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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2008

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

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

MANDALAY MEDIA, INC.

(Exact name of Registrant as Specified in Its Charter)

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

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

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

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

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

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

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

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

MANDALAY MEDIA, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Mandalay Media Inc. and Subsidiaries
Consolidated Balance Sheets

(In thousands, except share amounts)

	June 30, 2008 (Unaudited)	March 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 6,987	$ 10,936
Accounts receivable, net of allowances	6,486	6,162
Note Receivable	2,025	-
Prepaid expenses and other current assets	775	531
Total current assets	16,273	17,629
Property and equipment, net	1,029	1,037
Other long-term assets	210	301
Intangible assets, net	19,541	19,780
Goodwill	61,377	61,377
TOTAL ASSETS	**$ 98,430**	**$ 100,124**
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 2,688	$ 2,399
Accrued license fees	3,856	3,833
Accrued compensation	589	688
Current portion of long term debt	631	248
Other current liabilities	2,126	2,087
Total currrent liabilities	9,890	9,255
Accrued license fees, long term portion	1,033	1,337
Long term debt, net of current portion	16,483	16,483
Total liabilities	$ 27,406	27,075
Commitments and contingencies (Note 14)		
Stockholders equity		
Preferred stock, 1,000 shares authorized		
Series A Convertible Preferred Stock, 100,000 shares; authorized		
at $0.0001 par value; 100,000 shares issued and outstanding	100	100
Common stock, $0.0001 par value: 100,000,000 shares authorized;		
32,415,777 issued and outstanding at June 30, 2008;		
32,149,089 issued and outstanding at March 31, 2008;	3	3
Additional paid-in capital	77,476	76,154

Accumulated other comprehensive income/(loss)	51	61
Accumulated deficit	(6,606)	(3,269)
Total stockholders' equity	71,024	73,049
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$ 98,430**	**$ 100,124**

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

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

(In thousands, except per share amounts)

	3 Months Ended June 30 2008	3 Months Ended June 30 2007
Revenues	$ 5,347	$ -
Cost of revenues		
License fees	2,150	-
Other direct cost of revenues	102	-
Total cost of revenues	2,252	-
Gross profit	3,095	-
Operating expenses		
Product development	1,766	-
Sales and marketing	1,280	-
General and administrative	2,813	264
Amortization of intangible assets	137	-
Total operating expenses	5,996	264
Loss from operations	(2,901)	(264)
Interest and other income/(expense)		
Interest income	76	-
Interest (expense)	(484)	-
Foreign exchange transaction gain (loss)	131	-
Other (expense)	(86)	-
Interest and other income/(expense)	(363)	-
Loss before income taxes	(3,264)	(264)
Income tax provision	(73)	-
Net loss	(3,337)	(264)
Preferred Stock Dividends	-	-
Net Loss attributable to Common Shareholders	$ (3,337)	$ (264)
Basic and Diluted net loss per common share	$ (0.10)	$ (0.02)

Weighted average common shares outstanding, basic and diluted	32,330	16,730

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

Mandalay Media Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity and Comprehensive Loss (Unaudited)

(In thousands, except share amounts)

Three Months Ended June 30, 2008

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

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

MANDALAY MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	3 Months Ended June 30, 2008	3 Months Ended June 30, 2007
Cash flows from operating activities		
Net loss	$ (3,337)	$ (264)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	317	-
Provision for doubtful accounts	(56)	-
Stock-based compensation	1,222	-
(Increase) / decrease in assets:		
Accounts receivable	(268)	-
Prepaid expenses and other	(153)	-
Increase / (decrease) in liabilities:		
Accounts payable	389	(61)
Accrued license fees	23	-
Accrued compensation	(99)	-
Other liabilities	118	-
Net cash used in operating activities	(1,844)	(325)
Cash flows from investing activities		
Purchase of property and equipment	(70)	-
Issuance of Note Receivable	(2,025)	
Net cash used in investing activities	(2,095)	-
Effect of exchange rate changes on cash and cash equivalents	(10)	-
Net increase/(decrease) in cash and cash equivalents	(3,949)	(325)
Cash and cash equivalents, beginning of period	10,936	5,742
Cash and cash equivalents, end of period	$ 6,987	$ 5,418
Supplemental disclosure of cash flow information:		
Taxes paid	(73)	-

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

1. Organization

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Principles of Consolidation

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

Revenue Recognition

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

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

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

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

- wireless subscribers directly contract with the carriers, which have most of the service interaction and are generally viewed as the primary obligor by the subscribers;
- carriers generally have significant control over the types of content that they offer to their subscribers;
- carriers are directly responsible for billing and collecting fees from their subscribers, including the resolution of billing disputes;
- carriers generally pay Twistbox a fixed percentage of their revenues or a fixed fee for each game;
- carriers generally must approve the price of Twistbox's content in advance of their sale to subscribers, and Twistbox's more significant carriers generally have the ability to set the ultimate price charged to their subscribers; and
- Twistbox has limited risks, including no inventory risk and limited credit risk

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

Net Income (Loss) per Common Share

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

Comprehensive Income/(Loss)
Comprehensive income/(loss) consists of two components, net income/(loss) and other comprehensive income/(loss). Other comprehensive income/(loss) refers to gains and losses that under generally accepted accounting principles are recorded as an element of stockholders' equity but are excluded from net income/(loss). The Company's other comprehensive income/(loss) currently includes only foreign currency translation adjustments.

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

Content Provider Licenses

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

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

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

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

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

Product Development Costs

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

Advertising Expenses

The Company expenses the production costs of advertising, including direct response advertising, the first time the advertising takes place. Advertising expense was $424 and 40 in the periods ended June 30, 2008 and 2007, respectively.

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) of ($10) in the period ended June 30, 2008 has been reported as a component of comprehensive loss in the consolidated statement of stockholders equity and comprehensive loss. Translation gains or losses are shown as a separate component of retained earnings.

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

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

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

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

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

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

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

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

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

Preferred Stock

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

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

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

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

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

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

3. Liquidity

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

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

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

4. Balance Sheet Components

Accounts Receivable

	June 30, 2008 (Unaudited)	March 31, 2007
Accounts receivable	$ 6,598	$ 6,330
Less: allowance for doubtful accounts	(112)	(168)
	$ 6,486	$ 6,162

Accounts receivable includes amounts billed and unbilled as of the respective balance sheet dates. The Company had no significant write-offs or recoveries during the period ended June 30, 2008.

Note Receivable

	June 30, 2008 (Unaudited)	March 31, 2007
Loan secured by Note inclusive of interest (refer Note 15)	$ 2,025	$ -

Property and Equipment

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

Depreciation expense for the periods ended June 30, 2008 and 2007 was $86 and $75 respectively.

Capital Lease

Accumulated depreciation associated with the equipment under capital lease noted above was $7 and $0 at June 30, 2008 and June 30, 2007. The Company has a commitment to pay $12 under these leases during the year ending June 30, 2009. These payments have a net present value of $11.

5. Description of Stock Plans

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

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

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

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

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

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

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

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

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

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

Stock option expense of $1,222 and $0 for the periods ended June 30, 2008 and 2007, respectively is included primarily in general and administrative expense.

6. Acquisitions/Purchase Price Accounting

Twistbox Entertainment Inc. and related entities

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

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

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

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

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

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

Unaudited Pro Forma Summary

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

		3 months ended June 30, 2007 (unaudited)
Revenues	$	3,708
Cost of revenues		1,838
Gross profit/(loss)		1,870
Operating expenses net of interest		
income and other expense		5,758
Income tax expense		-
Net loss		(3,888)
Basic and Diluted net loss per common share	$	(0.23)

7. Other Intangible Assets

	June 30, 2008 (Unaudited)	March 31, 2007
Software	$ 1,611	$ 1,611
Trade Name / Trademark	13,030	13,030
Customer list	4,378	4,378
License agreements	886	886
	19,905	19,905
Accumulated amortization	(364)	(125)
	$ 19,541	$ 19,780

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

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

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

8. Debt

	June 30, 2008 (Unaudited)	March 31, 2007
Short Term Debt		
Capitalized lease liabilities, current portion	$ 12	$ 20
Senior secured note, accrued interest	619	228
	$ 631	$ 248

	June 30, 2008 (Unaudited)	March 31, 2007
Long Term Debt		
Senior Secured Note, long term portion, net of discount	$ 16,483	$ 16,483

In July 2007 Twistbox entered into a debt financing agreement in the form of a Senior Secured Note amounting to $16,500, payable at 30 months. The holder of the Note was granted first lien over all of the Company's assets. The Note carries interest of 9% annually for the first year and 10% subsequently, with semi-annual interest only payments. The agreement included certain restrictive covenants. In

conjunction with the merger described in Note 6, the Company guaranteed up to $8,250 of the principal; and the restrictive covenants were modified, including a requirement for both Mandalay and Twistbox to maintain certain minimum cash balances. In connection with the guaranty, the Company issued the lender warrants to purchase 1,093 and 1,093 shares of common stock of the Company, exercisable at $7.55 per share, and at $5.00 per share, (increasing to $7.55 per share, if not exercised in full by February 12, 2009), respectively, through July 30, 2011. These warrants replaced warrants originally issued by Twistbox in conjunction with the Senior Secured Note.

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

9. Related Party Transactions

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

Mandalay Media Inc

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

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

Twistbox Entertainment, Inc

Lease of Premises

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

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

10. Capital Stock Transactions

Preferred Stock

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

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

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

Common Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Employee Benefit Plans

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

12. Income Taxes

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

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

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

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

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

13. Segment and Geographic information

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

	North America	Europe	South America	Other Regions	Consolidated
Three Months ended June 30, 2008					
Net sales to unaffiliated customers	592	4,453	167	135	5,347
Property and equipment, net	858	171	-	-	1,029

Our largest single customer accounted for 40% of our revenue in the period ended June 30, 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 June 30, 2008:

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

These amounts do not reflect future escalations for real estate taxes and building operating expenses. Rental expense amounted to $210 for the period ended June 30, 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 June 30, 2008 were as follows:

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

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

Other Obligations

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

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

Litigation

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

15. Subsequent Events

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

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

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

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

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 Capital, 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 "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"). In connection therewith, 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 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. 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 Note. The financial covenants of the 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. See "Notes to Consolidated Financial Statements - Note 8." Effective as of the closing of the Merger, Ian Aaron and Adi McAbian were appointed to our Board of Directors.

In connection with the Merger, on March 31, 2008, the Board of Directors approved a change in the Company's fiscal year end from December 31 to March 31 in Board of Directors order to conform to the fiscal year end of Twistbox. On July 15, 2008, the Company filed its Transitional Report on Form 10-KT for the Transition Period ended March 31, 2008.

Overview

As of February 12, 2008, our operations are currently those of our wholly-owned, sole operating 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, Hutchinson 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, Hutchinson 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.

Comparison of the Three Months Ended June 30, 2008 and 2007

Revenues

	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Revenues by type:		
Games	$ 1,276	$ -
Other content	4,071	-
Total	$ 5,347	-

The Company had no operations in 2007 and consequently no revenues. Revenues in the three months ended June 30, 2008 relate to the revenues of Twistbox. Games revenue includes both licensed and internally developed games for use on mobile phones. Other content includes a broad range of primarily licensed product delivered in the form of WAP, Video, Wallpaper and Mobile TV.

Cost of Revenues

	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Cost of Revenues:		
License Fees	$ 2,150	$ -
Other direct cost of revenues	102	-
Total Cost of Revenues	$ 2,252	$ -
Revenues	5,347	$ -
Gross Margin	57.9%	N/A

The Company had no operations in 2007 and consequently no cost of revenues. Cost of revenues in the three months ended June 30, 2008 relate to the cost of revenues of Twistbox. License fees represents costs payable to content providers for use of their intellectual property in products sold. Other direct cost of revenues includes amortization of the intangibles identified as part of the purchase price accounting and attributed to cost of revenues.

