2008, we granted Mr. Stein additional options to purchase 50,000 shares of our common stock. The options have a ten-year term and are exercisable at a price of $4.65 per share. One-third of the options granted were immediately exercisable upon grant, an additional one-third will vest on November 7, 2008 and the remaining one-third will vest on November 7, 2009. The options were granted pursuant to the exemption from registration permitted under Rule 506 of Regulation D of the Securities Act.

As described above, pursuant to the Merger, we issued 10,180,292 shares of Mandalay common stock as part of the merger consideration in connection with the Merger. Such issuance was made pursuant to the exemption from registration permitted under Section 4(2) of the Securities Act.

In addition, also in connection with the Merger, on February 12, 2008, we entered into non-qualified stock option agreements with certain of our directors and officers under the Plan whereby we issued options to purchase an aggregate of 1,700,000 shares of our common stock to Ian Aaron, Chief Executive Officer of Twistbox and a director of the Company, Russell Burke, Chief Financial Officer of Twistbox and the Company, David Mandell, Executive Vice-President, General Counsel and Corporate Secretary of Twistbox and Patrick Dodd, Senior Vice of Worldwide Sales and Marketing of Twistbox, each of whom received an option to purchase 600,000 shares, 350,000 shares, 450,000 shares and 300,000 shares, respectively, of our common stock. The options have a ten-year term and are exercisable at a price of $4.75 per share. The options become exercisable over a two-year period, with one-third of the options granted vesting immediately upon grant, an additional one-third vesting on the first anniversary of the date of grant, and the remaining one-third on the second anniversary of the date of grant. The options were granted pursuant to the exemption from registration permitted under Rule 506 of Regulation D of the Securities Act.

On March 7, 2008, the Company granted Mr. Stein options to purchase an aggregate of 1,001,864 shares of common stock, pursuant to the 2007 Plan, in connection with an amendment to his employment agreement. The options have a ten-year term and are exercisable at a price of $4.25 per share. The options vest as follows: options to purchase 233,830 shares will vest on March 7, 2009, options to purchase 233,830 shares will vest on March 7, 2010 and Options to purchase the remaining 534,204 shares will vest on March 7, 2011. The options were granted pursuant to the exemption from registration permitted under Rule 506 of Regulation D of the Securities Act.

On April 9, 2008 a former director of the Company exercised warrants to purchase 50,000 shares of common stock in a cashless exchange for 25,000 shares of the Company’s common stock.

In April and June 2008, warrants to purchase 350,000 shares of common stock were exercised in a cashless exchange for 217,000 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 1,500,000 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 the remaining one-third vesting on the second anniversary of the date of grant.

On September 29, 2008, the Company granted non-qualified stock options to purchase 350,000 shares of common stock of the Company to two directors under the Plan. The options have a ten year term and are exercisable at a price of $2.40 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 the remaining one-third vesting on the second anniversary of the date of grant.

As described above, pursuant to the AMV Acquisition, on October 23, 2008, we entered into a Securities Purchase Agreement with certain investors identified therein, pursuant to which Mandalay agreed to sell to the Investors in a private offering an aggregate of 1,685,394 shares of common stock and warrants to purchase 842,697 shares of common stock for gross proceeds to the Company of $4,500,000. The warrants have a five year term and an exercise price of $2.67 per share. The funds were held in an escrow account pursuant to an Escrow Agreement, dated October 23, 2008 and were released to Mandalay on or about November 8, 2008.

Also as described above, in connection with the AMV Acquisition, on October 23, 2008, Mandalay and ValueAct entered into an allonge to each of those certain warrants issued to ValueAct in connection with the Merger, which, among other things, amended the exercise price of each of the warrants to $4.00 per share.

In October 2008, warrants to purchase 2,300,000 shares of common stock were exercised in a cashless exchange for 286,000 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 March 16, 2009, certain executive officers of Mandalay, including, among others, Mr. Lefkowitz, Mr. Burke and Mr. Aaron and other senior employees (the "Executives") agreed to reduce their salaries for a period of one year, with the exception of Mr. Aaron who agreed to reduce his salary from August 8, 2008 through February 12, 2010, in exchange for the issuance of shares (the "Shares") of the Company's common stock. The Board of Directors approved the issuance of the Shares pursuant to the Plan at a purchase price of $0.0001 per share in connection with such salary reductions. The Board of Directors authorized the issuance of an aggregate of 938,697 Shares as of the date each such Executive agrees to the salary reduction (the "Grant Date"). In connection therewith, on March 16, 2009, the Board of Directors granted Mr. Lefkowitz 37,500 Shares, Mr. Burke 48,000 Shares and Mr. Aaron 504,218 Shares. The Shares granted to Mr. Lefkowitz and Mr. Burke and 350,360 of the Shares granted to Mr. Aaron are subject to forfeiture to the Company if such Executive terminates his position with the Company prior to one year from the Grant Date, and such Shares become fully vested one year from the Grant Date or upon the occurrence of a change-in-control of the Company. The remainder of Mr. Aaron's shares were fully vested on the Grant Date. All such Shares granted to the Executives may not be sold or transferred for a period of one year from the Grant Date.

Revenues

The discussion herein regarding our future operations pertain to the results and operations of Twistbox and AMV. Twistbox has historically generated and expects to continue to generate the vast majority of its revenues from mobile phone carriers that market and distribute its content. These carriers generally charge a one-time purchase fee or a monthly subscription fee on their subscribers' phone bills when the subscribers download Twistbox's games to their mobile phones. The carriers perform the billing and collection functions and generally remit to Twistbox a contractual percentage of their collected fee for each game. Twistbox recognizes as revenues the percentage of the fees due to it from the carrier. End users may also initiate the purchase of Twistbox's games through various Internet portal sites or through other delivery mechanisms, with carriers or third parties being responsible for billing, collecting and remitting to Twistbox a portion of their fees. To date, Twistbox's international revenues have been much more significant than its domestic revenues.

AMV operates a direct-to-consumer marketing model for distribution of its mobile content portfolio, ranging from Java Games to Videos. AMV's revenue model relies on its efficient and effective management of marketing distribution channels such as print advertising, mobile internet advertising (i.e., WAP affiliates, Google Mobile, Yahoo, etc.), web advertising and traditional television advertising. It also utilizes its proprietary CRM platform for sending promotions to its existing customer database. AMV relies on the margin it generates from this marketing activity for the majority of its revenues. Revenues are also derived from on-going billing relationships with consumers, primarily via content subscription services. In its interactive division, revenues are derived from consumers' usage of mobile chat, flirt and dating services, through mobile-based billing aggregators. Revenues are generated from billing of consumers through mobile network charging, which is typically via the use of Premium SMS, or WAP-based billing (e.g., Pay-For-It).

We believe that improving quality and greater availability of 2.5 and 3G handsets is in turn encouraging consumer awareness and demand for high quality content on their mobile devices. At the same time, carriers and branded content owners are focusing on a small group of publishers that have the ability to provide high-quality mobile content consistently and port it rapidly and cost-effectively to a wide variety of handsets. Additionally, branded content owners are seeking publishers that have the ability to distribute content globally through relationships with most or all of the major carriers. We believe Twistbox has created the requisite development and porting technology and has achieved the scale to operate at this level. We also believe that leveraging carrier and content owner relationships will allow us to grow our revenues without corresponding percentage growth in our infrastructure and operating costs. Our revenue growth rate will depend significantly on continued growth in the mobile content market and our ability to leverage our distribution and content relationships, as well as to continue to expand. Our ability to attain profitability will be affected by the extent to which we must incur additional expenses to expand our sales, marketing, development, and general and administrative capabilities to grow our business. The largest component of our expenses is personnel costs. Personnel costs consist of salaries, benefits and incentive compensation, including bonuses and stock-based compensation, for our employees. Our operating expenses will continue to grow in absolute dollars, assuming our revenues continue to grow. As a percentage of revenues, we expect these expenses to decrease.

Many new mobile handset models are released in the fourth calendar quarter to coincide with the holiday shopping season. Because many end users download our content soon after they purchase new handsets, we may experience seasonal sales increases based on this key holiday selling period. However, due to the time between handset purchases and content purchases, much of this holiday impact may occur in our March quarter. For a variety of reasons, we may experience seasonal sales decreases during the summer, particularly in Europe, which is predominantly reflected in our September quarter. In addition to these possible seasonal patterns, our revenues may be impacted by new or changed carrier deals, and by changes in the manner that our major carrier partners market our content on their deck. Initial spikes in revenues as a result of successful launches or campaigns may create further aberrations in our revenue patterns.

