

Alyst Acquisition Corp.  
Form 10-Q  
May 04, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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 March 31, 2009

or

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 001-33563

ALYST ACQUISITION CORP.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

20-5385199  
(I.R.S. Employer  
Identification No.)

233 East 69th Street #6J, New York, New York 10021  
(Address of Principal Executive Offices) (Zip Code)

(646) 290-6104  
(Registrant's Telephone Number, Including Area Code)

N/A

Former Name, Former Address and Former Fiscal year, if Changed Since Last Report

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one).

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

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

Yes  No

As of May 1, 2009, 9,794,400 shares of the registrants' common stock par value \$0.0001 per share were outstanding.

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ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2009

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## FORWARD-LOOKING STATEMENTS

This report, and the information incorporated by reference in it, include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Our forward-looking statements include, but are not limited to, statements regarding our or our management’s expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipates,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predicts,” “project,” “should,” expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, for example, statements about our:

- Ability to complete our initial business combination;
- Success in retaining or recruiting, or changes required in, our officers, key employees or directors following our initial business combination;
- Officers and directors allocating their time to other businesses and potentially having conflicts of interest with our business or in approving our initial business combination, as a result of which they would then receive expense reimbursements;
  - Potential ability to obtain additional financing to complete our initial business combination;
    - Limited pool of prospective target businesses;
  - The ability of our officers and directors to generate a number of potential investment opportunities;
  - Potential change in control if we acquire one or more target businesses for stock;
  - Our public securities’ potential liquidity and trading;
- The delisting of our securities from the New York Stock Exchange Alternext or the ability to have our securities listed on the New York Stock Exchange Alternext following our initial business combination;
- Use of proceeds not held in the trust account or available to us from interest and dividend income on the trust account balance; or
  - Financial performance.

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors”(refer to Part II, Item IA). Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be

required under applicable securities laws.

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References in this report to “we,” “us” or “our company” refers to Alyst Acquisition Corp. and Subsidiaries. References to “public stockholders” refer to purchasers of our securities by persons other than our founders in, or subsequent to, our initial public offering.

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ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)

CONDENSED CONSOLIDATED BALANCE SHEETS

|   | March 31, 2009       | June 30, 2008        |
|---|----------------------|----------------------|
|   | Unaudited            |                      |
| <b>ASSETS</b>   |                      |                      |
| <b>Current assets</b>   |                      |                      |
| Cash and cash equivalents   | \$ 716,618           | \$ 419,058           |
| Cash held in trust account, interest and dividends available for working capital and taxes (including prepaid income taxes of \$172,979 and \$256,481 as of March 31, 2009 and June 30, 2008, respectively) | 251,733              | 749,337              |
| Prepaid expenses  | 13,807               | 43,476               |
| <b>Total current assets</b>   | <b>982,158</b>       | <b>1,211,871</b>     |
| <b>Trust account, restricted</b>  |                      |                      |
| Cash held in trust account, restricted  | 63,267,192           | 63,154,286           |
| <b>Other assets</b>   |                      |                      |
| Deferred acquisition costs  | 896,861              | 472,752              |
| <b>Total assets</b>   | <b>\$ 65,146,211</b> | <b>\$ 64,838,909</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                      |                      |
| <b>Current liabilities</b>  |                      |                      |
| Accounts payable and accrued expenses   | \$ 741,483           | \$ 459,025           |
| Common stock subject to possible conversion, 2,413,319 shares at conversion value   | 18,980,148           | 18,946,276           |
| <b>Commitments and contingencies</b>  |                      |                      |
| <b>Stockholders' equity</b>   |                      |                      |
| Preferred stock, \$.0001 par value, authorized 1,000,000 shares; none issued or outstanding   | —                    | —                    |
| Common stock, \$.0001 par value, authorized 30,000,000 shares; issued and outstanding 9,794,400 shares (less 2,413,319 shares subject to possible conversion)   | 738                  | 738                  |
| Additional paid-in capital  | 44,246,378           | 44,280,250           |
| Income accumulated during the development stage   | 1,177,464            | 1,152,620            |
| <b>Total stockholders' equity</b>   | <b>45,424,580</b>    | <b>45,433,608</b>    |
| <b>Total liabilities and stockholders' equity</b>   | <b>\$ 65,146,211</b> | <b>\$ 64,838,909</b> |