Operating Expenses

	Three Months Ended June 30,	
	2008	2007
	(In thousands)	
Product Development Expenses	$ 1,766	$ -
Sales and Marketing Expenses	1,280	-
General and Administrative Expenses	2,813	264
Amortization of Intangible Assets	137	-

Prior to the Merger, Mandalay was a public shell company with no operations; and as a result the only activity in the three months ended June

30, 2007 represents expenses incurred in developing the Company. In both years, General and Administrative expenses consists primarily of consulting and professional fees, accounting and legal expenses and employee related expenses including stock based compensation. The increase in 2008 over 2007 is primarily the result of stock based compensation to directors, employing executive management for the company, a significant increase in legal and other professional fees, and the addition of Twistbox expenses. Product Development and Sales and Marketing Expenses represent the operating expenses of Twistbox. Amortization of intangibles represents amortization of the intangibles identified as part of the purchase price accounting and attributed to operating expenses.

Other Expenses

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

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.

Liquidity and Capital Resources

	Three Months Ended June 30,	Three Months Ended June 30,
	2008	2007
	(In thousands)	(In thousands)
Consolidated Statement of Cash Flows Data:		
Capital expenditures	(70)	-
Cash flows used in operating activities	(1,844)	(325)
Cash flows (used in)/ provided by investing activities	(2,095)	-

Prior to the Merger, Mandalay was a public shell company with no operations. Twistbox has incurred losses and negative annual cash flows since inception. The primary sources of liquidity have historically been issuance of common and preferred stock, in the case of Twistbox, borrowings under credit facilities with aggregate proceeds of $16.5 million. In the future, we anticipate that our primary sources of liquidity will be cash generated by our operating activities.

Operating Activities

In the three months ended June 30, 2007 operating expense consisted solely of employee compensation and other general and administrative expenses. In the three months ended June 30, 2008, we used $2.1 million of net cash in operating expenses. This primarily related to the net loss of $3.4 million, an increase in a receivables of $0.3 million, partially offset by non cash stock based compensation and depreciation and amortization included in the net loss of $1.2million and $0.3 million respectively, and increases in accounts payable and other liabilities.

Investing Activities

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

On June 16, 2008, the Company granted certain directors options to purchase an aggregate of 1,500,000 shares of the Company's common stock (the "Options"), pursuant to the 2007 Employee, Director and Consultant Stock Plan, in consideration for their services on the Board of Directors (the "Board") and the audit and compensation committees, when established. The Options have a ten-year term and are exercisable at a price of $2.75 per share. One-third of the Options were immediately exercisable upon grant, an additional one-third vest on the first anniversary of the date of grant and the remainder vest on the second anniversary of the date of grant. The Options were granted pursuant to the exemption from registration permitted Section 4(2) of the Securities Act of 1933, as amended (the "Act").

As of June 30, 2008, the Company had approximately $7.0 million of cash, and management believes it has sufficient cash to satisfy the Company's monetary needs for the next twelve months. We may, however, 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.

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

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

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

Contractual Obligations

The following table is a summary of the Company's contractual obligations as of June 30, 2008:

	Payments due by period			
	Total	Less than 1 Year	1-3 Years	Thereafter
	(In thousands)			
Long-term debt obligations	$ 19,099	$ 1,636	$ 17,463	$ -
Operating lease obligations	532	269	263	-
Guaranteed royalties	4,520	1,760	2,760	-
Capitalized leases and other obligations	6,708	3,132	3,501	75

Debt obligations include interest payments on the loan from ValueAct described above. Operating lease obligations represent 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. Capitalized leases and other obligations include payments to various distribution providers, technical providers and employees for agreements with initial terms greater than one year at June 30, 2008.

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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate and Credit Risk

Our current operations have exposure to interest rate risk that relates primarily to our investment portfolio. All of our current investments are classified as cash equivalents or short-term investments and carried at cost, which approximates market value. We do not currently use or plan to use derivative financial instruments in our investment portfolio. The risk associated with fluctuating interest rates is limited to our investment portfolio, and we do not believe that a 10% change in interest rates would have a significant impact on our interest income, operating results or liquidity.

Currently, our cash and cash equivalents are maintained by financial institutions in the United States, Germany, the United Kingdom, Poland, Russia, Argentina and Colombia, and our current deposits are likely in excess of insured limits. We believe that the financial institutions that hold our investments are financially sound and, accordingly, minimal credit risk exists with respect to these investments. Our accounts receivable primarily relate to revenues earned from domestic and international Mobile phone carriers. We perform ongoing credit evaluations of our carriers' financial condition but generally require no collateral from them. At June 30, 2008, our largest customer represented 40% of our gross accounts receivable**.**

Foreign Currency Risk

The functional currencies of our United States and German operations are the United States Dollar, or USD, and the Euro, respectively. A significant portion of our business is conducted in currencies other than the USD or the Euro. Our revenues are usually denominated in the functional currency of the carrier. Operating expenses are usually in the local currency of the operating unit, which mitigates a portion of the exposure related to currency fluctuations. Intercompany transactions between our domestic and foreign operations are denominated in either the USD or the Euro. At month-end, foreign currency-denominated accounts receivable and intercompany balances are marked to market and unrealized gains and losses are included in other income (expense), net. Our foreign currency exchange gains and losses have been generated primarily from fluctuations in the Euro and pound sterling versus the USD and in the Euro versus the pound sterling. In the future, we may experience foreign currency exchange losses on our accounts receivable and intercompany receivables and payables. Foreign currency exchange losses could have a material adverse effect on our business, operating results and financial condition.

Inflation

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. If our costs were to become subject to significant inflationary pressures, we might not be able to offset these higher costs fully through price increases. Our inability or failure to do so could harm our business, operating results and financial condition.

Item 4T. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Members of our management, including our Chief Executive Officer, Bruce Stein, and Chief Financial Officer, Jay A. Wolf, have evaluated the effectiveness of our disclosure controls and procedures, as defined by the Securities Exchange Act of 1934 (the "Exchange Act") Rules 13a(e)-15 or 15d-15(e), as of June 30, 2008, the end of the period covered by this report. Based upon that evaluation, Messrs. Stein and Wolf concluded that our disclosure controls and procedures are adequate and effective to ensure that material information relating to use was made known to them by others within those entities, particularly during the period for which this Quarterly Report on Form 10-Q was prepared.

Changes in Controls and Procedures

There were no changes in our internal controls over financial reporting or in other factors identified in connection with the evaluation required by Exchange Act Rules 13a-15(d) or 15d-15(d) that occurred during the quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal controls over financial reporting are designed 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.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal controls over financial reporting as of June 30, 2008 Based on our assessment, we have concluded that our internal controls over financial reporting were effective as of June 30, 2008.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

As of the date of filing this Quarterly Report on Form 10-Q, we are not a party to any litigation that we believe would have a material adverse effect on us.

Item 1A. Risk Factors.

There are no material updates to the risk factors previously disclosed in our Form 10-KT for the Transition Period ended March 31, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On June 16, 2008, the Company granted certain directors options to purchase an aggregate of 1,500,000 Options, pursuant to the 2007 Employee, Director and Consultant Stock Plan, in consideration for their services on the Board and the audit and compensation committees, when established. The Options have a ten-year term and are exercisable at a price of $2.75 per share. One-third of the Options were immediately exercisable upon grant, an additional one-third vest on the first anniversary of the date of grant and the remainder vest on the second anniversary of the date of grant. The Options were granted pursuant to the exemption from registration provided under Section 4(2) of the Act..

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

10.1	Note Purchase Agreement, by and between Green Screen Interactive Software, Inc. and Mandalay Media, Inc., dated as of May 16, 2008.*
10.2	Collateral Pledge and Security Agreement, by and between Green Screen Interactive Software, Inc. and Mandalay Media, Inc., dated as of May 16, 2008.*
10.3	Convertible Secured Promissory Note, issued to Green Screen Interactive Software, Inc. on May 16, 2008.*
31.1	Certification of Bruce Stein, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
31.2	Certification of Jay A. Wolf, Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. *
32.1	Certification of Bruce Stein, Principal Executive Officer, pursuant to 18 U.S.C. Section 1350.*
32.1	Certification of Jay A. Wolf, Principal Financial Officer, pursuant to 18 U.S.C. Section 1350. *

* Filed herewith

Signatures

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

Mandalay Media, Inc.

Date: August 14, 2008

By: /s/ Bruce Stein
Bruce Stein
Chief Executive Officer
(Authorized Officer and Principal Executive Officer)

Date: August 14, 2008

By: /s/ Jay A. Wolf
Jay A. Wolf
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

GREEN SCREEN INTERACTIVE SOFTWARE, INC.

NOTE PURCHASE AGREEMENT

Dated as of May 16, 2008

GREEN SCREEN INTERACTIVE SOFTWARE, INC.

NOTE PURCHASE AGREEMENT

This Note Purchase Agreement (this "Agreement"), dated as of May 16, 2008, is entered into by and between Green Screen Interactive Software, Inc. a Delaware corporation (the "Company"), and Mandalay Media, Inc. ("Purchaser"). In consideration of the mutual promises and covenants contained in this Agreement, the parties hereto agree as follows:

1. Authorization; Sale of Note.

1.1 Authorization. The Company has duly authorized the sale and issuance, pursuant to the terms of this Agreement, of a convertible secured promissory note in the principal amount of $2,000,000, substantially in the form attached hereto as Exhibit A (the "Note

1.2 Sale of Note. Subject to the terms and conditions of this Agreement, at the Closing, the Company will sell and issue to the Purchaser, and the Purchaser will purchase the Note in the principal amount of $2,000,000 for a purchase price equal to the principal amount of the Note (the "Purchase Price").

1.3 Use of Proceeds. The Company will use the proceeds of the sale of the Note to (a) fund capital expenditures and operating expenses (including corporate overhead), but not for any payments related to any future acquisitions for or by the Company until the consummation of the Qualified Financing (as defined in the Note) and (b) to pay the legal fees and disbursements referenced in Section 7.3 hereof.

1.4 Taxes and Filings. The Company shall pay all taxes payable with respect to the issuance of the Note, if any, and the securities issuable upon conversion of the Note (the "Underlying Securities"), provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of the Note or Underlying Securities in a name other than that of a Purchaser. The Company shall make all appropriate filings required to be made under the laws of Delaware and any other jurisdiction with respect to the transactions contemplated by this Agreement.

2. Closing; Closing Deliverables.

2.1 Closing.

(a) Closing. Subject to the terms and conditions of this Agreement, the closing (the "Closing") of the sale and purchase of the Note under this Agreement shall take place at the offices of Mintz Levin Cohn Ferris Glovsky and Popeo PC, The Chrysler Center, 666 Third Avenue, New York, New York 10017 ("Mintz Levin") (or remotely via the exchange of documents and signatures) on the date of this Agreement or upon such other date and time as may be mutually agreeable to the Company and Purchaser. The date of the Closing is referred to herein as the "Closing Date".

2.2 Closing Deliverables.

(a) The Company and the Purchaser shall execute and deliver the Collateral Pledge and Security Agreement, in the form attached hereto as Exhibit B (the "Security Agreement") and the Guaranty of Ryan A. Brant in the form attached hereto as Exhibit C;

(b) The Company shall deliver to the Purchaser if requested certificates, as of the most recent practicable dates (and no more than 30 days before such Closing), (i) as to the good standing of the Company issued by the Secretary of State of its State of organization, and (ii) as to the due qualification of the Company and each of the Subsidiaries as a foreign corporation, limited liability company, partnership or other entity, as applicable, issued by the Secretary of State of each jurisdiction where the nature of the business conducted by, and properties and assets owned by, the Company and each of the Subsidiaries, make such qualification necessary;

(c) The Company shall make available for delivery if requested to the Purchaser a Certificate of the Secretary of the Company attesting as to (i) the Company's Certificate of Incorporation, as amended or restated, as applicable (including by reason of the Certificate) (the "Charter"), and By-lawsas of the Closing Date; (ii) the signatures and titles of the officers of the Company executing this Agreement or any of the other agreements to be executed and delivered by the Company at the Closing; and (iii) resolutions of the Board of Directors of the Company, authorizing and approving all matters in connection with this Agreement and the Ancillary Agreements (as defined below) and the transactions contemplated hereby and thereby;

(d) Berkowitz, Trager & Trager LLC, counsel for the Company, shall deliver to the Purchaser an opinion, dated as of the Closing Date, in form and substance reasonably satisfactory to the Purchaser and its counsel;

(e) There shall be no litigation, claim or proceeding pending or, to the Company's knowledge, threatened against the Company relating to this Agreement or the transactions contemplated hereby;

(f) The Company shall deliver to Purchaser an executed Note registered in the name of Purchaser;

(g) Purchaser shall pay to the Company the Purchase Price for the Note by way of wire transfer or immediately available funds to an account designated in writing by the Company; and

(h) The Company shall have delivered to the Purchaser such other documents or agreements necessary to consummate the transactions contemplated by this Agreement and the Ancillary Agreements, including, but not limited to, copies of any authorizations, consents and approvals required to be obtained in connection with the consummation of the transactions contemplated by this Agreement and/or the Ancillary Agreements.