Cost of Revenues

Twistbox's cost of revenues historically, and our cost of revenues going forward, consists primarily of royalties that we pay to content owners from which we license brands and other intellectual property. In addition, certain other direct costs such as quality assurance ("QA") and use of short codes are included in cost of revenues. Our cost of revenues also includes noncash expenses—amortization of certain acquired intangible assets, and any impairment of guarantees. We generally do not pay advance royalties to licensors. Where we acquire rights in perpetuity or for a specific time period without revenue share or additional fees, we record the payments made to content owners as prepaid royalties on our balance sheet when payment is made to the licensor. We recognize royalties in cost of revenues based upon the revenues derived from the relevant game multiplied by the applicable royalty rate. If applicable, we will record an impairment of prepaid royalties or accrue for future guaranteed royalties that are in excess of anticipated recoupment. At each balance sheet date, we perform a detailed review of prepaid royalties and guarantees that considers multiple factors, including forecasted demand, anticipated share for specific content providers, development and launch plans, and current and anticipated sales levels. We expense the costs for development of our content prior to technological feasibility as we incur them throughout the development process, and we include these costs in product development expenses.

AMV's cost of revenues consist of license fees paid to content owners for use of their intellectual property, and the costs of distributing content via the mobile networks, which may be significant.

Gross Margin

Our gross margin going forward will be determined principally by the mix of content that we deliver, and the costs of distribution. Our games based on licensed intellectual property require us to pay royalties to the licensor and the royalty rates in our licenses vary significantly. Our own in-house developed games, which are based on our own intellectual property, require no royalty payments to licensors. For late night business, branded content requires royalty payment to the licensors, generally on a revenue share basis, while for acquired content we amortize the cost against revenues, and this will generally result in a lower cost associated with it. There are multiple internal and external factors that affect the mix of revenues between games and late night content, and among licensed, developed and acquired content within those categories, including the overall number of licensed games and developed games available for sale during a particular period, the extent of our and our carriers' marketing efforts for each type of content, and the deck placement of content on our carriers' mobile handsets. We believe the success of any individual game during a particular period is affected by the recognizability of the title, its quality, its marketing and media exposure, its overall acceptance by end users and the availability of competitive games. In the case of Play for Prizes games, this is further impacted by its suitability to "tournament" play and the prizes available. For other content, we believe that success is driven by the carrier's deck placement, the rating of the content, by quality and by brand recognition. If our product mix shifts more to licensed games or games with higher royalty rates, our gross margin would decline. For other content as we increase scale, we believe that we will have the opportunity to move the mix towards higher margin acquired product. Our gross margin is also affected by direct costs such as charges for mobile phone short codes, and QA, and by periodic charges for impairment of intangible assets and of prepaid royalties and guarantees. These charges can cause gross margin variations, particularly from quarter to quarter.

Operating Expenses

Our operating expenses going forward will primarily include product development expenses, sales and marketing expenses and general and administrative expenses. Our product development expenses consist primarily of salaries and benefits for employees working on creating, developing, editing, programming, porting, quality assurance, carrier certification and deployment of our content, on technologies related to interoperating with our various mobile phone carriers and on our internal platforms, payments to third parties for developing our content, and allocated facilities costs. We devote substantial resources to the development, supporting technologies, porting and quality assurance of our content. We believe that developing games internally through our own development studios allows us to increase operating margins, leverage the technology we have developed and better control game delivery. Games development may encompass development of a game from concept through deployment or adaptation or rebranding of an existing game. For acquired content, typically we will receive content from our licensors which must be edited for mobile phone users, combined with other appropriate content, and packaged for end consumers. The process is made more complex by the need to deliver content on multiple carriers platforms and across a large number of different handsets.

Sales and Marketing . Sales and marketing expenses historically, and our sales and marketing expenses going forward, will consist primarily of salaries, benefits and incentive compensation for sales, business development, project management and marketing personnel, expenses for advertising, trade shows, public relations and other promotional and marketing activities, expenses for general business development activities, travel and entertainment expenses and allocated facilities costs. We expect sales and marketing expenses to increase in absolute terms with the growth of our business and as we further promote our content and expand our carrier network.

General and Administrative . Our general and administrative expenses historically, and going forward, will consist primarily of salaries and benefits for general and administrative personnel, consulting fees, legal, accounting and other professional fees, information technology costs and allocated facilities costs. We expect that general and administrative expenses will increase in absolute terms as we hire additional personnel and incur costs related to the anticipated growth of our business and our operation as a public company. We also expect that these expenses will increase because of the additional costs to comply with the Sarbanes-Oxley Act and related regulation, our efforts to expand our international operations and, in the near term, additional accounting costs related to our operation as a public company.

Amortization of Intangible Assets . We will record amortization of acquired intangible assets that are directly related to revenue-generating activities as part of our cost of revenues and amortization of the remaining acquired intangible assets, such as customer lists and platform, as part of our operating expenses. We will record intangible assets on our balance sheet based upon their fair value at the time they are acquired. We will determine the fair value of the intangible assets using a contribution approach. We will amortize the amortizable intangible assets using the straight-line method over their estimated useful lives of three to five years.

Estimates and Assumptions

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

We provide for deferred income taxes using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and the tax effect of net operating loss carry-forwards. A valuation allowance has been provided as it is more likely than not that the deferred assets will not be realized.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). This statement clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures on fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS No. 157 is not expected to have a material effect on our consolidated results of operations or financial condition.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities, including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 permits entities to choose, at specified election dates, to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Unrealized gains and losses shall be reported on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 157 "Fair Value Measurements". We are currently assessing the impact that SFAS No. 159 will have on our financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS No. 160"), 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, we do not expect the adoption of SFAS No. 160 to have a significant impact on our results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations" (SFAS No. 141). 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 No. 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. We do not expect the adoption of SFAS No. 160 to have a significant impact on our results of operations or financial position.

In March 2008, the FASB issued 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. The impact of the adoption of FSP FAS 142-3 on the Company's results of operations and financial position will depend on the nature and extent of business combinations that it completes, if any, in or after fiscal 2010.

Other recently issued accounting pronouncements are not expected to have a significant impact on the company's results of operations or financial position.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)

(1) The following documents are filed as part of this Annual Report on Form 10-K.

(3) Exhibits: The following documents are filed as exhibits to this Annual Report on Form 10-K/A:

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 Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Mandalay Media, Inc.

Dated: December 3, 2009

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

Pursuant to the requirements of the Exchange Act, this Report has been signed below by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Robert S. Ellin Robert S. Ellin	Co- Chairman of the Board	December 3, 2009
/s/ Peter Guber Peter Guber	Co-Chairman of the Board	December 3, 2009
/s/ Ray Schaaf Ray Schaaf	President, Director (Principal Executive Officer)	December 3, 2009
/s/ Russell Burke Russell Burke	Chief Financial Officer (Principal Financial Officer)	December 3, 2009
/s/ Paul Schaeffer Paul Schaeffer	Director	December 3, 2009
/s/ Richard Spitz Richard Spitz	Director	December 3, 2009
Adi McAbian	Director	December 3, 2009
/s/ Keith McCurdy Keith McCurdy	Director	December 3, 2009

Report of Independent Registered Public Accounting Firm

Twistbox Entertainment, Inc. and Subsidiaries
Los Angeles, California

We have audited the accompanying consolidated statements of operations, stockholders' equity, and cash flows for the period April 1, 2007 through February 12, 2008 of Twistbox Entertainment, Inc. and Subsidiaries. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of the Company's operations and its cash flows for the period April 1, 2007 through February 12, 2008, in conformity with U.S. generally accepted accounting principles.

/s/Crowe Horwath LLP.
Crowe Horwath LLP.

Sherman Oaks, California
November 30, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

Mandalay Media, Inc. (Formerly Mediavest, Inc.)