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





ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

|  | For the<br>three<br>months<br>ended<br>March 31,<br>2009 | For the<br>three months<br>ended<br>March<br>31, 2008 | For the<br>nine months<br>ended<br>March 31,<br>2009 | For the<br>nine months<br>ended<br>March 31,<br>2008 | For the period<br>from<br>August 16,<br>2006<br>(inception)<br>through<br>March 31,<br>2009 |
|--|--|---|--|--|---|
| Revenue  | \$ —   | \$ —  | \$ —   | \$ —   | \$ —  |
| Formation and operating costs  | 234,477  | 139,154   | 537,452  | 221,567  | 861,303   |
| Loss from operations   | (234,477)  | (139,154)   | (537,452)  | (221,567)  | (861,303)   |
| Interest and dividend income   | 119,927  | 555,785   | 601,144  | 2,061,716  | 3,029,613   |
| (Loss) income before provision<br>for income taxes   | (114,550)  | 416,631   | 63,692   | 1,840,109  | 2,168,310   |
| Benefit (Provision) for income taxes   | 41,443   | (41,421)  | (38,848)   | (832,296)  | (990,846)   |
| Net (loss) income  | \$ (73,107)  | \$ 375,210  | \$ 24,844  | \$ 1,007,853   | \$ 1,177,464  |
| Accretion of trust account income<br>relating to common stock subject to<br>possible conversion                                  | (25,044)   | —   | (33,872)   | —  | (33,872)  |
| Net (loss) income attributable to other<br>common stockholders   | \$ (98,151)  | \$ 375,210  | \$ (9,028)   | \$ 1,007,853   | \$ 1,143,592  |
| Weighted average number of common<br>shares outstanding excluding shares<br>subject to possible conversion- basic<br>and diluted | 7,381,081  | 7,318,884   | 7,381,081  | 7,299,966  |   |
| Basic and diluted net (loss) income per<br>share attributable to other common<br>stockholders                                    | \$ (0.01)  | \$ 0.05   | \$ (0.00)  | \$ 0.14  |   |

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



ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the period from August 16, 2006 (inception) through March 31, 2009  
(Unaudited)

|  | Common<br>Shares | Stock<br>Amount | Additional<br>paid-<br>in capital | Income<br>(deficit)<br>accumulated<br>during the<br>development<br>stage | Total<br>stockholders'<br>equity |
|--|------------------|-----------------|-----------------------------------|--|----------------------------------|
| Balance at August 16, 2006 (inception)   | —                | \$ —            | \$ —                              | \$ —   | \$ —                             |
| Common shares issued at inception at \$0.014 per share   | 1,750,000        | 175             | 24,825                            | —  | 25,000                           |
| Net loss for the period from August 16, 2006 (inception) through June 30, 2007   | —                | —               | —                                 | (3,916)  | (3,916)                          |
| Balance at June 30, 2007   | 1,750,000        | 175             | 24,825                            | (3,916)  | 21,084                           |
| Sale of 8,044,400 units, net of underwriters' discount and offering expenses of \$2,973,036 (includes 2,413,319 shares subject to possible conversion) | 8,044,400        | 804             | 61,381,360                        | —  | 61,382,164                       |
| Proceeds subject to possible conversion of 2,413,319 shares  | —                | (241)           | (18,946,035)                      | —  | (18,946,276)                     |
| Proceeds from issuance of insiders' warrants   | —                | —               | 1,820,000                         | —  | 1,820,000                        |
| Proceeds from issuance of underwriters' purchase option  | —                | —               | 100                               | —  | 100                              |
| Net income for the year ended June 30, 2008  | —                | —               | —                                 | 1,156,536  | 1,156,536                        |
| Balance at June 30, 2008   | 9,794,400        | 738             | 44,280,250                        | 1,152,620  | 45,433,608                       |
| Accretion of trust account income relating to common stock subject to possible conversion  | —                | —               | (33,872)                          | —  | (33,872)                         |
| Net income for the nine months ended March 31, 2009  | —                | —               | —                                 | 24,844   | 24,844                           |