3. Representations of the Company. Except as disclosed by the Company in

Exhibit D hereto (collectively, the "Company's Disclosure Schedule"), the Company hereby represents and warrants to Purchaser that the statements contained in this Section 3 are complete and accurate as of the date of this Agreement. The Company's Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Section 3. For purposes of this Agreement a "Company Material Adverse Effect" shall mean a material adverse effect on the business, assets, prospects or financial condition of the Company taken as a whole. For purposes of this Agreement, the term "knowledge" shall mean, with respect to the Company, the actual knowledge of Ron Chaimowitz, David Fremed and Evan Gsell, and shall, include knowledge of such facts or other matters as a prudent person, in their position with the Company, could be expected to discover or otherwise become aware of in the course of conducting a reasonable investigation concerning the existence of such fact or matter.

3.1 Organization and Standing. The Company is a corporation duly formed, validly existing and in good standing under the laws of the State of Delaware and has full organizational power and authority to conduct its business as presently conducted and as proposed to be conducted by it and to enter into and perform this Agreement, the Note the Security Agreement and the Guaranty(collectively, but not including this Agreement, the "Ancillary Agreements") and to carry out the transactions contemplated by this Agreement and the Ancillary Agreements. The Company is duly qualified to do business as a foreign company and is in good standing in each jurisdiction in which the failure so to qualify would have a Company Material Adverse Effect. The Company has furnished to the Purchaser complete and accurate copies of its Charter and By-laws, as amended to date and presently in effect.

3.2 Subsidiaries. Except as set forth in Section 3.2 of the Company Disclosure Schedule, the Company does not own or control, directly or indirectly, any shares of capital stock of any other corporation or any interest in any partnership, limited liability company, joint venture or other non-corporate business enterprise (all of such entities listed on Section 3.2 of the Company Disclosure Schedule individually a "Subsidiary" and collectively, the "Subsidiaries"). Each Subsidiary is validly existing and in good standing under the laws of the jurisdiction of its formation, has all requisite power to own, lease and operate its properties and to carry on its business as currently conducted and as proposed to be conducted, and is duly qualified to do business and is in good standing in each jurisdiction in which it owns or leases property or conducts any business so as to require such qualification except for those jurisdictions where the failure to be so qualified and in good standing would not in the aggregate have a material adverse effect on the Company and the Subsidiaries taken as a whole. Section 3.2 of the Company Disclosure Schedule contains a true and complete list of the Subsidiaries and sets forth with respect to each such Subsidiary the jurisdiction of formation, the authorized and outstanding ownership interests of such Subsidiary and the owner(s) of record of such outstanding ownership interests. The outstanding ownership interests of each Subsidiary are duly authorized, validly issued, fully paid and nonassessable, and are owned by the Company or another Subsidiary free and clear of all liens, encumbrances, security interests or other like rights.

3.3 Capitalization.

(a) Section 3.3(a) of the Company's Disclosure Schedule includes a complete and accurate list, as of the Closing Date, of the holders of capital stock of the Company, on a fully-diluted basis, assuming conversion, exercise or exchange of each outstanding option, warrant or other right to purchase capital units of the Company.

(b) Except as set forth on Section 3.3(b) of the Company's Disclosure Schedule, neither the Company nor any of its Subsidiaries have any outstanding options, warrants, convertible securities or other rights to purchase or acquire membership interests of the Company.

3.4 Issuance of Securities. The issuance, sale and delivery of the Note in accordance with this Agreement has been duly authorized by all necessary corporate action on the part of the Company. The Note when issued, sold and delivered against payment therefor in accordance with the provisions of this Agreement, will be duly and validly issued, free and clear of all liens, encumbrances and restrictions on transfer of every kind and nature whatsoever, other than restrictions on transfer imposed on the Purchaser under this Agreement and the Ancillary Agreements or applicable state and federal securities laws.

3.5 Authority for Agreement; No Conflict.

(a) The execution, delivery and performance by the Company of this Agreement and the Ancillary Agreements, and the consummation by the Company of the transactions contemplated hereby and thereby, have been duly authorized by all necessary organizational action. This Agreement has been, and the Ancillary Agreements when executed at the Closing will be, duly executed and delivered by the Company and constitute valid and binding obligations of the Company enforceable in accordance with their respective terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting generally the enforcement of creditors' rights and subject to a court's discretionary authority with respect to the granting of a decree ordering specific performance or other equitable remedies.

(b) Except as set forth in Section 3.5(b) of the Company's Disclosure Schedule, the execution and delivery of this Agreement and the Ancillary Agreements, the consummation of the transactions contemplated hereby and thereby and the compliance with their respective provisions by the Company will not (i) conflict with or violate any provision of the Charter or Bylaws, (ii) conflict with, result in a breach of, constitute (with or without due notice or lapse of time or both) a default under, result in the acceleration of obligations under, create in any party the right to accelerate, terminate, modify or cancel, or require any notice, consent or waiver under, any Material Contract (as defined below), Security Interest (as defined below) or other arrangement to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound or to which its assets are subject, (iii) result in the imposition of any Security Interest upon any assets of the Company or any of its Subsidiaries, or (iv) to the Company's knowledge, violate any order, writ, injunction, decree, statute, law, rule or regulation applicable to the Company or any of its Subsidiaries, its business as currently conducted or as proposed to be conducted or any of its properties or assets (collectively, "Applicable Laws and Orders"). For purposes of this Agreement, "Security Interest" means any mortgage, pledge, security interest, encumbrance, charge or other lien (whether arising by contract or by operation of law).

3.6 Governmental Consents. Except for such filings as shall have been made prior to and shall be effective on and as of the Closing and the filing with the Securities and Exchange Commission of a Form D under the Securities Act, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with or notice to, any court, arbitrational tribunal, administrative agency, instrumentality, department, agency or commission or other governmental or regulatory authority or agency, whether foreign, federal, state, provincial, county or local (each of the foregoing is hereafter referred to as a "Governmental Entity") is required on the part of the Company in connection with execution and delivery of this Agreement and the Ancillary Agreements, the offer, issuance, sale and delivery of the Note, or the other transactions contemplated by this Agreement and the Ancillary Agreements. Based, in part, on the representations made by the Purchaser in Section 4 of this Agreement, the offer and sale of the Note to of the Purchaser will be exempt from the registration requirements of Section 5 of the Securities Act.

3.7 Litigation. There are no actions, suits or proceedings, or governmental inquiries or investigations, pending, or, to the Company's knowledge, threatened, against the Company or any of its Subsidiaries.

3.8 Financial Statements. The Company has furnished to the Purchaser a complete and accurate copy of the internally prepared and unaudited consolidated balance sheet of the Company and each of its Subsidiaries (the "Balance Sheet") as of December 31, 2007 (the "Balance Sheet Date") and the related consolidated statements of income for the three months then ended (collectively, the "Financial Statements"). The Financial Statements are in accordance with the books and records of the Company and each of its Subsidiaries and present fairly the financial condition and results of operations of the Company and each of its Subsidiaries at the dates and for the periods indicated.

3.9 Absence of Undisclosed Liabilities. Neither the Company nor any of its Subsidiaries have any liability (whether absolute or contingent), except for (a) liabilities shown on the Balance Sheet, and (b) liabilities which have arisen since the Balance Sheet Date in the ordinary course of business and which are similar in nature and amount to the liabilities which arose during the comparable period of time in the immediately preceding fiscal period.

3.10 Absence of Changes. There has been no material adverse change in the financial condition of the Company or its business prospects since the Balance Sheet Date.

3.11 Taxes. The Company and each of its Subsidiaries have filed or have obtained presently effective extensions with respect to all federal, state, county, local and foreign tax returns which are required to be filed by it, such returns are complete and accurate in all material respects and all taxes shown thereon to be due have been timely paid. None of such tax returns is now under audit or examination by any foreign, federal, state or local authority and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment or collection of any tax or deficiency of any nature against the Company or any of its Subsidiaries, or with respect to any of the tax returns, or any suits or other actions, proceedings, investigations or claims now pending or, to the Company's knowledge, threatened against the Company or any of its the Subsidiaries with respect to any tax..

3.12 Property and Assets. Except as set forth in Section 3.12 of the Company's Disclosure Schedule, the Company and each of its Subsidiaries has good title to, or a valid leasehold interest in, all of its material properties and assets, including all properties and assets reflected in the Balance Sheet, except those disposed of since the date thereof in the ordinary course of business, and none of such properties or assets is subject to any Security Interest, except (a) as reflected on the Balance Sheet, (b) for statutory liens for the payment of current taxes that are not yet due and payable, and (c) as set forth in Section 3.12 of the Company's Disclosure Schedule.

3.13 Intellectual Property.

(a) The Company and each of its Subsidiaries owns or have the right to use all Intellectual Property (as defined below) used or useful in the operation of the business as now conducted and as currently planned to be conducted by the Company and each of its Subsidiaries. To the knowledge of the Company, the Company's and each of its Subsidiaries' current and intended products, services and processes do not infringe on any Intellectual Property held by any other person.

(b) For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Intellectual Property" shall mean all: (A) patents, patent applications, patent rights, patent disclosures and all related continuation, continuation-in-part, divisional, reissue, reexamination, utility model, certificate of invention and design patents, registrations and applications for registrations; (B) trademarks, service marks, trade dress, Internet domain names, logos, designs, trade names, brand and service names, corporate names and registrations and applications for registration thereof; (C) copyrights and registrations and applications for registration thereof; (D) mask works and registrations and applications for registration thereof; (E) computer software, source code, object code, data and documentation; (F) inventions, trade secrets and confidential business information, whether patentable or nonpatentable and whether or not reduced to practice, know-how, manufacturing and product processes and techniques, research and development information, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information; (G) other proprietary rights relating to any of the foregoing (including remedies against infringements thereof and rights of protection of interest therein under the laws of all jurisdictions); and (H) copies and tangible embodiments thereof.

(ii) "Company Intellectual Property" shall mean the Intellectual Property owned by or licensed to the Company or any of its Subsidiaries.

3.14 Insurance. The Company and each of its Subsidiaries maintains in full force and effect valid policies of general liability, errors and omissions, workers' compensation insurance and other insurance with respect to its properties and business of the kinds and in the amounts deemed sufficient by management.

3.15 Employees and Employee Benefit Matters.

(a) Subject to applicable law and the terms and conditions of employment agreements, the employment of each officer and employee of the Company and each of its Subsidiaries is terminable at the will of the Company. The Company is not aware that any employee of the Company or any of its Subsidiaries has plans to terminate his or her employment relationship with the Company or any of its Subsidiaries nor does the Company or any of its Subsidiaries have a present intention to terminate the employment of any employee. The Company and each of its Subsidiaries have complied in all material respects with all applicable laws relating to wages, hours, equal opportunity, collective bargaining, workers' compensation insurance and the payment of social security and other taxes..

(b) Section 3.15(c) of the Company's Disclosure Schedule sets forth a list of all key employees, officers and directors of the Company and each of its Subsidiaries and sets forth the annual salary and any bonus arrangements of such key employees, officers and directors. As used in the foregoing sentence, the term "key employee" shall include any employee who is entitled to annual compensation of $100,000 or more.

3.16 Books and Records. The stock ledger of the Company is complete and accurate and reflects all issuances, transfers, repurchases and cancellations of the shares of common stock of the Company.

3.17 Primary Business. The Company and each of its Subsidiaries are engaged primarily in the business of developing, publishing and distributing interactive entertainment software and have no present intention of changing their respective businesses.