We have audited the accompanying statements of operations, stockholders' equity and cash flows of Mandalay Media, Inc. (formerly Mediavest, Inc.) for the year ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the results of Mandalay Media, Inc.'s operations and cash flows for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Raich Ende Malter & Co. LLP

Raich Ende Malter & Co. LLP

New York, New York

April 11, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Mandalay Media, Inc. and Subsidiaries
Los Angeles, California

We have audited the accompanying consolidated balance sheet of Mandalay Media, Inc. and Subsidiaries (the "Company") as of March 31, 2008 and the related consolidated statements of operations, stockholders' equity and cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mandalay Media, Inc. and Subsidiaries as of March 31, 2008, and the results of its operations and its cash flows for the three months then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ GROBSTEIN, HORWATH & COMPANY LLP

Sherman Oaks, California
July 8, 2008

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Mandalay Media, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of Mandalay Media, Inc. and Subsidiaries (collectively, the "Company") as of March 31, 2009, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended . These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2009, and the results of its operations and its cash flows for the year ended March 31, 2009, in conformity with generally accepted accounting principles in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, certain factors give rise to substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We were not engaged to examine management's assessment of the effectiveness of the Company's internal control over financial reporting as of March 31, 2009, included in the Form 10-K annual report and, accordingly, we do not express an opinion thereon.

SingerLewak LLP

Los Angeles, California
July 14, 2009

(In thousands, except share amounts)

	Successor	
	March 31, 2009	March 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,927	$ 10,936
Accounts receivable, net of allowances of $174 and $168 respectively	10,745	6,162
Prepaid expenses and other current assets	1,334	531
Total current assets	18,006	17,629
Property and equipment, net	1,230	1,037
Other long-term assets	-	301
Intangible assets, net	16,121	19,780
Goodwill	55,833	61,377
TOTAL ASSETS	**$ 91,190**	**$ 100,124**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 9,557	$ 2,399
Accrued license fees	2,795	3,833
Accrued compensation	592	688
Current portion of long term debt	23,296	248
Other current liabilities	5,899	2,087
Total current liabilities	42,139	9,255
Accrued license fees, long term portion	-	1,337
Long term debt, net of current portion	-	16,483
Other long-term liabilities	27	-
Total liabilities	$ 42,166	27,075
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock		
Series A Convertible Preferred Stock at $0.0001 par value; 100,000 shares authorized, issued and outstanding (liquidation preference of $1,000,000)	100	100
Common stock, $0.0001 par value: 100,000,000 shares authorized; 39,653,125 issued and outstanding at March 31, 2009; 32,149,089 issued and outstanding at March 31, 2008;	4	3
Additional paid-in capital	93,918	76,154
Accumulated other comprehensive income/(loss)	(129)	61
Accumulated deficit	(44,869)	(3,269)
Total stockholders' equity	49,024	73,049
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 91,190**	**$ 100,124**

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

Mandalay Media, Inc. and Subsidiaries
Consolidated Statement of Operations

(In thousands, except per share amounts)

	Successor				Predecessor
	Year Ended March 31, 2009	Year Ended December 31, 2007	3 Months Ended March 31, 2008	3 Months Ended March 31, 2007 (unaudited)	Period From April 1, 2007 Through February 12, 2008
Net Revenues	$ 31,256	$ -	$ 3,208	$ -	$ 12,282
Cost of revenues					
License fees	7,387	-	1,539	-	5,491
Adjustment to impairment of guarantees	-	-	(1,745)	-	-
Other direct cost of revenues	3,763	-	53	-	26
Total cost of revenues	11,150	-	(153)	-	5,517
Gross profit	20,106	-	3,361	-	6,765
Operating expenses					
Product development	6,981	-	946	-	6,897
Sales and marketing	9,236	-	891	-	3,905
General and administrative	10,338	2,521	1,467	(264)	3,789
Amortization of intangible assets	628	-	72	-	119
Impairment of goodwill and intangible assets	31,784	-	-	-	-
Total operating expenses	58,967	2,521	3,376	(264)	14,710
(loss) / income from continuing operations	(38,861)	(2,521)	(15)	264	(7,945)
Interest and other income/(expense)					
Interest income	141	317	97	-	214
Interest (expense)	(2,302)	-	(310)	-	(1,073)
Foreign exchange transaction gain (loss)	(471)	-	2	-	170
Other (expense)	(71)	-	(56)	-	(193)
Interest and other income/(expense)	(2,703)	317	(267)	-	(882)
Net (loss) / income from continuing operations before income taxes	(41,564)	(2,204)	(282)	264	(8,827)
Income tax benefit / (provision)	111	-	(16)	-	(56)
Net (loss) / income from continuing operations net of taxes	(41,453)	(2,204)	(298)	264	(8,883)
Discontinued operations, net of taxes:					
Loss from discontinued operations, net of taxes	(147)	-	-	-	-
Net (loss) / income	$ (41,600)	$ (2,204)	$ (298)	$ 264	$ (8,883)
Comprehensive (loss) / income	$ (41,790)	$ (2,204)	$ (237)	$ 264	$ (8,762)
Basic and Diluted net loss per common share					
Continuing operations	$ (1.14)	$ (0.12)	$ (0.01)	$ 0.02	$ (1.14)
Discontinued operations	$ (0.00)	$ -	$ -	$ -	$ -
Net (loss) / income	$ (1.15)	$ (0.12)	$ (0.01)	$ 0.02	$ (1.14)
Weighted average common shares outstanding, basic and diluted	36,264	18,997	21,628	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

(In thousands)

Year Ended March 31, 2009; Three Months Ended March 31, 2008 and Year Ended December 31, 2007

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 Stockholders' Equity	Comprehensive Loss
Balance at December 31, 2006	16,730,000	$ 2	100,000	$ 100	$ 6,309	$ -	$ (767)	$ 5,644	
Net Loss							(2,204)	(2,204)	(2,204)
Issuance of common stock (net of offering costs of $27)	5,000,000	1			2,472			2,473	
Cashless exercise of warrants	238,797	0			(0)			-	
Deferred stock-based compensation					1,036			1,036	
Comprehensive loss									$ (2,204)
Balance at December 31, 2007	21,968,797	$ 3	100,000	$ 100	$ 9,817	$ -	$ (2,971)	$ 6,949	
Net Loss							(298)	(298)	(298)
Issuance of common stock in connection with the merger	10,180,292	0			48,356			48,356	
Assumption of employee stock options in connection with the merger					11,019			11,019	
Issuance of new employee stock options in connection with the merger					3,938			3,938	
Issuance of warrants to lender in connection with the merger					2,711			2,711	
Foreign currency translation gain/(loss)						61		61	61
Deferred stock-based compensation					313			313	
Comprehensive loss									$ (237)
Balance at March 31, 2008	32,149,089	$ 3	100,000	$ 100	$ 76,154	$ 61	$ (3,269)	$ 73,049	
Net Loss							(41,600)	(41,600)	(41,600)
Issuance of common stock in satisfaction of payable	70,000	0			179			179	
Issuance of common stock on cashless exercise of warrants	565,188	0			-			0	
Issuance of common stock related to acquisition	4,499,997	1			9,899			9,900	
Adjustment in valuation of warrants in connection with the acquisition					377			377	
Issuance of common stock net of issuance costs	1,685,394	0			4,354			4,354	

Issuance of common stock as part of compensation	683,457	0			155			155	
Foreign currency translation gain/(loss)						(190)		(190)	(190)
Deferred stock-based compensation					2,800			2,800	
Comprehensive loss									$ (41,790)
Balance at March 31, 2009	39,653,125	$ 4	100,000	$ 100	$ 93,918	$ (129)	$ (44,869)	$ 49,024	

Predecessor	**Common Stock**		**Preferred Stock**		**Additional Paid-In Capital**	**Accumulated Other Comprehensive Income/(Loss)**	**Accumulated Deficit**	**Total Stockholders' Equity (Deficit)**	**Comprehensive Loss**
	Shares	Amount	Shares	Amount					
Balance, March 31, 2007	7,785,716	8	3,092,649	32	13,267	17	(18,893)	(5,569)	
Issuance of preferred stock series B-1	-	-	436,680	4	2,996	-	-	3,000	
Deferred stock-based compensation	-	-	-	-	422	-	-	422	
Conversion of warrants in connection with debt financing	-	-	-	-	20	-	-	20	
Foreign currency translation gain (loss)	-	-	-	-	-	121	-	121	121
Net loss	-	-	-	-	-	-	(8,883)	(8,883)	(8,883)
Comprehensive loss									$ (8,762)
Balance, February 12, 2008	7,785,716	$ 8	3,529,329	$ 36	$ 16,705	$ 138	$ (27,776)	$ (10,889)	

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

Consolidated Statements of Cash Flows

(In thousands)