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|                                       |           |    |     |    |            |    |           |    |            |
|---------------------------------------|-----------|----|-----|----|------------|----|-----------|----|------------|
| Balance at March 31, 2009 (unaudited) | 9,794,400 | \$ | 738 | \$ | 44,246,378 | \$ | 1,177,464 | \$ | 45,424,580 |
|---------------------------------------|-----------|----|-----|----|------------|----|-----------|----|------------|

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

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ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|   | For the nine<br>months<br>ended<br>March 31, 2009 | For the nine<br>months<br>ended<br>March 31, 2008 | For the period<br>from<br>August 16, 2006<br>(inception)<br>through<br>March 31, 2009 |
|---|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |   |
| Net income  | \$ 24,844   | \$ 1,007,853                                      | \$ 1,177,464  |
| Adjustment to reconcile net income to net cash provided<br>by operating activities:           |   |   |   |
| Change in operating assets and liabilities:   |   |   |   |
| Prepaid taxes   | —   | (290,926)   | —   |
| Income tax payable  | —   | 12,347  | —   |
| Prepaid expenses  | 29,669  | (44,670)  | (13,807)  |
| Accounts payable and accrued expenses   | 282,458   | 115,458   | 741,483   |
| Net cash provided by operating activities   | 336,971   | 800,062   | 1,905,140   |
| <b>Cash flows from investing activities</b>   |   |   |   |
| Cash held in trust account, restricted  | (112,906)   | (63,154,286)                                      | (63,267,192)  |
| Cash held in trust account, interest and dividends<br>available for working capital and taxes | 497,604   | (130,979)   | (251,733)   |
| Deferred acquisition costs  | (424,109)   | (51,965)  | (896,861)   |
| Net cash used in investing activities   | (39,411)  | (63,337,230)                                      | (64,415,786)  |
| <b>Cash flows from financing activities</b>   |   |   |   |
| Proceeds from issuance of common stock to initial<br>stockholders                             | —   | —   | 25,000  |
| Proceeds from notes payable to stockholders   | —   | —   | 150,000   |
| Gross proceeds from initial public offering   | —   | 64,355,200  | 64,355,200  |
| Proceeds from issuance of insiders' warrants  | —   | 1,820,000   | 1,820,000   |
| Proceeds from issuance of underwriters' purchase option                                       | —   | 100   | 100   |
| Payment of notes payable to stockholders  | —   | (150,000)   | (150,000)   |
| Payment of offering costs   | —   | (2,865,439)                                       | (2,973,036)   |
| Net cash provided by financing activities   | —   | 63,159,861  | 63,227,264  |
| Net increase in cash  | 297,560   | 622,693   | 716,618   |
| Cash at beginning of period   | 419,058   | 65,487  | —   |
| Cash at end of period   | \$ 716,618  | \$ 688,180  | \$ 716,618  |
| <b>Supplemental Disclosure of cash flow information:</b>                                      |   |   |   |
| Cash paid during period for:  |   |   |   |
| Interest  | \$ —  | \$ 951  | \$ 951  |
| Income taxes  | —   | 1,110,875   | 1,291,112   |

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

ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE INTERIM FINANCIAL INFORMATION, ORGANIZATION, BUSINESS OPERATIONS, SIGNIFICANT  
1. ACCOUNTING POLICIES AND GOING CONCERN CONSIDERATION

These unaudited condensed consolidated interim financial statements as of March 31, 2009, and for the three and nine months ended March 31, 2009, and 2008, and for the period from August 16, 2006 (inception) through March 31, 2009, have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In addition, the June 30, 2008 balance sheet was derived from the audited financial statements, but does not include all disclosures required by GAAP in these unaudited condensed financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended June 30, 2008 included in the Company’s Form 10-KSB filed on September 25, 2008. The accounting policies used in preparing these unaudited condensed consolidated interim financial statements are consistent with those described in the June 30, 2008 financial statements.

Alyst Acquisition Corp. (the “Company”) was incorporated in Delaware on August 16, 2006 as a blank check company to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business (“Business Combination”).

All activity from August 16, 2006 (inception) through July 5, 2007 relates to the Company’s formation and the public offering, described below. Since July 6, 2007, the Company has been searching for a target business to acquire.

Principles of Consolidation:

The condensed consolidated financial statements of the Company include the accounts of the Company and its wholly-owned subsidiaries, China Networks International Holdings Ltd and China Networks Merger Co., Ltd, after elimination of all intercompany accounts and transactions. These subsidiaries were organized as British Virgin Islands companies on April 17, 2008 for the purpose of consummating the acquisition described in Note 2 “Potential Acquisition”.