3.18 U.S. Real Property Holding Corporation. Neither the Company nor any of its Subsidiaries is now and has ever been a "United States Real Property Holding Corporation" as defined in Section 897(c)(2) of the Code and Section 1.897-2(b) of the Regulations promulgated by the Internal Revenue Service.

3.19 Real Property. Neither the Company nor any of its Subsidiaries own any real property. There are no options held by the Company or any of its Subsidiaries or contractual obligations on the part of the Company or any of its Subsidiaries to purchase or acquire any interest in real property, or options granted by the Company or any of its Subsidiaries or contractual obligations on the part of the Company or any of its Subsidiaries to sell or dispose of any interest in real property.

3.20 Debt Obligations. Except as set forth in Section 3.20 of the Company's Disclosure Schedule, (i) neither the Company nor any of its Subsidiaries has any debt obligations (other than debt to trade creditors arising in the ordinary course of the Company's or any of its Subsidiaries' businesses not in excess of $5,000 per creditor and $25,000 in the aggregate), and (ii) there are no liens that encumber the assets of the Company or any of its Subsidiaries as of the Closing. Any and all payments relating to prior acquisitions of the Company and its subsidiaries are set forth on Section 3.20 of the Company's Disclosure Schedule.

4. Representations of the Purchaser. The Purchaser represents and warrants to the Company as follows:

4.1 Investment. The Purchaser is acquiring the Note, for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same; and, except as contemplated by this Agreement and the Ancillary Agreements, the Purchaser has no present or contemplated agreement, undertaking, arrangement, obligation, indebtedness or commitment providing for the disposition thereof. The Purchaser was not solicited pursuant to any general solicitation or general advertising in connection with the offer and sale of the Note, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

4.2 Authority. The Purchaser has full power and authority to enter into and to perform this Agreement and the Ancillary Agreements in accordance with their terms. The execution, delivery and performance by Purchaser of this Agreement and the Ancillary Agreements, and the transactions contemplated hereby and thereby by Purchaser have been duly authorized by all necessary corporate, partnership, limited liability or other action. This Agreement has been, and the Ancillary Agreements when executed at the Closing will be, duly executed and delivered by Purchaser and constitute valid and binding obligations of Purchaser enforceable in accordance with their respective terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting generally the enforcement of creditors' rights and subject to a court's discretionary authority with respect to the granting of a decree ordering specific performance or other equitable remedies.

4.3 Knowledge and Experience. Purchaser (a) has sufficient knowledge and experience in finance and business that it is capable of evaluating the risks and merits of its investment in the Company, (b) is able financially to bear the risks thereof, (c) has been furnished with and has had access to such information as Purchaser has considered necessary to make a determination as to the purchase of the Note together with such additional information as Purchaser has deemed necessary to verify the accuracy of the information supplied, (d) has had all questions which have been asked by Purchaser satisfactorily answered by a representative of the Company, and (e) is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, as amended

4.4 Note and Underlying Securities Not Registered; No Public Market. Purchaser understands and acknowledges that the offering of the Note pursuant to this Agreement will not be registered under the Securities Act on the grounds that the offering and sale of securities contemplated by this Agreement are exempt from registration under the Securities Act and that the Company's reliance upon such exemptions is predicated, in part, upon Purchaser's representations set forth in this Section 4. Purchaser acknowledges and understands that the Note and the Underlying Securities must be held indefinitely unless subsequently registered under the Securities Act and qualified under applicable state securities laws or an exemption from such registration and such qualification is available. Purchaser understands that no public market now exists for any of the securities issued by the Company, that the Company has made no assurances that a public market will ever exist for its securities.

5. Restrictive Legends. The Note and certificate representing underlying securities shall bear a legend substantially in the following form:

> [This Note and the securities issuable upon conversion hereof] ["The securities represented by this certificate] have not been registered under the Securities Act of 1933, as amended, and may not be offered, sold or otherwise transferred, pledged or hypothecated unless and until such securities are registered under such Act or an opinion of counsel satisfactory to the Company is obtained to the effect that such registration is not required."

The foregoing legend shall be removed from the Note or certificates representing Underlying Securities, at the request of the holder thereof, at such time as they become eligible for resale pursuant to Rule 144(k) under the Securities Act.

6. Miscellaneous.

6.1 Successors and Assigns. This Agreement, and the rights and obligations of Purchaser hereunder, may be assigned by Purchaser to any person or entity to which the Note or Underlying Securities are transferred by Purchaser in compliance with the provisions of this Agreement and the Ancillary Agreements and such transferee shall be deemed a "Purchaser" for purposes of this Agreement; provided that such assignment of rights shall be contingent upon the transferee providing a written instrument to the Company notifying the Company of such transfer and assignment and agreeing in writing to be bound by the terms of this Agreement. The Company may not assign its rights under this Agreement.

6.2 Survival. Notwithstanding any investigation made by Purchaser, each of the representations and warranties made herein shall survive for a period of two years from the Closing Date. All covenants made herein shall survive the execution and delivery of this Agreement and the Closing indefinitely unless otherwise specified therein.

6.3 Expenses. The Company shall pay, at the Closing, the reasonable legal fees and disbursements of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., counsel to the Purchaser, in connection with the preparation of this Agreement and the other agreements contemplated hereby and the closing of the transactions contemplated hereby up to a maximum of $15,000 in the aggregate. If any party initiates any legal action arising out of or in connection with this Agreement or any of the Ancillary Agreements, the prevailing party in such legal action shall be entitled to recover from the other party reasonable attorneys' fees, expert witness fees and expenses incurred by the prevailing party in connection therewith.

6.4 Brokers. The Company and Purchaser (i) represent and warrant to each other that it has not retained a finder or broker in connection with the transactions contemplated by this Agreement, and (ii) will indemnify and save the other harmless from and against any and all claims, liabilities or obligations with respect to brokerage or finders' fees or commissions or consulting fees in connection with the transactions contemplated by this Agreement asserted by any person on the basis of any statement or representation alleged to have been made by such indemnifying party.

6.5 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

6.6 Specific Performance. In addition to any and all other remedies that may be available at law, in the event of any breach of this Agreement, Purchaser shall be entitled to specific performance of the agreements and obligations of the Company hereunder and to such other injunctive or other equitable relief as may be granted by a court of competent jurisdiction.

6.7 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York (without reference to the conflicts of law provisions thereof). All suits, actions or proceedings arising out of, or in connection with, this Agreement or the transactions contemplated by this Agreement shall be brought in any federal or state court of competent subject matter jurisdiction sitting in New York, New York. Each of the parties hereto by execution and delivery of this Agreement, expressly and irrevocably (i) consents and submits to the personal jurisdiction of any such courts in any such action or proceeding; (ii) consents to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to such party as set forth in Section 6.8 hereof; and (iii) waives any claim or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue, forum non conveniens or any similar basis.

6.8 Notices. All notices, requests, consents and other communications under this Agreement shall be in writing and shall be deemed delivered (i) upon delivery when delivered personally, (ii) three business days after being sent by registered or certified mail, return receipt requested, postage prepaid, or (iii) one business day after being sent via a reputable nationwide overnight courier service guaranteeing next business day delivery, in each case to the intended recipient as set forth below:

If to the Company:

Ron Chaimowitz
Chief Executive Officer
Green Screen Interactive Software, LLC
575 Broadway

New York, NY 10012
Ph: (212) 400-4848
Fax: (212) 400-4849
ron@greenscreengames.com

With a copy to:

Paul Berg
Berkowitz, Trager & Trager LLC
8 Wright Street
Westport, CT 06880
Ph: (203) 291-8220
Fax: (203) 226-3801
pb@bertralaw.com

If to any Purchaser:

To such Purchaser's address as set forth on its executed counterpart signature page hereto.

Any party may give any notice, request, consent or other communication under this Agreement using any other customary means (including, without limitation, personal delivery, messenger service, telecopy, first class mail or electronic mail), but no such notice, request, consent or other communication shall be deemed to have been duly given unless and until it is actually received by the party for whom it is intended. Any party may change the address to which notices, requests, consents or other communications hereunder are to be delivered by giving the other parties notice in the manner set forth in this Section.

6.9 Complete Agreement. This Agreement (including its Exhibits) and the Ancillary Agreements constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

6.10 Amendments and Waivers. This Agreement may be amended or terminated and the observance of any term of this Agreement may be waived with respect to all parties to this Agreement (either generally or in a particular instance and either retroactively or prospectively) and with the written consent of the Company and the Purchaser. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

6.11 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder and any applicable common law, unless the context requires otherwise. The word "including" shall mean including, without limitation, and is used in an illustrative sense rather than a limiting sense. Terms used with initial capital letters will have the meanings specified, applicable to singular and plural forms, for all purposes of this Agreement. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

6.12 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same document. This Agreement may be executed by facsimile signatures.

6.13 Section Headings and References. The section headings are for the convenience of the parties and in no way alter, modify, amend, limit or restrict the contractual obligations of the parties. Any reference in this agreement to a particular section or subsection shall refer to a section or subsection of this Agreement, unless specified otherwise.

6.14 Delays or Omissions. N o delay or omission to exercise any right, power or remedy accruing to the Company or Purchaser shall impair any such right, power or remedy of the Company or such holder, nor shall it be construed to be a waiver of any breach or default under this Agreement, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any delay or omission to exercise any right, power or remedy or any waiver of any single breach or default be deemed a waiver of any other right, power or remedy or breach or default theretofore or thereafter occurring. All remedies, either under this Agreement or by law, otherwise afforded to the Company or Purchaser, shall be cumulative and not alternative.

6.15 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the parties hereto, their permitted successors and assigns.

6.16 Further Assurances. The parties hereto agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as any other party to this Agreement may reasonably request, for the purpose of carrying out the intent of this Agreement, the Ancillary Agreements and the documents referred to herein and therein.

{Remainder of page left intentionally blank. Counterpart signature page(s) to follow.}

COMPANY COUNTERPART SIGNATURE PAGE TO
NOTE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the undersigned has executed this Note Purchase Agreement as of the date first written above.

GREEN SCREEN INTERACTIVE SOFTWARE, INC.

By: /s/ Ron Chaimowitz
Name: Ron Chaimowitz
Title: CEO

PURCHASER COUNTERPART SIGNATURE PAGE TO
NOTE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the undersigned has executed this Note Purchase Agreement as of the date first written above.

FOR ENTITY PURCHASER:

MANDALAY MEDIA, INC.

By: /s/ James Lefkowitz
Its: President

Address for Notice Purposes: 2121 Avenue of the Stars, Suite 2550 Los Angeles, CA 90067
Telephone: (301) 601-2500 Facsimile: (310) 277-2741

EXHIBIT A

FORM OF NOTE

EXHIBIT B

COLATERAL PLEDGE AND SECURITY AGREEMENT

EXHIBIT C

GUARANTY

EXHIBIT D

COMPANY'S DISCLOSURE SCHEDULE

COLLATERAL PLEDGE AND SECURITY AGREEMENT

This COLLATERAL PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of May 16, 2008, by and between GREEN SCREEN INTERACTIVE SOFTWARE, INC., a Delaware corporation ("Debtor"), and MANDALAY MEDIA, INC., a Delaware corporation ("Secured Party").

WHEREAS, pursuant to that certain Note Purchase Agreement, dated as of even date herewith, by and between the Debtor and the Secured Party (the "Purchase Agreement"), the Secured Party has extended credit to Debtor represented by a convertible secured promissory note (the "Bridge Note") in the principal amount of $2,000,000; and

WHEREAS, to induce the Secured Party to extend credit to Debtor, Debtor has agreed to grant a security interest in certain collateral to Secured Party;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor and Secured Party agree as follows:

1. Certain Definitions. The following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Bridge Note" shall have the meaning specified in the Recitals hereto.

"Chattel Paper" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Collateral" shall have the meaning specified in Section 2 hereof.

"Commercial Tort Claim" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Contracts" shall mean, all right, title and interest of Debtor in, to and under, or derived from, any and all sale, service, performance and equipment lease contracts (whether written or oral), and any other contract (whether written or oral), between Debtor and third parties.

"Deposit Account" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Debtor" shall have the meaning specified in the preamble hereto.

"Document" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Equipment" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Event of Default" shall have the meaning specified in Section 8 hereof.