	Successor				Predecessor
	Year Ended March 31, 2009	Year Ended December 31, 2007	3 Months Ended March 31, 2008	3 Months Ended March 31, 2007	Period From April 1, 2007 Through February 12, 2008
				(unaudited)	
Cash flows from operating activities					
Net loss	$ (41,600)	$ (2,204)	$ (298)	$ (264)	$ (8,883)
Less: Loss from discontinued operations, net of taxes	(147)				
Net loss from continuing operations, net of taxes	(41,453)	(2,204)	(298)	(264)	(8,883)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	1,518	-	253	-	390
Allowance for doubtful accounts	6	-	168	-	22
Stock-based compensation	2,955	1,036	313	-	422
Impairment of goodwill and intangibles	31,784	-		-	-
(Increase) / decrease in assets:					
Accounts receivable	4,489	-	(1,364)	-	(112)
Prepaid expenses and other	(312)	-	(222)	-	(663)
Increase / (decrease) in liabilities:					
Accounts payable	(3,280)	349	352	(61)	451
Accrued license fees	(1,039)	-	(2,043)	-	(2,469)
Accrued compensation	(96)	-	(128)	-	122
Other liabilities	68	-	487	-	(215)
Other asset					(361)
Net cash used in operating activities	(5,360)	(819)	(2,482)	(325)	(11,296)
Cash flows from investing activities					
Purchase of property and equipment	(219)	-	(103)	-	(307)
Transaction costs	(802)	(141)	(424)	-	-
Cash used in acquisition of subsidiary	(6,132)	-	-	-	-
Cash acquired with acquisition of subsidiary	3,380	-	6,679	-	-
Proceeds from notes receivable		-	-	-	106
Proceeds from related party advance		-	-	-	20
Purchase of intangible asset		-	-	-	(26)
Net cash (used in) provided by investing activities	(3,773)	(141)	6,152	-	(207)
Cash flows from financing activities					
Proceeds from the sale of common stock (net of issuance costs of $146)	4,354	2,473	-	-	-
Instalment payments related to prior acquisition	(54)	-	-	-	-
Proceeds from the issuance of debt, net of costs		-	-	-	16,480
Repayment of debt		-	-	-	(2,017)
Proceeds from the sale of Series B-1 preferred stock		-	-	-	3,000
Net cash provided by financing					

activities	4,300	2,473	-	-	17,463
Effect of exchange rate changes on cash and cash equivalents	(176)	-	11	-	88
Net increase/(decrease) in cash and cash equivalents	(5,009)	1,513	3,681	(325)	6,048
Cash and cash equivalents, beginning of period	10,936	5,742	7,255	5,742	631
Cash and cash equivalents, end of period	$ 5,927	$ 7,255	$ 10,936	$ 5,417	$ 6,679
Supplemental disclosure of cash flow information:					
Interest paid	-	-	-	-	1,073
Taxes paid	561	-	16	-	61
Noncash investing and financing activities:					
Acquisition of subsidiary	16,047	-	66,025	-	-

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

1. Organization

Mandalay Media, Inc. (the "Company"), formerly Mediavest, Inc., 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. 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 until its merger with Twistbox Entertainment, Inc., February 12, 2008 (Note 6). On September 14, 2007, the Company was re-incorporated in the state of Delaware as Mandalay Media, Inc.

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 had the same status and par value as the respective stock of Mediavest and Mandalay acceded to all the rights, acquired all the assets and assumed all of the liabilities of Mediavest.

On February 12, 2008, the Company completed a merger (the "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. In connection with the Merger, the Company assumed all the outstanding options under Twistbox's Stock Incentive Plan by the issuance of options to purchase 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 at that time. 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, stockholders' equity and cash flows 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.

On October 23, 2008 the Company completed an acquisition of 100% of the issued and outstanding share capital of AMV Holding Limited, a United Kingdom private limited company ("AMV"), and 80% of the issued and outstanding share capital of Fierce Media Ltd ("Fierce").

In consideration for the shares, and subject to adjustment as set forth in the Agreement, the aggregate purchase price (the "Purchase Price") consisted of: (a) $5,375 in cash (the "Cash Consideration"); (b) 4,500 fully paid shares of Common Stock (the "Stock Consideration"); (c) a secured promissory note in the aggregate original principal amount of $5,375 (the "Note"); and (d) additional earn-out amounts, if any, if the Acquired Companies achieve certain targeted earnings for each of the periods from October 1, 2008 to March 31, 2009, April 1, 2009 to March 31, 2010, and April 1, 2010 to September 30, 2010, as determined in accordance with the Agreement. The Purchase Price was subject to certain adjustments based on the working capital of AMV, to be determined initially within 75 days of the closing, and subsequently within 60 days following June 30, 2009. Any such adjustment of the Purchase Price will be made first by means of an adjustment to the principal sum due under the Note, as set forth in the Agreement. An initial adjustment of $443 was made subsequent to closing, and has been added to the Note. The initial period earn-out has been recognized in the current period and has been added to the amount of consideration for the acquisition, as described in Note 6.

AMV is a leading mobile media and marketing company delivering games and lifestyle content directly to consumers in the United Kingdom, Australia, South Africa and various other European countries. AMV markets its well established branded services through a unique Customer Relationship Management (CRM) platform that drives revenue through mobile internet, print and TV advertising. AMV is headquartered in Marlow, outside of London in the United Kingdom.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for annual financial statements. The financial statements, in the opinion of management, include all adjustments necessary for a fair statement of the results of operations, financial position and cash flows for each period presented. The financial statements for the period ended March 31, 2008 and as at March 31, 2008 represent the results of the Company prior to the merger described in Note 6, and consolidated results subsequent to the merger; and the consolidated position of the group at the end of the period.

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

The Company's revenues are derived primarily by licensing material and software 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.

The Company either markets and distributes its products directly to consumers, or distributes products through mobile telecommunications service providers (carriers), in which case the carrier markets the product, images or games to end users. License fees for perpetual and subscription licenses are usually billed 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 others provide opt-in renewal. In either case, subsequent billings for subscription licenses are generally billed monthly. The Company 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 the Company's 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, the Company defines delivery as the download of the product, image or game by the end user.

The Company 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 the Company 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 the Company believes are reasonable, but it is possible that actual results may differ from the Company's estimates. The Company'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 the Company receives the final carrier reports, to the extent not received within a reasonable time frame following the end of each month, the Company records any differences between estimated revenues and actual revenues in the reporting period when the Company determines the actual amounts. Revenues earned from certain carriers may not be reasonably estimated. If the Company is unable to reasonably estimate the amount of revenues to be recognized in the current period, the Company recognizes revenues upon the receipt of a carrier revenue report and when the Company's portion of licensed revenues are fixed or determinable and collection is probable. To monitor the reliability of the Company'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 the Company deems a carrier not to be creditworthy, the Company defers all revenues from the arrangement until the Company 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*, the Company recognizes as revenues the amount the carrier reports as payable upon the sale of the Company's products, images or games. The Company 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 the Company a fixed percentage of their revenues or a fixed fee for each game;
- carriers generally must approve the price of the Company's content in advance of their sale to subscribers, and the Company's more significant carriers generally have the ability to set the ultimate price charged to their subscribers; and
- The Company has limited risks, including no inventory risk and limited credit risk

For direct to consumer business, revenue is earned by delivering a product or service directly to the end user of that product or service. In those cases the Company 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 year ended March 31, 2009, the three months ended March 31, 2008 and the year ended December 31, 2007 consisted of 2,478; 4,415 and 1,592 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.

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 the 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. Direct response advertising is expensed immediately since there is a very limited ongoing return. Advertising expense for the Successor was $4,874; $226, $0, and $0 for the year ended March 31, 2009, the three months ended March 31, 2008 and 2007, and the year ended December 31, 2007, respectively. Advertising expense for the Predecessor was $347 for the period from April 1, 2007 through February 12, 2008. Advertising costs are expensed as incurred.

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 ($190) for the year ended March 31, 2009; $61 and $0 for the three months ended March 31, 2008 and 2007, and $0 in the year ended December 31, 2007. The foreign currency translation adjustment (loss) for the Predecessor was $121 for the period from April 1, 2007 through February 12, 2008. 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 accumulated deficit. Other comprehensive income / (loss) amounted to ($190) in the year ended March 31, 2009; $61 in the three months ended March 31, 2008 and $0 in the year ended December 31, 2007.

Concentrations of Credit Risk.