Going Concern and Management’s Plan and Intentions:

As of March 31, 2009, the Company had working capital of \$240,675. Other than interest and dividend income of up to \$1.68 million from the trust account, the Company’s only source of income to enable it to continue to fund its search for an acquisition candidate is the interest and dividends it earns on its cash not held in the trust account. These funds may not be sufficient to maintain the Company until a business combination is consummated. In addition, there can be no assurance that the Company will enter into a Business Combination prior to June 29, 2009. Pursuant to its Certificate of Incorporation, the Company would have to liquidate pursuant to a dissolution plan and return the funds held in the trust account to the holders of shares issued in the Offering as previously described. These factors raise substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of these uncertainties.





ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE INTERIM FINANCIAL INFORMATION, ORGANIZATION, BUSINESS OPERATIONS, SIGNIFICANT  
1. ACCOUNTING POLICIES AND GOING CONCERN CONSIDERATION (CONTINUED)

Reclassifications:

Certain amounts in the prior quarters' financial statements have been reclassified to conform with the presentation in the current year financial statements. These reclassifications have no effect on previously reported income.

Concentration of Credit Risk:

Statement of Financial Accounting Standards ("SFAS") No. 105, "Disclosure of Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk", requires disclosure of significant concentrations of credit risk regardless of the degree of risk. At March 31, 2009, financial instruments that potentially expose the Company to credit risk consist of cash and cash held in the trust account. The Company maintains its cash balances in U.S. Treasury only money market funds at various financial institutions. At times, the Company's cash and cash held in the trust account may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") insurance limits.

Earnings Per Share:

The Company follows the provisions of SFAS No. 128, "Earnings per Share". In accordance with SFAS No. 128, earnings per common share amounts ("Basic EPS") are computed by dividing earnings by the weighted average number of common shares outstanding for the period. Common shares subject to possible conversion of 2,413,319 have been excluded from the calculation of basic earnings per share since such shares, if redeemed, only participate in their pro rata shares of the trust earnings. Earnings per common share amounts, assuming dilution ("Diluted EPS"), gives effect to dilutive options, warrants, and other potential common stock outstanding during the period. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the statements of operations. The effect of the 9,864,400 outstanding Warrants issued in connection with the Public Offering and the Insiders' Warrants have not been considered in the diluted earnings per share calculation since the Warrants are contingent upon the occurrence of future events, and therefore, are not includable in the calculation of diluted earnings per share in accordance with SFAS 128.

Recently Issued And Adopted Accounting Pronouncements:

In December 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Positions ("FSP") Statement of Financial Accounting Standard ("SFAS") No. 140-4 and FASB Interpretation Number ("FIN") No. 46R-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities" (FSP SFAS No. 140-4 and FIN No. 46R-8). This statement increases the disclosure requirements regarding continuing involvement with financial assets that have been transferred, as well as the company's involvement with variable interest entities. The FSP is effective for financial statements issued for interim periods ending after December 15, 2008. The adoption of this pronouncement has had no material impact on the company's financial position or results of operations.



ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE INTERIM FINANCIAL INFORMATION, ORGANIZATION, BUSINESS OPERATIONS, SIGNIFICANT  
1. ACCOUNTING POLICIES AND GOING CONCERN CONSIDERATION (CONTINUED)

Recently Issued And Adopted Accounting Pronouncements (continued):

In April 2009, the FASB issued FASB Staff Position No. 107-1 (“FSP FAS 107-1”) and APB 28-1 (“APB 28-1”), which amends FASB Statement No. 107, Disclosures about Fair Value of Financial Instruments and APB Opinion NO. 28, Interim Financial Reporting, to require disclosures about the fair value of financial instruments for interim reporting periods. FSP FAS 107-1 and APB 28-1 will be effective for interim reporting periods ending after June 15, 2009. The adoption of this staff position is not expected to have a material impact on the Company’s financial position or results of operation.

In April 2009, the FASB issued FASB Staff Position No. 115-2 (“FSP FAS 115-2”) and FASB Staff Position No. 124-2 (“FSP FAS 124-2”), which amends the other-than-temporary impairment guidance for debt and equity securities. FSP FAS 115-2 and FSP FAS 124-2 shall be effective for interim and annual reporting periods ending after June 15, 2009. The adoption of this staff position is not expected to have a material impact on the Company’s financial position and results of operations.