"Goods" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Governmental Authority" shall mean any federal, state, local, foreign or other governmental or administrative (including self-regulatory) body, instrumentality, department or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute resolving panel or body and shall include any "governmental unit" as such term is defined in Section 9-102 of the UCC.

"Indemnitees" shall have the meaning specified in Section 13(a) hereof.

"Instrument" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Insurance Policies" shall mean all insurance policies held by Debtor or naming Debtor as insured, additional insured or loss payee (including, without limitation, casualty insurance, liability insurance, property insurance and business interruption insurance) and all such insurance policies entered into after the date hereof.

"Intangibles" shall have the meaning ascribed to the term "general intangible" in Section 9-102 of the UCC.

"Inventory" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Investment Property" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Licenses" shall mean all of Debtor's license agreements and covenants not to sue with any other Person with respect to a patent, trademark, service mark or copyright (other than any existing license agreements or covenants not to sue which by their terms prohibit assignment, transfer or the grant of a security interest by Debtor or give the other party thereto the right to terminate the same upon an assignment, transfer, or the grant of a security interest thereto), whether Debtor is a licensor or licensee under any such license agreement, along with any and all (a) renewals, extensions, supplements and continuations thereof, (b) income, royalties, damages, claims and payments now and hereafter due and/or payable to Debtor with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (c) rights to sue for past, present and future infringements thereof, and (d) any other rights to use, exploit or practice any patent, trademark, service mark or copyright of Debtor.

"Lien" shall mean any mortgage, pledge, assignment, security interest, encumbrance, lien or charge of any kind, any conditional sale or other title retention agreement or any lease in the nature thereof (including any agreement to give any of the foregoing).

"Line of Credit" shall mean a $5 million line of credit which the Company may enter into after the date hereof.

"Noncash Proceeds" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Obligations" shall have the meaning specified in Section 3 hereof.

"Payment Intangible" shall have the meaning ascribed to such term in Section 9-102 of the UCC.

"Pension Plan Reversions" shall mean Debtor's right to receive the surplus funds, if any, which are payable to the Debtor following the termination of any employee pension plan and the satisfaction of all liabilities of participants and beneficiaries under such plan in accordance with applicable law.

"Person" shall have the meaning ascribed to such term in Section 9-102 of the UCC and shall include any individual, partnership, joint venture, firm, corporation, limited liability company, limited liability partnership, association, trust or other enterprise or any Governmental Authority.

"Proceeds" shall have the meaning ascribed to such term in Section 9-102 of the UCC and shall include, without limitation, (a) any and all payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority), (b) any and all amounts paid or payable to Debtor for or in connection with any sale or other disposition of all or any part of the Collateral and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Purchase Agreement" shall have the meaning specified in the Recitals hereto.

"Receivables" shall mean all Accounts, Documents, Instruments and Chattel Paper.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time.

"Secured Party" shall have the meaning specified in the preamble hereto.

"Third Party Claims" shall have the meaning specified in Section 13(a) hereof.

2. Grant of a Security Interest. As security for the prompt and complete payment and performance when due of all the Obligations, Debtor hereby pledges, assigns, transfers and grants to Secured Party, a continuing first-priority security interest in and to all of Debtor's right, title and interest in, to and under the following property, wherever located, now existing or hereafter arising from time to time (collectively, "Collateral"): (a) all Receivables; (b) all Inventory; (c) all books, records, ledgers, print-outs, file materials and other papers containing information relating to Receivables and any account debtors in respect thereof, together with all Contracts; (d) all Equipment; (e) all Intangibles; (f) all Investment Property; (g) all Insurance Policies; (h) all Pension Plan Reversions; (i) all Licenses; (j) all Deposit Accounts; (k) all Commercial Tort Claims; (l) all Goods; (m) any and all other property of the Debtor of every name and nature which from time to time after the date hereof, by delivery or by writing of any kind for the purposes hereof, shall have been conveyed, mortgaged, pledged, assigned or transferred by Debtor or by anyone on its behalf or with its consent to the Secured Party, as and for additional security for the payment of the Obligations; and (n) all Proceeds and Noncash Proceeds of any and all of the foregoing.

3. Debtor's Obligations Secured Hereby. This Agreement secures, and the Collateral is collateral security for, the prompt payment and performance in full when due, whether at stated maturity, by acceleration or otherwise (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the filing of a petition in bankruptcy or the operation of the automatic stay under the Bankruptcy and Insolvency Act (R.S. 1985, c. B-3)) of all obligations of Debtor now or hereafter arising under or in respect of the Bridge Note, this Agreement or Paragraph 15 of that certain Letter of Intent, by and between Secured Party and Debtor, dated as of the date hereof (the "Letter of Intent") (including, without limitation, Debtor's obligations to pay principal and interest and all other charges, fees, expenses, commissions, reimbursements, indemnities and other payments related to or in respect of the obligations contained in the Bridge Note, this Agreement or the Letter of Intent) (collectively, the "Obligations").

4. No Release. Nothing set forth in this Agreement shall relieve Debtor from the performance of any term, covenant, condition or agreement on Debtor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or impose any obligation on the Secured Party to perform or observe any such term, covenant, condition or agreement on Debtor's part to be so performed or observed or shall impose any liability on the Secured Party for any act or omission on the part of Debtor relating thereto or for any breach of any representation or warranty on the part of Debtor contained in the Bridge Note, the Purchase Agreement or this Agreement, or in respect of the Collateral or made in connection herewith or therewith.

5. Debtor's Representations and Warranties. Debtor represents and warrants and, so long as this Agreement is in effect, shall be deemed continuously to represent and warrant, that:

(a) No Liens. Debtor is and will be the owner of all Collateral free from any Lien or other right, title or interest of any Person, other than Secured Party or the Lender with respect to the Line of Credit and except as disclosed in Schedule A annexed hereto.

(b) Authority; Enforceability. Debtor has full organizational power and authority and has taken all organizational action necessary to execute, deliver and perform this Agreement and the Bridge Note and to encumber and grant a security interest in the Collateral. This Agreement constitutes legal, valid and binding obligations of Debtor, enforceable against Debtor in accordance with its terms.

(c) Other Financing Statements. Except as disclosed in Schedule A annexed hereto, there is no financing statement (or similar statement or instrument of registration under any jurisdiction) or any notice filed with any Governmental Authority covering or purporting to cover any interest of any kind in the Collateral. So long as any of the Obligations remain unpaid, Debtor shall not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be filed in respect of and covering the security interest granted hereby by Debtor or as may be required by the Lender with respect to the Line of Credit.

(d) Security Interest; Necessary Filings. This Agreement creates a valid security interest of Secured Party in the Collateral securing payment of the Obligations. The security interest granted to Secured Party pursuant to this Agreement in and to the Collateral constitutes and hereafter will constitute a perfected security interest therein to the extent that perfection can be achieved by the filing of a financing statement, superior and prior to the rights of all other persons therein and subject to no other Liens, except as disclosed in Schedule A annexed hereto except as may be required by the Lender with respect to the Line of Credit.

(e) No Consents, etc. No other consent of any other Person (including, without limitation, members or creditors of Debtor) and no consent, authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority (other than a court in connection with the exercise of judicial remedies by Secured Party) or regulatory body is required either (i) for the pledge by Debtor of the Collateral pursuant to this Agreement, or for the execution, delivery or performance of this Agreement by Debtor, or (ii) for the exercise by Secured Party of the rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement.

(f) Organization; Chief Executive Office; Name. The chief executive office of Debtor is located at 575 Broadway, New York, New York 10012. The Debtor's legal name, as it appears in the records of the jurisdiction in which the Debtor is organized, is "Green Screen Interactive Software, Inc." Debtor has not done business during the past three years or since inception (whichever period is shorter) under any name other than Green Screen LLC, or Green Screen Interactive Software, LLC. Debtor shall not change its name or move its chief executive office, except to such new location as Debtor may establish in accordance with the last sentence of this Section 5(f). All tangible evidence of all Collateral and the only original books of account and records of Debtor relating thereto are, and will continue to be, kept at such chief executive office, or at such new location for such chief executive office as Debtor may establish in accordance with the last sentence of this Section 5(f). All Collateral are, and will continue to be, controlled and monitored (including, without limitation, for general accounting purposes) from, such chief executive office location shown above, or such new location as Debtor may establish in accordance with the last sentence of this Section 5(f). Debtor shall not establish a new location for its chief executive office nor shall it change its name until it shall have given to Secured Party not less than 45 days' prior written notice of its intention so to do, clearly describing such new location or name and providing such other information and taking such action in connection therewith as Secured Party may request.

(g) Debtor's Structure. The Debtor is a corporation duly organized under the laws of the State of Delaware. The Debtor shall not change its organizational structure or the state in which it is organized without the prior written consent of the Secured Party and shall, in any such connection, take all action satisfactory to Secured Party to maintain the perfection and proof of the security interest of Secured Party in the Collateral intended to be granted hereby.

(h) Debtor's Tax and Organizational Identification Numbers. Debtor's tax identification number is 33-1215749.

(i) Collateral. All information set forth herein relating to the Collateral is accurate and complete in all material respects.

(j) Additional Representations, Warranties and Covenants of Debtor. Debtor hereby repeats each of the representations and warranties made by Debtor and contained or incorporated by reference in the Bridge Note and the Purchase Agreement as fully as if each such representation and warranty were expressly set forth herein and expressly made herein by Debtor on and as of the date hereof, each such representation and warranty being incorporated in this Agreement by reference mutatis mutandis.

6. Debtor's Covenants. Debtor agrees and covenants for itself, its successors and permitted assigns that:

(a) Business Use; Protection of Secured Party's Security. The Collateral will be used solely for business purposes of Debtor and will remain in the possession or under the control of Debtor and will not be used for any unlawful purpose. The Collateral will not be misused, abused, wasted or allowed to deteriorate. Debtor shall not take any action that impairs the rights of Secured Party in the Collateral. Debtor will defend the Collateral against the claims and demands of all other parties against Debtor or Secured Party other than the Lender with respect to the Line of Credit.; will keep the Collateral free from all Liens (except as disclosed in Schedule A annexed hereto); and (except with respect to Inventory which is addressed in Section 6(q) below) will not sell, transfer, lease, license, sublicense, assign, deliver or otherwise dispose of any Collateral or any interest therein without the prior written consent of Secured Party. Debtor will not sell, license, amend or permit the amendment of any License, Instrument, Contract or Chattel Paper in any manner adverse to the interests of the Secured Party without the prior written consent of the Secured Party.

(b) Financing Statements. As promptly as practicable after the execution and delivery of this Agreement, Debtor shall perfect and evidence the perfection of the first-priority security interest granted herein, by the completion, signing and filing of UCC-1 Financing Statements. Debtor hereby irrevocably appoints the Secured Party as the Debtor's attorney-in-fact to execute and deliver any and all UCC-1 Financing Statements, notices and other documents in furtherance of the foregoing, which power-of-attorney the parties hereto acknowledge and agree is coupled with an interest. Debtor authorizes the Secured Party (i) to file financing statements against the Collateral and (ii) at the election of the Secured Party, to describe the Collateral as "all assets," "all personal property," or words of similar import.

(c) Further Actions. Debtor shall at any time and from time to time take such steps as Secured Party may reasonably request to insure the continued perfection and priority of Secured Party's security interest in any of the Collateral and of the preservation of its rights therein in any jurisdiction except as otherwise provided herein.

(d) After Acquired Collateral. Any and all Collateral described or referred to in the granting clauses hereof which is hereafter acquired shall, and without any further conveyance, assignment or act on the part of Debtor or Secured Party, become and be subject to the security interests herein granted as fully and completely as though specifically described herein.

(e) Maintenance of Records. Debtor shall keep and maintain at its own cost and expense satisfactory and complete records of each Receivable, in a manner consistent with prudent business practices, for at least seven years from the date on which such Receivable comes into existence, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto, and Debtor shall make the same available to Secured Party for inspection, at Debtor's own cost and expense, at any and all reasonable times upon demand. Upon the occurrence and during the continuance of an Event of Default, Debtor shall, at its own cost and expense, deliver all tangible evidence of Receivables (including, without limitation, all documents evidencing Receivables) and such books and records to Secured Party or to its representatives (copies of which evidence and books and records may be retained by Debtor) at any time upon Secured Party's demand. Upon the occurrence and during the continuance of an Event of Default, Secured Party may transfer a full and complete copy of Debtor's books, records, credit information, reports, memoranda and all other writings relating to the Receivables to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Receivables or Secured Party's security interest therein without the consent of Debtor.