Financial instruments which potentially subject us to concentration of credit risk consist principally of cash and cash equivalents, and accounts receivable. We have placed cash and cash equivalents with a single high credit-quality institution. As of March 31, 2008, we did not have any long-term marketable securities. The Company's sales are made either directly to consumers, with the billings performed by and the receivable due from industry aggregators; or directly to the 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 March 31, 2009, our two largest customers represented approximately 19% and 13% of our gross accounts receivable outstanding. These customers accounted for 5% and 19%, respectively, of our gross sales in the year ended March 31, 2009. At March 31, 2008 our largest customer represented approximately 36% of our gross accounts receivable outstanding; and this customer accounted for 48% of our gross sales in the three months ended March 31, 2008.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization are 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 and Indefinite Life Intangible Assets

Goodwill represents the excess of cost over fair value of net assets of businesses acquired. In accordance with Statement of Financial Accounting Standards No. 142 ("SFAS 142") "Goodwill and Other Intangible Assets", the value assigned to goodwill and indefinite lived intangible assets, including trademarks and tradenames, is not amortized to expense, but rather they are evaluated at least on an annual basis to determine if there are potential impairments. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit goodwill is less than the carrying value. If the fair value of an indefinite lived intangible (such as trademarks and trade names) is less than its carrying amount, an impairment loss is recorded. Fair value is determined based on discounted cash flows, market multiples or appraised values, as appropriate. Discounted cash flow analysis requires assumptions about the timing and amount of future cash inflows and outflows, risk, the cost of capital, and terminal values. Each of these factors can significantly affect the value of the intangible asset. The estimates of future cash flows, based on reasonable and supportable assumptions and projections, require management's judgment. Any changes in key assumptions about the Company's businesses and their prospects, or changes in market conditions, could result in an impairment charge. Some of the more significant estimates and assumptions inherent in the intangible asset valuation process include: the timing and amount of projected future cash flows; the discount rate selected to measure the risks inherent in the future cash flows; and the assessment of the asset's life cycle and the competitive trends impacting the asset, including consideration of any technical, legal or regulatory trends.

The Company has determined that there was an impairment of goodwill and indefinite lived intangibles, in combination, amounting to $31,784, as a result of completing its annual impairment analysis as of March 31, 2009. In performing the related valuation analysis the Company used various valuation methodologies including probability weighted discounted cash flows, comparable transaction analysis, and market capitalization and comparable company multiple comparison. The impairment is detailed in Note 7 below.

Impairment of Long-Lived Assets and Finite Life 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.

Intangible assets subject to amortization primarily consist of customer lists, license agreements and software that have been acquired. The intangible asset values assigned to the identified assets for each acquisition were generally determined based upon the expected discounted aggregate cash flows to be derived over the estimated useful life. The method of amortizing the intangible asset values are based upon the Company's historical experience. The Company reviews the recoverability of its finite-lived intangible assets for recoverability whenever events or circumstances indicated that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparison to associated undiscounted cash flows. The Company determined that there were no impairments during the year ended March 31, 2009.

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. The Company does not have any preferred shares subject to mandatory redemption. 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, stock-based compensation expense, the application of purchase accounting, the carrying value and recoverability of long-lived assets, including goodwill, amortizable intangibles, the realizability of deferred tax assets, and the fair value of equity instruments.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("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. The adoption of SFAS 160 did not have a significant impact on the Company's Consolidated Financial Statements.

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 non controlling 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. In April 2009, the FASB issued FSP FAS 141(R)-1, which amends the initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. The impact of the adoption of SFAS No. 141(R) and FSP FAS 141(R)-1 on the Company’s results of operations and financial position will depend on the nature and extent of business combinations that it completes, if any, in or after fiscal 2010; however, it is expected to change the Company’s accounting treatment for any business combinations completed after this statement becomes effective.

In March 2008, the FASB issued 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. The impact of the adoption of FSP FAS 142-3 on the Company’s results of operations and financial position will depend on the nature and extent of business combinations that it completes, if any, in or after fiscal 2010.

(all numbers in thousands except per share amounts)

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. One of the Company's operating subsidiaries, Twistbox, has sustained substantial operating losses since commencement of operations. The Company has also incurred negative cash flows from operating activities and the majority of the Company's assets are intangible assets and goodwill, which have been subject to impairment in the current year.

In addition, Twistbox has a significant amount of debt, in the form of a Secured Note, as detailed in Note 8, which becomes due within twelve months. The Company has guaranteed 50% of this debt, and the group is subject to covenants including a covenant to maintain a minimum cash balances of $4 million. The company was not in breach of any covenants at March 31, 2009. There is a significant risk that the minimum cash balance covenant will be breached as the result of paying out the earn-out payment associated with the acquisition of AMV as more fully described in Note 6. We have initiated discussions with the holder of the Secured Note regarding a waiver for the covenant.

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 restructuring its financing arrangements, obtaining additional financing, and/or reaching accommodations with the holder of the Secured Note, and reaching a positive cash flow position while maintaining adequate liquidity.

The Company has undertaken a number of specific steps to achieve positive cashflow in the future. These actions include the acquisition consummated in the current year along with the economic cost associated with the integration, and debt restructuring and equity placements which occurred at the same time as the acquisition. The Company has taken further action to reduce its ongoing operating cost base, and has been in discussions with the holder of the Secured Note and with unsecured creditors regarding restructuring of commitments. Other actions include continued increases in revenues by introducing new products and revenue streams, reductions in the cost of revenues, continued expansion into new territories, reviewing additional financing options, and accretive acquisitions. Management believes that actions undertaken as a whole provide the opportunity for the Company to continue as a going concern, although this will be highly dependent on the ability to restructure our financing arrangements.

4. Balance Sheet Components

Accounts Receivable

	March 31, 2009	March 31, 2008
Accounts receivable	$ 10,919	$ 6,330
Less: allowance for doubtful accounts	(174)	(168)
	$ 10,745	$ 6,162

Accounts receivable includes amounts billed and unbilled as of the respective balance sheet dates. Unbilled receivables were $5,269 at March 31, 2009 and $983 at March 31, 2008. During the year ended March 31, 2009, $6 was provided for and $0 was written off against the allowance for the Successor. During the three months ended March 31, 2008 and 2007, $0 was provided for and $0 was written off against the allowance for the Successor. During the period from April 1, 2007 through February 12, 2008, $22 was provided for and $0 was written off against the allowance for the Predecessor.

(all numbers in thousands except per share amounts)

Property and Equipment

	March 31, 2009	March 31, 2008
Equipment	$ 1,192	$ 654
Equipment subject to capitalized lease	-	71
Furniture & fixtures	386	228
Leasehold improvements	140	140
	1,718	1,093
Accumulated depreciation	(488)	(56)
	$ 1,230	$ 1,037

Depreciation expense for the Successor's year ended March 31, 2009 was $431; for the three months ended March 31, 2008 and 2007 was $56 and $0, respectively; and for the year ended December 31, 2007 was $0. Depreciation expense for the Predecessor's period from April 1, 2007 through February 12, 2008 was $271. Depreciation expense is included in other expenses in the Consolidated Statements of Operations.

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:

(all numbers in thousands except per share amounts)

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2006	-	-
Granted	1,600	$ 2.64
Canceled	-	-
Exercised	-	-
Outstanding at December 31, 2007	1,600	$ 2.64
Granted	2,752	$ 4.57
Transferred in from Twistbox	2,462	$ 0.64
Canceled	(12)	$ 0.81
Outstanding at March 31, 2008	6,802	$ 2.70
Granted	1,860	$ 2.67
Canceled	(1,702)	$ 0.48
Exercised	-	$ 0.48
Outstanding at March 31, 2009	6,960	$ 2.52
Exercisable at March 31, 2009	5,426	$ 2.29

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 Year ended March 31, 2009	Options Granted	Options tranferred from Twistbox
Expected life (years)	6	4 to 6	3 to 7
Risk-free interest rate	3.90% to 3.92%	2.7% to 3.89%	2.03% to 5.03%
Expected volatility	49.73% to 54.33%	70% to 75.2%	70% to 75%
Expected dividend yield	0%	0%	0%

The exercise price for options outstanding at March 31, 2009 was as follows:

Options outstanding				
Range of Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number Outsanding March 31, 2009	Weighted Average Exercise Price	Aggregate Intrinsic Value
$0 - $1.00	7.33	2,277	$ 0.64	$ 618,093
$2.00 - $3.00	8.99	2,950	$ 2.67	$ -
$4.00 - $5.00	8.88	1,733	$ 4.75	$ -
	8.42	6,960	$ 2.52	$ 618,093

The exercise price for options exercisable at March 31, 2009 was as follows:

Options Exercisable						
Range of Exercise Price	Weighted Average Remaining Contractual Life (Years)	Options Exercisable March 31, 2009		Weighted Average Exercise Price		Aggregate Intrinsic Value
$0 - $1.00	7.31	2,174	$	0.63	$	603,476
$2.00 - $3.00	8.94	2,098	$	2.66	$	-
$4.00 - $5.00	8.88	1,154	$	4.75	$	-
	8.27	5,426	$	2.29		603,476

During the year, the Company approved the issuance of an aggregate of 938,697 shares of common stock pursuant to the Company's 2007 Employee, Director and Consultant Stock Plan at a purchase price of $0.0001 per share to certain executives of the Company and subsidiary in connection with agreed salary reductions.