In April 2009, the FASB issued FASB Staff Position No. 141(R)-1 (“FSP FAS 141(R)-1”) which provides additional clarification on the initial recognition and measurement of assets acquired and liabilities assumed in a business combination that arise from contingencies. FSP FAS 141(R)-1 is effective for all fiscal years beginning on or after December 15, 2008. FSP FAS 141(R)-1 will have an impact on the accounting for any business acquired in the future.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

NOTE 2. POTENTIAL ACQUISITION

On August 13, 2008, the Company signed an agreement and plan of merger to acquire all of the issued and outstanding shares of China Networks Media Ltd., a British Virgin Islands Company (“China Networks”) which owns and is in the process of acquiring television station operating assets in the People’s Republic of China (PRC). As part of the transaction, the Company will redomesticate to the British Virgin Islands by means of merging with its wholly owned subsidiary China Networks Holdings immediately prior to consummating its transaction with China Networks.

Pursuant to the transaction, China Networks will become a wholly owned subsidiary of the Company and the holders of the capital stock of China Networks will receive, upon the effectiveness of the merger, an aggregate of (i) 2,880,000 shares and (ii) \$17,000,000 in cash. The holders of ordinary shares of China Networks will also be entitled to receive up to \$6,000,000 of additional cash and 9,000,000 additional shares upon attaining certain performance milestones.

Additionally, the holders of the capital stock of China Networks will be entitled to receive up to \$21,910,000 (as amended) of the cash received by the Company from the exercise of outstanding Alyst warrants. There remain a number of conditions to the Company’s completing the acquisition of China Networks, including review by the U.S. Securities and Exchange Commission (the “SEC”) of the Company’s proxy and the related registration statement and

approval by the Company's stockholders of the merger between the Company and China Networks.

On January 12, 2009, Michael E. Weksel, the Company's chief financial officer ("CFO"), secretary and director, was appointed CFO of China Networks. He will continue to serve in his current capacities with the Company and is expected post-merger to serve as CFO of the surviving entity, China Networks International Holdings, Ltd. ("CNIH"), currently a wholly-owned British Virgin Islands subsidiary of the Company.

ALYST ACQUISITION CORP. AND SUBSIDIARIES  
(a development stage company)  
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. POTENTIAL ACQUISITION (CONTINUED)

On January 28, 2009, the parties to the agreement and plan of merger entered into Amendment No. 1 to the agreement which reduced, among other things, the amount of cash the holders of the capital stock of China Networks will be entitled to receive from the proceeds, if any, of the exercise of Alyst outstanding warrants from up to \$24,910,000 to up to \$21,910,000.

On January 30, 2009, a subsidiary of the Company filed a registration statement on Form S-4 containing the preliminary proxy statement prospectus regarding the potential acquisition, and a prospectus for the registration of shares, warrants and units that may be issuable in that transaction.

The Company issued a press release on March 18, 2009, announcing that its merger target, China Networks Media, Ltd., a BVI company, entered into a letter of intent (“LOI”), dated February 27, 2009, with Zhuhai Broadcasting and Television Station (“Zhuhai TV”), containing the principal terms for the formation of a 50:50 joint venture (the “Joint Venture”) between China Networks and Zhuhai TV. If the transactions contemplated by the LOI are consummated, Zhuhai TV will join China Networks’ television joint ventures in Kunming and Yellow River as the newest member of its advertising network, expanding the population reach of China Networks to a total of approximately 38 million viewers. China Networks’ management expects to execute definitive documentation covering the terms of the LOI before the end of July 2009 and to consummate the transactions contemplated by the LOI prior to the end of 2009.

The Company, CNIH and China Networks and their respective directors and executive officers, and Chardan Capital Markets LLC and its partners and directors, may be deemed to be participants in the solicitation of proxies for the special meeting of stockholders to be held to approve, among other things, the proposed business combination with China Networks.