(f) Modification of Terms, etc. Subject to the provisions of Section 6(h), Debtor shall not rescind or cancel any indebtedness evidenced by any Receivable or modify any term thereof or make any adjustment with respect thereto, or extend or renew any such indebtedness, or compromise or settle any dispute, claim, suit or legal proceeding relating thereto, or sell any Receivable or interest therein, without the prior written consent of the Secured Party. Debtor shall timely fulfill in all material respects all obligations on its part to be fulfilled under or in connection with the Receivables.

(g) Collection. Debtor shall take all commercially reasonable actions to cause to be collected from the account debtor of each of the Receivables, as and when due (including, without limitation, Receivables that are delinquent), any and all amounts owing under or on account of such Receivable, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable, except that Debtor may allow in the ordinary course of business (i) a refund or credit due as a result of returned or damaged or defective merchandise, and (ii) so long as no Event of Default shall exist and be continuing, such extensions of time to pay amounts due in respect of Receivables and such other modifications or payment terms or settlements in respect of Receivables as shall be commercially reasonable in the circumstances, all in accordance with Debtor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses (including, without limitation, attorneys' fees and the allocated costs of internal counsel) of collection, whether incurred by Debtor or Secured Party, shall be paid by Debtor. The Secured Party shall have the right at any time to notify an account debtor or the obligor on any insurance with respect to a Receivable of the security interest herein and to make payment directly to the Secured Party.

(h) [Intentionally Deleted.]

(i) Protection of Secured Party's Security. Debtor shall not take any action that impairs the rights of Secured Party in the Collateral. Debtor shall at all times keep the Inventory and Equipment insured by financially sound and reputable insurers in favor of Secured Party as an additional insured, at the Debtors' own expense, to Secured Party's reasonable satisfaction against fire, theft and all other risks to which the Collateral may be subject, in such amounts (but in no event less than the replacement cost thereof) and with such deductibles as would be maintained by operators of businesses similar to the business of Debtor or as Secured Party may otherwise require. At least 30 days prior to the expiration of any such policy of insurance, Debtor shall deliver to Secured Party an extension or renewal policy or an insurance certificate evidencing renewal or extension of such policy.

(j) Commercial Tort Claims. If the Debtor shall at any time acquire a Commercial Tort Claim, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the details of such claim and grant to the Secured Party in such writing an express security interest therein and in the proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in the form and substance satisfactory to the Secured Party.

(k) Payment of Taxes: Claims. Debtor shall pay promptly when due all property and other taxes, assessments and governmental charges or levies (other than those the Company is contesting in good faith and with respect to which it has made sufficient reserves on its financial statements) imposed upon, and all claims (including claims for labor, materials and supplies) against, the Collateral.

(l) Ordinary Course of Business. Subject to any limitation contained in the Bridge Note, nothing in this Section 6 shall be deemed to prohibit (i) the sale of Inventory and the collection of Receivables by Debtor in the ordinary course of business, or (ii) the disposition and replacement of obsolete assets as necessary in the ordinary course of Debtor's business.

(m) No Impairment. Debtor shall not enter into any agreement that would materially impair or conflict with Debtor's obligations hereunder or under the Bridge Note without the prior written consent of the Secured Party.

(n) No Additional Indebtedness. Except for the Line of Credit, Debtor agrees that it shall not incur any additional Indebtedness (as such term is defined in the Bridge Note) without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld so long as such additional Indebtedness is Junior Debt (as such term is defined in the Bridge Note).

7. Reasonable Care. Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which Secured Party, in its individual capacity, accords its own property, it being understood that Secured Party shall not have responsibility for taking any necessary steps to preserve rights against any Person with respect to any Collateral.

8. Events of Default. The occurrence of any "Event of Default" under the Bridge Note shall constitute an "Event of Default" under this Agreement.

9. Remedies.

(a) Acceleration of Bridge Notes. Upon the occurrence of an Event of Default, Secured Party may, by notice to Debtor, or automatically in the case of an Event of Default pursuant to Section 7(a)(v) of the Bridge Note, declare the aggregate unpaid principal balance of all the Bridge Note, together with all unpaid accrued interest thereon, to be immediately due and payable and thereupon all such amounts shall be and become immediately due and payable to Secured Party.

(b) Obtaining the Collateral Upon Event of Default. If any Event of Default shall have occurred and be continuing, then and in every such case, Secured Party may, at any time or from time to time during the continuance of such Event of Default take any or all of the following actions, all if which shall be at Debtor's expense, which expenses shall constitute Obligations secured by the Collateral:

(i) Personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof from Debtor or any other Person who then has possession of any part thereof, with or without notice or process of law, and for that purpose may enter upon Debtor's premises where any of the Collateral is located and remove such Collateral, and use in connection with such removal any and all services, supplies, aids and other facilities of Debtor;

(ii) Instruct the obligor or obligors on any agreement, instrument or other obligation constituting the Collateral, to make any payment required by the terms of such agreement, instrument or other obligation directly to Secured Party; provided, however, in the event that any such payments are made directly to Debtor, Debtor shall hold such payments in trust and shall segregate all amounts received pursuant thereto in a separate account and pay the same promptly to Secured Party;

(iii) Sell, assign or otherwise liquidate, or direct Debtor to sell, assign or otherwise liquidate, the Collateral, or any part thereof, and take possession of the proceeds of any such sale, assignment or liquidation; and/or

(iv) Take possession of the Collateral, or any part thereof, by directing Debtor in writing to deliver the same to Secured Party at any place or places designated by Secured Party, in which event Debtor shall at its own expense: (A) forthwith cause the same to be moved to the place or places so designated by Secured Party and there delivered to Secured Party; (B) store and keep any Collateral so delivered to Secured Party at such place or places pending further action by Secured Party; and (C) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Debtor's obligation to deliver the Collateral is of the essence of this Agreement. Upon application to a court of equity having jurisdiction, Secured Party shall be entitled to a decree requiring specific performance by the Debtor of such obligation.

(c) Other Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Secured Party may from time to time exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party under the UCC at the time of an Event of Default.

(d) Waiver of Claims. Except as otherwise provided herein, Debtor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with Secured Party's taking possession, or Secured Party's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which Debtor would otherwise have under law, and Debtor hereby further waives to the extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of Secured Party's rights hereunder, and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all rights, title, interest, claim and demand, either at law or in equity, of Debtor therein and thereto, and shall be a perpetual bar both at law and in equity against Debtor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, from, through or under Debtor.

(e) Notice. Without in any way requiring notice to be given in the following time and manner, Debtor agrees that any notice by Secured Party of sale, disposition or other intended action hereunder or in connection herewith, whether required by the UCC or otherwise, shall constitute reasonable notice to Debtor if such notice is delivered in accordance with Section 16(h) hereof and is given at least ten days prior to the intended action which is the subject matter thereof.

10. Payments After an Event of Default. All payments received and amounts realized by Secured Party pursuant to Section 9, including all such payments and amounts received after the entire unpaid principal and interest amount of the Bridge Note has been declared due and payable, as well as all payments or amounts then held or thereafter received by Secured Party as part of the Collateral while an Event of Default shall be continuing, shall be promptly applied and distributed by Secured Party in the following order of priority:

(a) first, to the payment of all costs and expenses, including reasonable legal expenses and attorneys' fees for one counsel in each jurisdiction in which counsel may be required, incurred or made hereunder or under the Bridge Note by Secured Party, whether or not constituting Obligations, including, without limitation, any such costs and expenses of foreclosure or suit, if any, and of any sale or the exercise of any other remedy under Section 9, and of all taxes, assessments or liens superior to the lien granted under this Agreement, except any taxes, assessments or other superior lien subject to which any said sale under Section 9 hereof may have been made; and

(b) second, to the payment to Secured Party of the amount then owing or unpaid on the Bridge Note; and

(c) third, to the payment of the balance or surplus, if any, to Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

11. Secured Party's Right to Cure; Reimbursement. In the event Debtor should fail to do any act as herein provided, Secured Party may, but without obligation to do so, without notice to Debtor, and without releasing Debtor from any obligation hereof, make or do the same in such manner and to such extent as Secured Party may deem necessary to protect the Collateral, including, without limitation, the defense of any action purporting to affect the Collateral or the rights or powers of Secured Party hereunder, at Debtor's expense. Debtor shall reimburse Secured Party for expenses reasonably incurred under this Section 11 and any such expenses not reimbursed will constitute Obligations secured by the Collateral.

12. Expenses. Debtor will upon demand pay to Secured Party the amount of any and all reasonable expenses, including the fees and expenses of its counsel and the allocated fees and expenses of staff counsel and the fees and expenses of any experts and agents, which Secured Party may incur in connection with (a) the collection of the Obligations, (b) the administration of this Agreement, (c) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, (d) the exercise or enforcement of any of the rights of Secured Party hereunder, or (e) the failure by Debtor to perform or observe any of the provisions hereof. All amounts payable by Debtor under this Section 12 shall be due upon demand and shall be part of the Obligations. Debtor's obligations under this Section 12 shall survive the termination of this Agreement and the discharge of Debtor's other obligations hereunder.

13. Indemnity.

(a) Indemnity. Debtor agrees to indemnify, reimburse and hold Secured Party and its successors, assigns, officers, directors, stockholders, members, managers, employees, agents, representatives, heirs, attorneys and servants (collectively, "Indemnitees") harmless from and against any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs and expenses (including, without limitation, attorneys' fees and expenses and the allocated costs of internal counsel) of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Agreement, the Purchase Agreement or the Bridge Note or in any other way connected with the administration of the transactions contemplated hereby or the enforcement of any of the terms hereof, or the preservation of any rights hereunder, or in any way relating to or arising out of the manufacture, processing, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any Governmental Authority, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee)), or property damage, or contract claim; provided, that Debtor shall have no obligation to an Indemnitee hereunder to the extent it is judicially determined by a final order or decree that such indemnified liabilities arise solely from the gross negligence or willful misconduct of that Indemnitee. Any Indemnitee shall provide Debtor with prompt notice of all third party actions, suits, proceedings, claims, demands or assessments subject to the indemnification provisions of this Section 13(a) (collectively, "Third Party Claims"), and provide Debtor with notice of all other claims or demands for indemnification pursuant to this Section 13(a); provided, however, that the failure to provide timely notice shall not affect Debtor's indemnification obligations except to the extent Debtor shall have been materially prejudiced by such failure. Debtor shall, if requested by such Indemnitee, resist and defend any Third Party Claim or cause the same to be resisted and defended by counsel reasonably satisfactory to such Indemnitee. Each Indemnitee shall, unless any other Indemnitee has made the request described in the preceding sentence and such request has been complied with, have the right to employ its own counsel (or internal counsel) to investigate and control the defense of any matter covered by the indemnity set forth in this Section 13, and the fees and expenses of such counsel shall be paid by Debtor; provided that, only to the extent no conflict exists between or among the Indemnitees as reasonably determined by the Indemnitees, Debtor shall not be obligated to pay the fees and expenses of more than one counsel for all Indemnitees as a group with respect to any such matter, action, suit or proceeding.

(b) Misrepresentations. Without limiting the application of subsection 13(a), Debtor agrees to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by Debtor in this Agreement, the Purchase Agreement or the Bridge Note or in any statement or writing contemplated by or made or delivered pursuant to or in connection with this Agreement, the Purchase Agreement or the Bridge Note.

(c) Contribution. If and to the extent that the obligations of Debtor under this Section 13 are unenforceable for any reason, Debtor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations that is permissible under applicable law.

(d) Survival. The obligations of Debtor contained in this Section 13 shall survive the termination of this Agreement and the discharge of Debtor's other obligations hereunder and under the Bridge Note.

(e) Reimbursement. Any amounts paid by an Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral.