A summary of the status of the Company's nonvested shares as of March 31, 2009, and changes during the year ended March 31, 2009 is presented below:

Nonvested shares	**Shares (000s)**		**Weighted Average Grant Date Fair Value**
Nonvested at March 31, 2008	-	$	-
Granted	745,468	$	0.85
Vested	246,702	$	0.85
Nonvested at March 31, 2009	498,767	$	0.85
Forfeited	(62,011)	$	0.88

As of March 31, 2009, there was $424 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a period of 11.5 months. The total fair value of shares vested during the year ended March 31, 2009, was $210.

Stock-based compensation expense for the Successor was $3,169 for the year ended March 31, 2009; $313 and $0 for the three months ended March 31, 2008 and 2007; and $1,036 for the year ended December 31, 2007. Stock option expense for the Predecessor was $422 for the period April 1, 2007 through February 12, 2008. 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, the Company completed an acquisition of 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 purchase 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.

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 two warrants, one to purchase 1,093 and the other to purchase 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. These warrants were subsequently amended as described in Note 8.

The purchase consideration was determined 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. During the year, a further $59 of transaction costs were recognized, with the result that the purchase consideration was increased to $67,538, with an equivalent increase in Goodwill. The options and warrants 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 $67,538 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:

(all numbers in thousands except per share amounts)

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	61,436
	$ 67,538

The Merger related restructuring reserves were subsequently reduced by $215, increasing net assets acquired and consequentially reducing goodwill by that amount. As a result, Goodwill recognized in the above transaction amounted to $61,221. Goodwill in relation to the acquisition of Twistbox is not expected to be deductible for income tax purposes. Merger related restructuring reserves include reserves for employee severance and for office relocation.

AMV Holding Limited group

On October 23, 2008, the Company completed an acquisition of 100% of AMV Holding Limited, a United Kingdom private limited company ("AMV") and 80% of Fierce Media Limited. The acquisition was effective on October 1, 2008.

Subject to adjustment as set forth in the Stock Purchase Agreement, the aggregate purchase price (the "Purchase Price") consisted of: (a) $5,375 in cash (the "Cash Consideration"); (b) 4,500 fully paid and non-assessable shares of Common Stock (the "Stock Consideration"); (c) a secured promissory note in the aggregate original principal amount of $5,375 (the "Note"); and (d) additional earn-out amounts, if any, if the Acquired Companies achieve certain targeted earnings for each of the periods from October 1, 2008 to March 31, 2009, April 1, 2009 to March 31, 2010, and April 1, 2010 to September 30, 2010, as determined in accordance with the Stock Purchase Agreement. The Purchase Price is subject to certain adjustments based on the working capital of AMV, to be determined initially within 75 days of the closing, and subsequently within 60 days following June 30, 2009. Any such adjustment of the Purchase Price will be made first by means of an adjustment to the principal sum due under the Note, as set forth in the Stock Purchase Agreement. The initial adjustment has been determined preliminarily as $443, to be added to the secured promissory note.

(all numbers in thousands except per share amounts)

Prior to closing, each outstanding option to purchase shares of capital stock of AMV (an "AMV Option") was either exercised in full or terminated. The Note matures on January 30, 2010, and bears interest at an initial rate of 5% per annum, subject to adjustment as provided therein. In the event the Company completes an equity financing that results in gross proceeds of over $6,000, the Company will prepay a portion of the Note in an amount equal to one-third of the excess of the gross proceeds of such financing over $6,000. In addition, if within nine months of the issuance date of the Note, the Company completes a financing that results in gross proceeds of over $15,000, then the Company shall prepay the entire principal amount then outstanding under the Note, plus accrued interest. If within nine months of the issuance date of the Note, the aggregate principal sum then outstanding under the Note plus accrued interest thereon has not been prepaid, then on and after such date, interest shall accrue on the unpaid principal balance of the Note at a rate of 7% per annum. Additionally, in connection with the Note, AMV granted to the Sellers a security interest in its assets. Such security interest is subordinate to the security interest granted to ValueAct Small Cap Master Fund, L.P. ("ValueAct) under the Senior Secured Note, issued by Twistbox Entertainment, Inc., a wholly-owned subsidiary of the Company ("Twistbox"), due January 30, 2010, as amended on February 12, 2008 (the "ValueAct Note"), and as subsequently amended on October 23, 2008. AMV also agreed to guarantee Mandalay's repayment of the Note to the Sellers.

The Purchase Price was preliminarily estimated by the Company to be $23,030 consisting of $9,900 attributed to the Stock Consideration issued, $5,375 in cash, $95 in stamp duty, $5,818 under the Note referenced above (inclusive of the working-capital adjustment), $1,098 as an estimate of the initial period earn-out adjustment and $744 in transaction costs. Any further adjustments required under the "working capital adjustment" provision and any further adjustment under the "earn-out" provision of the Agreement have not yet been determined and therefore have not been included in the preliminary calculation of the purchase price. The shares of the Stock Consideration were valued using the closing stock price at the acquisition date of $2.20 per share. Under the purchase method of accounting, the Company allocated the total Purchase Price of $23,030 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 and cash equivalents	$ 3,380
Accounts receivable, net of allowances	9,087
Prepaid expenses and other current assets	16
Property and equipment, net	406
Accounts payable	(10,391)
Bank overdrafts	(1,902)
Other current liabilities	(1,262)
Other long term liabilities	(223)
Minority interests	95
Identified intangibles	1,368
Acquisition related restructuring reserves	
Goodwill	22,456
	$ 23,030

Net assets associated with Fierce Media were insignificant. Goodwill recognized in the above transaction is preliminarily estimated at $22,456. The business acquired is not capital intensive and does not require significant identifiable intangible assets – as a result the greater proportion of consideration has been allocated to goodwill. Goodwill in relation to the acquisition of AMV is not expected to be deductible for US income tax purposes. The preliminary purchase price allocation, including the allocation of goodwill, will be updated as additional information becomes available.

(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 and AMV by the Company accounted for by the purchase method of accounting as if it had occurred as at the beginning of each of the periods presented. 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.

	Year ended March 31, 2009	3 months ended March 31, 2008	Year ended December 31, 2007
Revenues	$ 51,734	$ 13,939	$ 44,289
Cost of revenues	18,654	2,739	23,887
Gross profit	33,080	11,200	20,402
Operating expenses net of interest income and other expense	72,244	11,643	36,063
Income tax expense and minority interests	(112)	(153)	(1,358)
Net loss from continuing operations, net of taxes	(39,276)	(596)	(17,019)
Income (loss) from discontinued operations, net of taxes	(147)	-	-
Net loss	$ (39,423)	$ (596)	$ (17,019)
Basic and Diluted net loss per common share			
Continuing operations	$ (1.08)	$ (0.02)	$ (0.65)
Discontinued operations	$ (0.00)	$ -	$ -
Net loss	$ (1.09)	$ (0.02)	$ (0.65)

7. Goodwill and Other Intangible Assets

Goodwill

A reconciliation of the changes to the Company's carrying amount of goodwill for fiscal 2009 was as follows:

Balance at March 31, 2008	$ 61,377
Goodwill acquired during the period	22,456
adjustments made to goodwill	(156)
Goodwill impairment	(27,844)
Balance at March 31, 2009	$ 55,833

In October 2008, goodwill was increased by $22,456 due to the acquisition of AMV (Note 6). Both acquisitions described in Note 6 included the issuance of Company stock as all or part of the consideration. Based on the trading price of the Company’s common stock as of the acquisition dates, the total consideration was $67,538 for the Twistbox acquisition and $23,342 for the AMV acquisition. Subsequent to the acquisitions, the Company experienced a significant and continued decline in the market value of its common stock, which resulted in the Company’s market capitalization falling below its net book value. In addition, the Company performed its annual review of goodwill in the fourth quarter of fiscal 2009. As a result of the assessment, the Company determined that its net book value exceeded the implied fair value; therefore, the Company recorded an impairment charge of $27,844 in fiscal 2009 to write down goodwill. This impairment charge was recorded as “Impairment of goodwill and intangible assets” in the Consolidated Statements of Operations.