NOTE 3. COMMITMENTS AND CONTINGENCIES

The Company entered into an agreement with the underwriters of the Offering (the “Underwriting Agreement”). Under the terms of the Underwriting Agreement, the Company paid an underwriting discount of 3.723% (\$2,395,914) of the gross proceeds in connection with the consummation of the Offering and has placed 3.277% (\$2,108,950) of the gross proceeds in the trust account which will be paid to the underwriters only upon consummation of a Business Combination. Additionally, the Company has placed \$560,000 in the trust account representing the non-accountable expense allowance due from the Offering which will be paid to the underwriters only upon consummation of a Business Combination. The Company did not pay any discount related to the insiders’ warrants. The Underwriters have waived their rights to receive payments from the trust account of \$2,108,950 of underwriting discounts and \$560,000 of expense reimbursements, which are due under the Underwriting Agreement if the Company is unable to consummate a Business Combination prior to June 29, 2009.

On February 10, 2009, the Company received a letter from the NYSE Alternext US indicating it did not meet one of the Exchange’s continued listing standards since it did not hold an annual meeting of stockholders in 2008. The Company submitted a plan of compliance to the Exchange on March 3, 2009 demonstrating the Company’s intent to regain compliance with the continued listing standards by August 11, 2009. The Company plans to hold a meeting of its stockholders on or before June 29, 2009 which will make the Company in compliance with the listing standards.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Unaudited Condensed Consolidated Interim Financial Statements and footnotes thereto contained in this report.

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## Forward Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding our financial position, business strategy and the plans and objectives of management for future operations, are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this Form 10-Q, words such as “anticipate,” “believe,” “estimate,” “expect,” “intend” and similar expressions, as they relate to us or our management identify forward looking statements. Such forward looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those contemplated by the forward looking statements as a result of certain factors detailed in our filings with the Securities and Exchange Commission. All subsequent written or oral forward looking statements attributable to us or persons acting on our behalf are qualified in their entirety by this paragraph.

## Overview

We are a blank check company organized under the laws of the State of Delaware on August 16, 2006. We were formed with the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. Our efforts in identifying a prospective target business are not limited to a particular industry although we intend to focus our efforts on acquiring an operating business in the telecommunications industry, broadly defined.

We consummated our offering on July 5, 2007. All activity from August 16, 2006 (inception) through July 5, 2007 related to our formation and our offering. Since July 5, 2007, we have been searching for a prospective target business to acquire and have executed an agreement and plan of merger with China Networks Media Ltd.

## Results of Operations

From August 16, 2006 (inception) through March 31, 2009, we had net income of \$1,177,464 derived from interest and dividend income of \$3,029,613 offset by \$861,303 of formation and operating costs, and \$990,846 of income tax expense. For the three and nine months ended March 31, 2009, we had net (loss) income of \$(73,107) and \$24,844 respectively, derived from interest and dividend income of \$119,927 and \$601,144 respectively, offset by \$234,477 and \$537,452 respectively, of formation and operating costs, and \$41,443 and \$(38,848) respectively of income tax benefit (expense) as compared to a net income of \$375,210 and \$1,007,853 derived from, \$139,154 and \$221,567 of formation and operating costs, and \$41,421 and \$832,296 of income taxes offset by \$555,785 and \$2,061,716 of interest and dividend income for the three and nine months ended March 31, 2008, respectively. The difference was due to the decrease in the yield earned on the funds held in the trust account and additional costs incurred associated with the potential merger with China Networks.

## Financial Condition and Liquidity

Upon consummation of our offering and the sale of the insider warrants, \$63,154,286 of the net proceeds was deposited in trust. The remaining net proceeds of \$47,878 was available to pay for business, legal and accounting due diligence on prospective acquisitions and continuing formation and operating costs. We intend to utilize our cash, including the funds held in the trust account, capital stock, debt or a combination of the foregoing to effect a business combination. To the extent that our capital stock or debt securities are used in whole or in part as consideration to effect a business combination, the proceeds held in the trust account as well as any other available cash will be used to finance the operations of the target business. At March 31, 2009, we had current assets of \$982,158 and current liabilities of \$741,483, leaving us with working capital of \$240,675.





From the date of the consummation of the offering until such time as we effectuate a business combination, we may draw from the interest and dividends earned on the trust account (1) up to \$1,680,000 for use as working capital, and (2) all funds necessary for us to meet our tax obligations. Since the offering, we have drawn from the trust account a total of \$2,809,000, of which \$1,342,637 was drawn to pay taxes and \$1,466,363 was drawn for working capital purposes. An additional \$251,733 remains in the trust account of which \$78,754 can be used for working capital and \$172,979 of prepaid taxes to be applied towards future tax obligations.