14. Termination; Release. This Agreement shall terminate on the satisfaction in full of all of the Obligations and, on such termination, Secured Party shall release to Debtor the security interest granted in the Collateral hereunder and, upon the request and at the expense of Debtor, forthwith assign, transfer and deliver to Debtor, against receipt and without recourse to or warranty by Secured Party, such of the Collateral to be released as may then be in the possession of Secured Party and proper instruments acknowledging the termination of this Agreement or the release of such Collateral, as the case may be; provided, that if, after receipt of any payment of all or any part of the Obligations, Secured Party is for any reason compelled to surrender such payment to any person or entity because such payment is determined to be void or voidable as a preference, impermissible setoff, or a diversion of trust funds, or for any other reason, this Agreement shall continue in full force notwithstanding any contrary action which may have been taken by Secured Party in reliance upon such payment, and any such contrary action so taken shall be without prejudice to Secured Party's rights under this Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

15. Miscellaneous.

(a) Entire Agreement; Amendment. This Agreement, the Purchase Agreement and the Bridge Note set forth the entire understanding of the parties with respect to the subject matter hereof and supersede all existing agreements among them concerning such subject matter. This Agreement may only be amended or modified by a written instrument duly executed by Debtor and Secured Party.

(b) Successors and Assigns. This Agreement, together with the covenants and warranties contained in it, shall inure to the benefit of Secured Party and its successors, assigns, heirs and personal representatives, and shall be binding upon Debtor, its successors and permitted assigns; provided, that Debtor may not assign this Agreement without the prior written consent of Secured Party. No other Persons (including, without limitation, any other creditor of Debtor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing, Secured Party may assign or otherwise transfer any indebtedness held by it and secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party, herein or otherwise, subject, however, to the provisions of the Bridge Note.

(c) No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise, no course of dealing with respect to, and no delay on the part of Secured Party in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law. In the event Secured Party shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to Secured Party, then and in every such case, Debtor and Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of Secured Party shall continue as if no such proceeding had been instituted.

(d) Governing Law. This Agreement shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York.

(e) Consent to Jurisdiction and Service of Process. Debtor irrevocably consents to the jurisdiction of the courts of New York County, New York in connection with any action or proceeding arising out of or relating to this Agreement, any document or instrument delivered pursuant to, in connection with or simultaneously with this Agreement, or a breach of this Agreement or any such document or instrument.

(f) WAIVER OF JURY TRIAL. DEBTOR HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH IT IS A PARTY INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER.

(g) Severability of Provisions. If any provision of this Agreement is invalid, illegal or unenforceable, the balance of this Agreement shall remain in effect, and if any provision is inapplicable to any person, party or circumstance, it shall nevertheless remain applicable to all other persons, parties and circumstances.

(h) Notices. All notices and other communications required or permitted under this Agreement shall be sent by registered or certified mail, postage prepaid, overnight courier, confirmed telex or facsimile transmission (provided, that a copy is also set by registered or certified mail), or delivered by hand or by messenger, addressed (a) if to Secured Party, at its office at 2121 Avenue of the Stars, Suite 2550, Los Angeles, CA 90067, Fax (310) 277-2741, marked to the attention to Bruce L. Stein, CEO, or at such other address as Secured Party shall have furnished to Debtor in writing, or (b) if to Debtor, at its office at 575 Broadway, New York, NY 10012, marked to the attention to Ron Chaimowitz, CEO, or at such other address as Debtor shall have furnished to the Secured Party in writing. Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) when delivered if delivered personally, (ii) if sent by registered or certified mail, at the earlier of its receipt or three business days after registration or certification thereof, (iii) if sent by overnight courier, on the next business day after the same has been deposited with a nationally recognized courier service, or (iv) when sent by confirmed telex or facsimile, on the day sent (if a business day) if sent during normal business hours of the recipient, and if not, then on the next business day.

(i) Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereby may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement. Facsimile signatures shall be deemed originals for all purposes hereunder.

(j) Headings. The Section headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

[Remainder of page left intentionally blank. Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Collateral Pledge and Security Agreement on the date set forth above.

GREEN SCREEN INTERACTIVE SOFTWARE, INC.

By: /s/ Ron Chaimowitz
Name: Ron Chaimowitz
Title CEO

MANDALAY MEDIA, INC.

By: /s/ James Lefkowitz
Name: James Lefkowitz
Title President

SCHEDULE A

THIS NOTE AND THE SECURITIES ISSUABLE UPON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE **"ACT"**), AND ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AS SET FORTH HEREIN. NEITHER THIS NOTE NOR THE SECURITIES ISSUABLE UPON CONVERSION HEREOF MAY BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER SUCH ACT.

GREEN SCREEN INTERACTIVE SOFTWARE, INC.
Convertible Secured Promissory Note

$2,000,000

May 16, 2008
New York, New York

GREEN SCREEN INTERACTIVE SOFTWARE, INC., a Delaware corporation (the **"Company"**), for value received, hereby promises to pay to Mandalay Media, Inc., a Delaware corporation (**"Mandalay**," together with its successors or permitted assigns, the **"Holder"**), the principal amount of Two Million Dollars ($2,000,000) in lawful money of the United States, with interest thereon to be computed from the date hereof on the unpaid principal balance at the rate and as herein provided.

This convertible promissory note (the "**Note**") is issued pursuant to and is subject to the terms of that certain Note Purchase Agreement, dated of even date herewith, by and between the Company and Mandalay (as the same may be amended from time to time, the "**Purchase Agreement**").

All agreements herein made are expressly limited so that in no event whatsoever, whether by reason of advancement of proceeds hereof, acceleration of maturity of the unpaid balance hereof or otherwise, shall the amount paid or agreed to be paid to the Holder for the use of the money advanced or to be advanced hereunder exceed the maximum rate permitted by law (the **"Maximum Rate"**). If, for any circumstances whatsoever, the fulfillment of any provision of this Note or any other agreement or instrument now or hereafter evidencing, securing or in any way relating to the debt evidenced hereby shall involve the payment of interest in excess of the Maximum Rate, then, *ipso facto*, the obligation to pay interest hereunder shall be reduced to the Maximum Rate; and if for any circumstance whatsoever, the Holder shall ever receive interest, the amount of which would exceed the amount collectible at the Maximum Rate, such amount as would be excessive interest shall be applied to the reduction of the principal balance remaining unpaid hereunder and not to the payment of interest. This provision shall control every other provision in any and all other agreements and instruments existing or hereafter arising between the Company and the Holder with respect to the debt evidenced hereby.

1. Security. This Note and Company's obligations hereunder are collateralized by a security interest in Company's assets, pursuant to a Collateral Pledge and Security Agreement, dated as of even date herewith, by the Company, in favor of Mandalay (the **"Security Agreement"**). If an Event of Default (as hereinafter defined) shall have occurred and be continuing and the principal amount of this Note shall become due and payable, the Holder shall be entitled to exercise, in addition to any right, power or remedy permitted in law or equity, all its remedies under the Security Agreement.

2. Interest; Payments.

(a) Principal of, and any accrued and unpaid interest on, this Note shall be due and payable on any date and time on or after October 15, 2008 within five Business Days (as defined below) of written demand by the Holder (such date and time hereinafter referred to as the **"Maturity Date"**), unless it has been prepaid or converted in accordance with the terms hereof.

(b) Until this Note is converted or paid in full, interest on this Note shall accrue from the date hereof (the **"Issue Date"**) at the Applicable Rate (calculated on the basis of a 360-day year consisting of twelve 30 day months). For purposes of this Note, the "**Applicable Rate**" shall mean 10% until August 16, 2008 and increasing to 15% from and after August 16, 2008, except in the event that the Company fails to pay the Holder any portion of the principal and/or interest due on the Maturity Date in which case the Applicable Rate shall thereafter be 20%.

(c) If the Maturity Date would fall on a day that is not a Business Day (as defined below), the payment due on the Maturity Date will be made on the next succeeding Business Day with the same force and effect as if made on the Maturity Date. **"Business Day"** means any day which is not a Saturday or Sunday and is not a day on which banking institutions are generally authorized or obligated to close in the city of New York, New York.

(d) Payment of principal and interest on this Note shall be made by wire transfer of immediately available funds to an account designated by the Holder or by check sent to the Holder's address set forth above or to such other address as the Holder may designate for such purpose from time to time by written notice to the Company, in such coin or currency of the United States as at the time of payment shall be legal tender for the payment of public and private debts.

(e) The obligations to make the payments provided for in this Note are absolute and unconditional and not subject to any defense, set-off, counterclaim, rescission, recoupment or adjustment whatsoever. The Company hereby expressly waives demand and presentment for payment, notice of non-payment, notice of dishonor, protest, notice of protest and diligence in taking any action to collect any amount called for hereunder, and shall be directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission with respect to the collection of any amount called for hereunder.

(f) The Company may prepay this Note in whole (and not in part) without penalty.

(g) Unless this Note has been prepaid or converted in accordance with the terms hereof, in the event of the Company's liquidation, the Company shall, at the Holder's option, pay the principal of, and any accrued and unpaid interest on, this Note or convert this Note in accordance with Section 4(a) below.

3. Ranking of Note.

(a) The Company, for itself, its successors and assigns, covenants and agrees, that the payment of the principal of and interest on this Note is senior in right of payment to the payment of all existing and future Junior Debt (as hereinafter defined). **"Junior Debt"** shall mean all existing and future Indebtedness (as hereinafter defined) other than (i) the Indebtedness represented by this Note, (ii) the Line of Credit (as defined below) and (iii) as otherwise agreed to by the Holder in writing. **"Indebtedness"** shall mean (A) any liability of the Company for borrowed money, (x) evidenced by a note, debenture, bond or other instrument of indebtedness (including, without limitation, a purchase money obligation), including any given in connection with the acquisition of property, assets or service, or (y) for the payment of rent or other amounts relating to capitalized lease obligations; (B) any liability of others of the nature described in clause (A) which the Company has guaranteed or which is otherwise its legal liability; and (C) any modification, renewal, extension, replacement or refunding of any such liability described in clause (A) or (B); provided, that Indebtedness does not include unsecured trade credit.

(b) The Company covenants and agrees to use its commercially reasonable efforts to cause any current holder of Junior Debt and to cause any future holder of Junior Debt permitted to be incurred pursuant to this Note to execute such subordination agreements, instruments or waivers as may be necessary to reflect the terms set forth herein.

(c) Mandalay acknowledges and agrees that the Company may seek to obtain a $5 million line of credit (the "**Line of Credit**"), and if the Company obtains such Line of Credit, the payment of principal and interest on this Note will be junior in right of payment to the payment of any Indebtedness represented by the Line of Credit. Mandalay shall execute such subordination agreements as may be reasonably required by the lender of such Line of Credit to reflect the foregoing.

(d) Until the payment in full of all amounts of principal of, and interest on, this Note, and all other amounts owing under this Note, no payment may be made with respect to the principal of or other amounts owing with respect to any Junior Debt, or in respect of any redemption, retirement, purchase or other acquisition thereof; provided, that the Company may pay scheduled interest thereon so long as no Event of Default shall have occurred and be continuing.

(e) Upon any payment or distribution of the assets of the Company, to creditors upon dissolution, total or partial liquidation or reorganization of, or similar proceeding relating to the Company, the Holder of the Note will be entitled to receive payment in full before any holder of Junior Debt is entitled to receive any payment.

4. Conversion.

(a) Unless previously paid or converted in full, at the Holder's option at any time, this Note shall convert, in whole or in part, into shares of common stock of the Company, par value $0.0001 (the "**Common Stock**") or other Equity Securities (as defined below) as applicable. In the event the Holder elects to convert all or a portion of this Note as aforesaid, it shall deliver to the Company written notice of such election (a **"Conversion Notice"**), which Conversion Notice shall state the portion of this Note which the Holder has elected to convert. The conversion of this Note into shares of Equity Securities shall take place on the next Business Day following the Company's receipt of the Holder's Conversion Notice or on such other date and at such other time as may be mutually agreed to by the Company and the Holder (such date hereinafter referred to as the **"Optional Conversion Date"**). The number of shares of Equity Securities into which this Note (or portion of this Note) shall be convertible shall be determined by dividing (i) that portion of the principal and accrued interest of this Note being converted, by (ii) the lower of $20.00 or the price per share at which the Equity Securities (as hereinafter defined) are sold in the Qualified Financing (as hereinafter defined); provided that, if a Qualified Financing consists of two or more capital raises, the price per share shall be deemed to be the weighted average purchase price for such capital raises computed on a fully-converted basis.