(all numbers in thousands except per share amounts)

Other Intangible Assets

A reconciliation of the changes to the Company's carrying amount of intangible assets for fiscal 2009 was as follows:

Balance at March 31, 2008	$ 19,780
Intangibles acquired during the period	1,368
Amortization	(1,087)
Impairment charge	(3,940)
Balance at March 31, 2009	$ 16,121

In October 2008, intangible assets were increased by $1,368 due to the acquisition of AMV (Note 6). The Company performed its annual review of the fair value of intangible assets in the fourth quarter of fiscal 2009. As a result of the assessment, the Company determined that its net book value exceeded the implied fair value; therefore, the Company recorded an impairment charge of $3,940 in fiscal 2009 to write down intangible assets. This impairment charge was recorded as “Impairment of Goodwill and intangible assets” in the Consolidated Statements of Operations.

The components of intangible assets as at March 31, 2009 and 2008 were as follows:

	March 31, 2009	March 31, 2008
Software	$ 1,922	$ 1,611
Trade Name / Trademark	9,824	13,030
Customer list	4,378	4,378
License agreements	886	886
Non-compete agreements	323	-
	17,333	19,905
Accumulated amortization	(1,212)	(125)
	$ 16,121	$ 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 year ended March 31, 2009; the three months ended March 31, 2008 and 2007, and the year ended December 31, 2007, the Successor recorded amortization expense in the amount of $459; $53, $0, and $0, respectively, in cost of revenues; and amortization expense in the amount of $628; $72, $0, and $0, respectively in operating expenses. During the period from April 1, 2007 through February 12, 2008, the Predecessor recorded amortization expense in the amount of $26 in cost of revenues; and amortization expense in the amount of $93 in operating expenses.

(all numbers in thousands except per share amounts)

As of March 31, 2009, the total expected future amortization related to intangible assets was as follows:

	12 Months ended March 31,					
	2010	2011	2012	2013	2014	Thereafter
Software	$ 334	$ 334	$ 282	$ 230	$ 230	$ 200
Customer List	547	547	547	547	547	1,023
License Agreements	177	177	177	154	-	-
Non-compete agreements	162	81	-	-	-	-
	$ 1,220	$ 1,139	$ 1,006	$ 931	$ 777	$ 1,223

8. Debt

	March 31, 2009	March 31, 2008
Short Term Debt		
Capitalized lease liabilities, current portion	$ -	$ 20
Senior secured note, inclusive of accrued interest, net of discount of $247 and $0, respectively	17,351	228
Deferred purchase consideration inclusive of accrued interest	5,945	-
	$ 23,296	$ 248

	March 31, 2009	March 31, 2008
Long Term Debt		
Senior Secured Note, long term portion, net of discount of $2	$ -	$ 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 with ValueAct Small Cap Master Fund L.P. (the “ValueAct Note”). The holder of the ValueAct Note was granted first lien over all of the Company’s assets. The ValueAct Note carried 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 the Company 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 ValueAct Note.

On October 23, 2008, the Company, Twistbox and ValueAct entered into a Second Amendment (the "Second Amendment") to the ValueAct Note. Among other things, the Second Amendment provides for a payment in kind election, whereby, in lieu of making any cash payments to ValueAct on the following two interest payment dates, Twistbox may elect that the amount of any interest due on such date be added to the principal amount due under the ValueAct Note. That election was made in connection with the first interest payment following the amendment. In addition, ValueAct agreed to amend the ValueAct Note to modify the covenant requiring that the Company and Twistbox maintain certain minimum combined cash balances, during specified periods of time. Lastly, the Second Amendment provides that an event of default may be triggered in the event the Company fails to observe certain covenants as agreed to in the Second Amendment, including a covenant that, until all principal and interest and any other amounts due under the ValueAct Note are paid in full in cash, the Company: (i) will not create, incur, assume or permit to exist certain indebtedness, except for indebtedness in connection with a receivables facility as described in the Second Amendment, which indebtedness would rank pari passu in right of payment on the ValueAct Note, provided, that any receivables used to procure and maintain such receivables facility shall not be subject to any lien of ValueAct during the term of such receivables facility; and (ii) will not, and will not permit any subsidiary to, without the prior consent of ValueAct, prepay any indebtedness incurred in connection with the AMV Note, other than prepayments with proceeds raised in an equity financing as permitted by the AMV Note. Additionally, on October 23, 2008, in connection with the ValueAct Note, as amended, AMV agreed to grant to ValueAct a security interest in its assets, which ranks senior to the security interest granted to the Sellers. AMV also agreed to guarantee Twistbox's repayment of the ValueAct Note.

As described above, the Company had previously issued to ValueAct two warrants to purchase shares of the Company's common stock, $0.0001 par value per share (the "Common Stock"). One warrant entitled ValueAct to purchase up to a total of 1,093 shares of Common Stock at an exercise price of $7.55 per share ("$7.55 Warrant"). The other warrant entitled ValueAct to purchase up to a total of 1,093 shares of Common Stock at an initial exercise price of $5.00 per share ("$5.00 Warrant," and together with the $7.55 Warrant, the "ValueAct Warrants"). On October 23, 2008, the Company and ValueAct entered into an allonge to each of the ValueAct Warrants. Among other things, the exercise price of each of the ValueAct Warrants was amended to be $4.00 per share.

Minimum future obligations, including interest, under the Senior Secured Note are $19,101 during the year ended March 31, 2010 including repayment of the principal. 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 (the "Management Agreement") with Trinad Management for five years. Pursuant to the terms of the Management 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 year ended March 31, 2009 the Company paid management fees under the agreement of $360; for the three months ended March 31, 2008 and 2007, the Company paid management fees under the agreement of $90 and $90, respectively; and for the year ended December 31, 2007 the Company paid management fees under the agreement of $360.

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 $104, $26, $26, and $104, respectively for the year ended March 31, 2009; for the three months ended March 31, 2008 and 2007; and for the year ended December 31, 2007.

Twistbox Entertainment, Inc.

Lease of Premises
Twistbox 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 $330 for the period from April 1, 2007 through February 12, 2008.

Twistbox was party to an oral agreement with a person affiliated with Twistbox with respect to a lease of an apartment in London. Amounts paid in connection with this lease was $152 for the period from April 1, 2007 through February 12, 2008.

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 holders of common stock; (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, greater than the conversion price of $1.00 per share.

Common Stock

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 remaining 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 the remaining one-third vesting 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%.

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 two warrants to a lender to Twistbox, one to purchase 1,093 shares of common stock and the other to purchase 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 the remaining one-third vesting 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%.

On September 29, 2008, the Company granted non-qualified stock options to purchase 350 shares of common stock of the Company to two directors under the Plan. The options have a ten year term and are exercisable at a price of $2.40 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 the remaining one-third vesting on the second anniversary of the date of grant. The options were valued at $489 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)

On October 23, 2008, the Company entered into a Securities Purchase Agreement with certain investors, pursuant to which the Company agreed to sell in a private offering an aggregate of 1,685 shares of Common Stock and warrants to purchase 843 shares of Common Stock (the "Warrants"), for gross proceeds to the Company of $4,500. Offering costs were $146. The Warrants have a five year term and an exercise price of $2.67 per share.

In October 2008, warrants to purchase 2,300 shares of common stock were exercised in a cashless exchange for 286 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 March 16, 2009, the Company approved the issuance of an aggregate of 938,697 shares of common stock pursuant to the Company's 2007 Employee, Director and Consultant Stock Plan at a purchase price of $0.0001 per share to certain executives of the Company and subsidiary in connection with agreed salary reductions. An aggregate of 683,457 shares were granted prior to March 31, 2009. Certain of the shares granted are subject to forfeiture to the Company if such executive terminates his position with the Company prior to one year from the grant date, and such shares become fully vested one year from the grant date or upon the occurrence of a change-in-control of the Company. 184,691 of these shares were vested as of March 31, 2009.All such shares granted to the executives may not be sold or transferred for a period of one year from the Grant Date.