Although there is a possibility to the contrary, we believe we should have sufficient funds available to us from interest and dividends earned on the trust account to operate through the later of June 29, 2009 or the date upon which we consummate a business combination. As previously described, up to \$1,680,000 of interest and dividends earned on the assets of the trust account are available to us for the payment of expenses associated with the due diligence and investigation of a target business or businesses, structuring, negotiating and documenting an initial business combination, legal, and accounting fees relating to our SEC reporting obligations and general working capital that will be used for miscellaneous expenses and reserves. Further, the Company may, from time to time, repurchase its common stock, warrants and units in the open market or in privately-negotiated transactions. We do not believe we will need to raise additional funds in order to meet the expenditures required for operating our business. However, we may need to raise additional funds through a private offering of debt or equity securities if such funds are required to consummate a business combination. We would only consummate such a financing simultaneously with the consummation of a business combination. As needed, additional funds are also available to us from the interest and dividends earned on the assets of the trust account to pay all of our tax obligations.

However, these funds may not be sufficient to maintain us until a business combination is consummated. In addition, there can be no assurance that we will enter into a Business Combination prior to June 29, 2009. Pursuant to our Certificate of Incorporation, if we are unable to consummate a timely business combination, we would have to liquidate pursuant to a dissolution plan and return the funds held in the Trust Account to the holders of shares issued in the Offering as previously described.

#### Off-Balance Sheet Arrangements

None.

#### Recent Developments

As discussed in the condensed consolidated financial statements under Note 2 Potential Acquisition, on August 13, 2008 we entered into an Agreement and Plan of Merger (the "Merger Agreement") with China Networks Media Limited, a British Virgin Islands corporation ("China Networks"), and specified other persons, providing for, among other things, the redomestication of the Company from the State of Delaware to the British Virgin Islands (the "Redomestication Merger") and the merger of a wholly-owned subsidiary of the Company into China Networks (the "Business Combination"). Consummation of the transactions contemplated by the Merger Agreement are conditioned upon, among other things, (i) approval of the Redomestication Merger and the Business Combination by our shareholders and (ii) approval of the Merger Agreement and the Business Combination by the shareholders of China Networks.

On January 30, 2009, a subsidiary of the Company filed a registration statement on Form S-4 containing the preliminary proxy statement/ prospectus regarding the potential acquisition discussed in Note 2 to the condensed consolidated financial statements, and a prospectus for the registration of shares, warrants and units that may be issuable in that transaction.

There can be no assurance that the Merger Agreement will be approved by each company's stockholders or that a suitable alternative business combination transaction can be effected prior to June 29, 2009, at which point our corporate existence will cease and we will be required to liquidate.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The information to be reported under this Item is not required of smaller reporting companies.

ITEM 4T. Controls and Procedures.

Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to us is made known to the officers who certify our financial reports and to other members of senior management and the Board of Directors.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives. Based upon their evaluation as of December 31, 2008, our Principal Executive and Principal Financial and Accounting Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective at such date.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting during the most recently completed fiscal quarter.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings.

None.

ITEM 1A. Risk Factors.

The information to be reported under this Item is not required of smaller reporting companies.

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

Not applicable.

ITEM 3. Defaults Upon Senior Securities.

None

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

None

ITEM 5. Other Information.

None.

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ITEM 6. Exhibits.

(a) Exhibits:

10.1 – Put-Call Option Agreement by and between Michael Weksel and the Company, dated April 6, 2009.

31.1 – Section 302 Certification by Principal Executive Officer.

31.2 – Section 302 Certification by Principal Financial and Accounting Officer.

32.1 – Section 906 Certification by Principal Executive Officer and Principal Financial and Accounting Officer.

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.

ALYST ACQUISITION CORP.

Dated: May 4, 2009

By: /s/William Weksel  
Dr. William Weksel  
Chief Executive Officer  
(Principal Executive Officer)

Dated: May 4, 2009

By: /s/Michael Weksel  
Michael Weksel  
Chief Operating Officer and  
Chief Financial Officer  
(Principal Financial and Accounting  
Officer)