(b) For purposes hereof, a **"Qualified Financing"** shall mean the sale of Common Stock or other Equity Securities, the gross proceeds of which, in the aggregate, equal or exceed $10,000,000 (or such other amount as shall be agreed upon by the Company and Holder); **"Equity Securities"** shall mean the Common Stock or other equity securities issued in connection with such Qualified Financing.

(c) Upon conversion of this Note pursuant to Section 4(a) or (b), the Holder shall be deemed to be the holder of record of the Common Stock, issuable upon such conversion (in either case, the **"Conversion Shares"**), notwithstanding that the transfer books of the Company shall then be closed or certificates (if applicable) representing such Conversion Shares shall not then have been actually delivered to the Holder. If requested by the Holder and with the consent of the Company, as soon as practicable after the Optional Conversion Date or the closing of the Qualified Financing, as applicable, the Company shall issue and deliver to the Holder a certificate or certificates for the Conversion Shares registered in the name of the Holder or its designee(s); provided, that the Company, by notice given to the Holder promptly after the Optional Conversion Date or the closing of the Qualified Financing, as applicable, may require the Holder, as a condition to the delivery of such certificate or certificates, to present this Note to the Company.

(d) The issuance of any Conversion Shares, and the delivery of certificates (if applicable) or other instruments representing the same, shall be made without charge to the Holder for any tax or other charge in respect of such issuance. The Company shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any certificate in a name other than that of the Holder, and the Company shall not be required to issue or deliver any such certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

(e) The Holder shall not have, solely on account of such status as a holder of this Note, any rights of a stockholder of the Company, either at law or in equity, or any right to any notice of meetings of stockholders or of any other proceedings of the Company, except as provided in this Note.

(f) The Company shall at all times reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of providing for the exercise of the conversion rights provided for under this Section 4, such number of shares of Common Stock as shall, from time to time, be sufficient for issuance upon conversion of this Note in full. The Company covenants that all shares of Common Stock issuable upon conversion hereof shall be validly issued and free of preemptive rights (and, to the extent applicable, fully paid and nonassessable).

(g) Upon conversion of this Note, if not already a party thereto, the Holder shall enter into the Company's then current shareholders' agreement, the form and substance of which shall be reasonably satisfactory to the Holder and its counsel.

5. Negative Covenants. The Company covenants and agrees with the Holder that, so long as any amount remains unpaid on this Note, unless the consent of the Holder is obtained, the Company shall not:

(a) increase the number of authorized shares of Common Stock or other class or series of equity securities;

(b) redeem or repurchase any of the Company's outstanding shares of Common Stock or other equity securities;

(c) consummate a merger, corporate reorganization or sale of Common Stock or other equity securities constituting 51% or more of the Company's outstanding voting securities, voluntarily dissolve or liquidate, sell or exclusively license all or substantially all of the Company's intellectual property, or consummate any transaction in which all or substantially all of the assets of the Company are sold;

(d) pay or declare any distribution or dividend with respect to the Company's Common Stock or other equity securities;

(e) except for the Line of Credit, take any action that relates to or would result in the incurrence by the Company of Indebtedness;

(f) draw down any amounts under the Line of Credit that would leave the Company with less than $2,000,000 of committed availability under the Line of Credit;

(g) if the Line of Credit is obtained, permit the Line of Credit to expire or be terminated prior to repayment of this Note;

(h) acquire any material business;

(i) create any subsidiary, unless such subsidiary shall be a wholly-owned subsidiary and such subsidiary guarantees the Company's obligations under this Note;

(j) permit any subsidiary to authorize or issue any capital stock, membership units, partnership interests or other equity securities, or any option, warrant, put, call, note, debenture or other right exercisable, convertible or exchangeable for such subsidiary's equity securities, to any person or entity other than to the Company; and

(k) agree to, or permit any subsidiary to agree to, take any actions set forth above, except those actions contemplated by the letter of intent between the Company and Mandalay dated the date hereof.

6. Affirmative Covenants. The Company covenants and agrees with the Holder that, so long as any amount remains unpaid on this Note, the Company shall:

(a) deliver to the Holder quarterly financial statements within 45 days after quarter-end, and annual financial statements within 90 days of year-end. In addition, Holder shall receive monthly statements of cash flow for the immediately preceding month and projections of cash flow for the next month within 10 days of the end of each calendar month;

(b) promptly after the Company shall obtain knowledge of the occurrence of any Event of Default (as hereinafter defined) or any event which with notice or lapse of time or both would become an Event of Default (an Event of Default or such other event being a **"Default"**), a notice specifying that such notice is a **"Notice of Default"** and describing such Default in reasonable detail, and, in such Notice of Default or as soon thereafter as practicable, a description of the action the Company has taken or proposes to take with respect thereto; and

(c) permit the Holder to visit and inspect its properties and its books and records at reasonable times during normal business hours and on reasonable notice.

7. Events of Default.

(a) The occurrence of any of the following events shall constitute an event of default (an **"Event of Default"**):

(i) A default in the payment of the principal or interest on this Note, when and as the same shall become due and payable (a **"Payment Default"**);

(ii) A default in the performance, or a breach, of any covenant or agreement of the Company contained in this Note (other than a Payment Default) or in the Purchase Agreement or Security Agreement and continuance of such default or breach of for a period of 10 days after receipt of notice from the Holder as to such breach;

(iii) Any material breach of a representation, warranty or certification made by the Company in or pursuant to this Note, the Purchase Agreement or the Security Agreement;

(iv) A final judgment or judgments for the payment of money in excess of $250,000 in the aggregate shall be rendered by one or more courts, administrative or arbitral tribunals or other bodies having jurisdiction against the Company and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 60 days from the date of entry thereof and the Company shall not, within such 60-day period, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; and

(v) The entry of a decree or order by a court having jurisdiction adjudging the Company as bankrupt or insolvent, or approving a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, under federal bankruptcy law, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, and the continuance of any such decree or order unstayed and in effect for a period of 60 days; or the commencement by the Company of a voluntary case under federal bankruptcy law, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency, or other similar law, or the consent by the Company to the institution of bankruptcy or insolvency proceedings against it, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under federal bankruptcy law or any other applicable federal or state law, or the consent by the Company to the filing of such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of the property of the Company, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

(b) Nothing contained in Section 7(a) hereof shall in any way limit or be construed as limiting the right of the Holder to demand payment of the principal of, and any accrued and unpaid interest on, this Note at any time or after October 15, 2008 pursuant to Section 2(a) of this Note.

8. Remedies Upon Default. Upon the occurrence of an Event of Default referred to in Section 7(a)(v), the principal amount then outstanding of, and the accrued interest on, this Note shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company. Upon the occurrence of an Event of Default referred to in Sections 7(a)(i) through (iv), the Holder, by notice in writing given to the Company, may declare the entire principal amount then outstanding of, and the accrued interest on, this Note to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately, without presentation, demand, protest or other formalities of any kind, all of which are expressly waived by the Company. The Holder may institute such actions or proceedings in law or equity as it shall deem expedient for the protection of its rights and may prosecute and enforce its claims against all assets of the Company, and in connection with any such action or proceeding shall be entitled to receive from the Company payment of the principal amount of this Note plus accrued interest to the date of payment plus reasonable expenses of collection, including, without limitation, reasonable attorneys' fees and expenses actually incurred. For the avoidance of doubt, the foregoing is not intended as an exclusive remedy and Holder may enforce any other rights granted under this Note, the Security Agreement, any other agreement or otherwise under applicable law.

9. Reclassifications and Reorganizations. In case of any reclassification or reorganization of the Common Stock, or, in the case of any merger or consolidation of the Company with or into another entity (excluding a consolidation or merger in which the Company is the continuing entity that does not result in any reclassification or reorganization of the Common Stock), or, in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety, in connection with which the Company is dissolved, subject to the terms and provisions of Section 4 of this Note, the Holder shall thereafter have the right to convert this Note into the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the Holder would have received if the Holder had converted this Note pursuant to Section 4(a) hereof immediately prior to such event. The provisions of this Section 9 shall similarly apply to successive reclassifications, reorganizations, mergers or consolidations, sales or other transfers.

10. Miscellaneous.

(a) The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties; provided, however, that neither party may assign any of its rights or obligations hereunder without the prior written consent of the other, except that the Holder may assign all or any portion of its rights hereunder to an affiliate of the Holder upon notice to the Company of same but without such consent. Assignment of all or any portion of this Note in violation of this Section 10(a) shall be null and void. Nothing in this Note, expressed or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Note, except as expressly provided in this Note.

(b) All notices and other communications required or permitted under this Note shall be in writing and shall be deemed delivered (i) when received, if delivered by hand delivery, (ii) three Business Days after being sent, certified or registered mail, return receipt requested, first class postage prepaid, or (iii) one Business Day after being sent by nationally recognized overnight courier, addressed (A) if to the Company, to 575 Broadway, New York, New York 10012, marked for the attention of Ron Chaimowitz, CEO; (B) if to Mandalay, to 2121 Avenue of the Stars, Suite 2550, Los Angeles, California 90067, marked for the attention of Bruce L. Stein, CEO; or (C) if to any subsequent Holder, at the address of such Holder as provided to the Company. All written notices delivered by means other than as set forth above shall be deemed effective upon receipt. Any party may change the address to which notices, requests, consents or other communications hereunder are to be delivered by giving the other parties notice in the manner set forth in this Section 10(b).

(c) Upon receipt of evidence satisfactory to the Company, of the loss, theft, destruction or mutilation of this Note (and upon surrender of this Note if mutilated), including an affidavit of the Holder thereof that this Note has been lost, stolen, destroyed or mutilated together with an indemnity against any claim that may be made against the Company on account of such lost, stolen, destroyed or mutilated Note, and upon reimbursement of the Company's reasonable incidental expenses, the Company shall execute and deliver to the Holder a new Note of like date, tenor and denomination.

(d) No course of dealing and no delay or omission on the part of the Holder or the Company in exercising any right or remedy shall operate as a waiver thereof or otherwise prejudice the Holder's or the Company's rights, powers or remedies, as the case may be. No right, power or remedy conferred by this Note upon the Holder or the Company shall be exclusive of any other right, power or remedy referred to herein or now or hereafter available at law, in equity, by statute or otherwise, and all such remedies may be exercised singly or concurrently.

(e) If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note and the balance of this Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms. This Note may be amended only by a written instrument executed by the Company and the Holder hereof. Any amendment shall be endorsed upon this Note, and all future Holders shall be bound thereby.

(f) This Note shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to principles governing conflicts of law.

(g) The Company irrevocably consents to the exclusive jurisdiction of any federal court located in the State of New York sitting in New York County, New York (provided that, if any such court does not have or does not accept jurisdiction, the Company consents to the jurisdiction of any state court in the State of New York sitting in New York County, New York) in connection with any action or proceeding arising out of or relating to this Note, any document or instrument delivered pursuant to, in connection with or simultaneously with this Note, or a breach of this Note or any such document or instrument.

* * * * *

IN WITNESS WHEREOF, the Company has caused this Note to be executed and dated the day and year first above written.

GREEN SCREEN INTERACTIVE SOFTWARE, INC.

By: /s/ Ron Chaimowitz
Name: Ron Chaimowitz
Title: CEO

Exhibit 31.1

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

I, Bruce Stein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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: August 14, 2008

/s/ Bruce Stein

Bruce Stein
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Jay A. Wolf, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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)) for the registrant and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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: August 14, 2008

/s/ Jay A. Wolf

Jay A. Wolf
Chief Financial Officer and Secretary
(Principal Financial Officer)

EXHIBIT 32.1

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

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

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

Date: August 14, 2008

/s/ Bruce Stein

Bruce Stein
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and shall be furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

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

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

Date: August 14, 2008

/s/ Jay A. Wolf

Jay A. Wolf
Chief Financial Officer and Secretary
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and shall be furnished to the Securities and Exchange Commission or its staff upon request.