11. Employee Benefit Plans

The Company has an employee 401(k) savings 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

The components of income tax benefit/(provision) were as follows:

	Successor				Predecessor
	Year Ended March 31, 2009	Year Ended December 31, 2007	3 Months Ended March 31, 2008	3 Months Ended March 31, 2007 (unaudited)	Period From April 1, 2007 Through February 12, 2008
Statutory federal income tax	$ 14,191	$ 800	$ 100	$ 95	$ 3,089
State income taxes (benefit), net of federal taxes	2,087	100	15	12	441
Write down of goodwill and other permanent differences	(12,057)	-	219	-	-
Difference in depreciation and amortization	(171)	-	(25)	-	(48)
Stock-based compensation	(1,154)	(400)	(125)	-	(169)
Net operating loss carryforward	(2,785)	(500)	(200)	(107)	(3,257)
Income tax (provision) benefit	$ 111	$ -	$ (16)	$ -	$ (56)

(all numbers in thousands except per share amounts)

The components of deferred tax expense consisted of the following:

	Successor				Predecessor
	Year Ended March 31, 2009	Year Ended December 31, 2007	3 Months Ended March 31, 2008	3 Months Ended March 31, 2007 (unaudited)	Period From April 1, 2007 Through February 12, 2008
Net operating loss	$ 2,785	$ 500	$ 200	$ 125	$ 3,553
Amortization of intangible assets	171	-	25	-	48
Stock-based compensation	1,154	400	125	-	169
	4,110	900	350	125	3,770
Less valuation allowance	(4,110)	(900)	(350)	(125)	(3,770)
Income tax provision (benefit)	-	-	-	-	-

Deferred tax assets and liabilities consist of the following:

	2009	2008
Deferred tax assets (liabilities):		
Net operating loss carry-forwards	16,985	14,200
Amortization of intangible assets	196	25
Stock-based compensation	1,679	525
Deferred tax assets, net	18,860	14,750
Valuation allowance	(18,860)	(14,750)
Net deferred tax assets	$ -	$ -

In accordance with SFAS 109 and based on all available evidence on a jurisdictional basis, the Company believes that, it is more likely than not that its deferred tax assets will not be utilized, and has recorded a full valuation allowance against its net deferred tax assets in each jurisdiction.

As of March 31, 2009, the Company had net operating loss (NOL) carry-forwards to reduce future Federal income taxes of approximately $42,900, 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 acquisitions described in Note 6 above, the Company has recorded Goodwill, amounting to $55,833 after impairment, which will not be amortized for book purposes and is not deductible for US tax purposes. The Company also recorded intangibles which will have differing amortization for book and tax purposes. Trademarks, amounting to $9,821 after impairment, 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 $7,506, 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.

As of March 31, 2009, realization of the Company's net deferred tax asset of approximately $18,860 was not considered more likely than not and, accordingly, a valuation allowance of $18,860 has been provided. During the year ended March 31, 2009, the valuation allowance increased by $4,110.

(all numbers in thousands except per share amounts) 32

Management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements as of March 31, 2009.

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 March 31, 2009 and March 31, 2008. The Successor did not recognize interest and penalties on income taxes in its statement of operations for the year ended March 31, 2009; the three months ended March 31, 2008 and 2007, or the year ended December 31, 2007. The Predecessor did not recognize interest and penalties on income taxes in its statement of operations for the period from April 1, 2007 through February 12, 2008. Management believes that with few exceptions, the Company is no longer subject to income tax examinations by tax authorities for years before March 31, 2004.

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 for the Successor on net property and equipment as at March 31, 2009 and December 31, 2007; and for revenues in the years ended March 31, 2009 and December 31, 2007 and the; three months ended March 31, 2008.

	North America	Europe	South America	Other Regions	Consolidated
Year ended March 31, 2009					
Net sales to unaffiliated customers	$ 4,818	$ 22,030	$ 671	$ 3,737	$ 31,256
Year ended December 31, 2007					
Net sales to unaffiliated customers	$ -	$ -	$ -	$ -	$ -
Three months ended March 31, 2008					
Net sales to unaffiliated customers	$ 398	$ 2,553	$ 147	$ 110	$ 3,208
Property and equipment, net at March 31, 2009	$ 730	$ 490	$ -	$ 10	$ 1,230
Property and equipment, net at December 31, 2007	$ -	$ -	$ -	$ -	$ -

The Successor's three largest customers accounted for 21%, 19% and 11% of our revenue in the year ended March 31, 2009; and 48%, 0% and 0% of our revenue in the three months ended March 31, 2008.

(all numbers in thousands except per share amounts)

The following information sets forth geographic information for the Predecessor on net property and equipment as of February 12, 2008 and for revenues for the period April 1, 2007 through February 12, 2008.

	North America	Europe	South America	Other Regions	Consolidated
Period from April 1, 2007 through February 12, 2008					
Net sales to unaffiliated customers	$ 1,035	$ 10,680	$ 354	$ 213	$ 12,282
Property and equipment, net at February 12, 2008	$ 858	$ 20	$ -	$ 197	$ 1,075

The Predecessor's largest customer accounted for 54.1% of our gross sales for period from April 1, 2007 through February 12, 2008.

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 March 31, 2009:

Year Ending March 31	
2009	$ 369
2010	$ 111
Total minimum lease payments	$ 480

These amounts do not reflect future escalations for real estate taxes and building operating expenses. Rental expense for the Successor amounted to $867 for the year ended March 31, 2009; $121 and $26 for the three months ended March 31, 2008 and 2007; and $102 for the year ended December 31, 2007. Rental expense for the Predecessor amounted to $482 for the period from April 1, 2007 through February 12, 2008.

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 March 31, 2009 were as follows:

(all numbers in thousands except per share amounts)

Year Ending March 31	Minimum Guaranteed Royalties
2009	$ 90
2010	120
2011	60
Total minimum payments	$ 270

Other Obligations

As of March 31, 2009, the Company was obligated for payments under various distribution agreements, equipment lease agreements, employment contracts and the management agreement described in Note 9 with initial terms greater than one year. Annual payments relating to these commitments at March 31, 2009 are as follows:

Year Ending March 31	Commitments
2009	$ 2,798
2010	2,028
2011	226
Total minimum payments	$ 5,052

Litigation

Twistbox's wholly owned subsidiary WAAT Media Corp. ("WAAT") and General Media Communications, Inc. ("GMCI") are parties to a content license agreement dated May 30, 2006, whereby GMCI granted to WAAT certain exclusive rights to exploit GMCI branded content via mobile devices. GMCI terminated the agreement on January 26, 2009 based on its claim that WAAT failed to cure a material breach pertaining to the non-payment of a minimum royalty guarantee installment in the amount of $485,000. On or about March 16, 2009, GMCI filed a complaint seeking the balance of the minimum guarantee payments due under the agreement in the approximate amount of $4,085,000. WAAT has counter-sued claiming GMCI is not entitled to the claimed amount and that it has breached the agreement by, among other things, failing to promote, market and advertise the mobile services as required under the agreement and by fraudulently inducing WAAT to enter into the agreement based on GMCI's repeated assurances of its intention to reinvigorate its flagship brand. GMCI has filed a demurrer to the counter-claim. WAAT's response is due by August 31, 2009. WAAT intends to vigorously defend against this action. Principals of both parties continue to communicate to find a mutually acceptable resolution. The company has accrued for its estimated liability in this matter.

From time to time, we are subject to various claims, complaints and legal actions in the normal course of business. We do not believe we are party to any currently pending litigation, the outcome of which will have a material adverse effect on our operations or financial position.

15. Discontinued Operations

Discontinued operations consist of Fierce Media, an 80% subsidiary of AMV Holdings, Limited. In conjunction with the acquisition of the Company's acquisition of AMV, the Company had the intention of discontinuing the Fierce Media subsidiary. The assets of Fierce Media on October 23, 2008 (date of AMV acquisition) were less than ($150) and as such, were not segregated on the balance sheets as assets held for sale. On January 31, 2009, the Company finalized the sale of Fierce Media to the 20% minority owner for a nominal amount. In March 2009, the Company evaluated the continued costs of operating Fierce Media from October 23, 2008 to January 31, 2009 in accordance with the provisions of Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS No. 144”) and determined that the continued costs of operating this subsidiary met the criteria required to account for the operations as discontinued.

The Company recorded a pre tax charge of $147 related to the costs of operating Fierce Media from the acquisition date to sale date. These costs are included in discontinued operations in the accompanying consolidated statement of operations for the year ended March 31, 2009.

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 Annual Report on Form 10-K/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 Annual Report on Form 10-K/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 Annual Report on Form 10-K/A for the fiscal year ended March 31, 2009 of the Company (the "Form 10-K/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-K/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 Annual Report on Form 10-K/A for the period ended March 31, 2009 of the Company (the "Form 10-K/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-K/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)