

Alyst Acquisition Corp.  
Form 10QSB  
February 04, 2008

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

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2007

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-33563

ALYST ACQUISITION CORP.

(Exact Name of Small Business Issuer as Specified in Its Charter)

Delaware  
(State or other Jurisdiction of  
Incorporation or Organization)

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

233 East 69<sup>th</sup> Street, #6J, New York, New York 10021  
(Address of Principal Executive Office)

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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

Yes  No

As of February 1, 2008, 9,794,400 shares of common stock, par value \$.0001 per share, were issued and outstanding.

Transitional Small Business Disclosure Format (check one):

Yes  No

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**ALYST ACQUISITION CORP.**  
**(a development stage company)**

**CONDENSED BALANCE SHEET**

**ASSETS**

	December 31, 2007 (unaudited)	
<b>Current Assets:</b>	\$ 0	
Cash	\$	171,933
Cash held in trust fund		63,154,286
Cash held in trust fund, available for working capital		487,859
Prepaid expenses		59,617
<b>Total current assets</b>	<b>\$</b>	<b>63,873,695</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities:</b>		
Accrued expenses	\$	17,704
<b>Total current liabilities</b>		<b>17,704</b>
Common stock subject to possible conversion, 2,412,516 shares at conversion value		18,939,970
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Preferred stock, \$.0001 par value, authorized 1,000,000 shares; None issued and outstanding		---
Common stock, \$.0001 par value, authorized 30,000,000 shares; Issued and outstanding 9,794,400 shares (less 2,412,516 subject to possible conversion)		738
Additional paid-in capital		44,286,556
Earnings accumulated during the development stage		628,727
<b>Total stockholders' equity</b>		<b>44,916,021</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$</b>	<b>63,873,695</b>

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

**ALYST ACQUISITION CORP.**  
**(a development stage company)**

**CONDENSED STATEMENT OF OPERATIONS (UNAUDITED)**

	Three Months Ended December 31, 2007	Six Months Ended December 31, 2007	For the Period From August 16, 2006 (inception) Through December 31, 2007
<b><u>Operating Expenses</u></b>			
<b>General, selling and administrative expenses</b>	\$ (41,599)	\$ (82,413)	\$ (87,865)
<b>Total operating expenses</b>	(41,599)	(82,413)	(87,865)
<b>Interest income, net</b>	744,043	1,505,931	1,507,467
<b>Income before provision for income taxes</b>	702,444	1,423,518	1,419,602
<b>Provision for income taxes</b>	530,000	790,875	790,875
<b>Net income</b>	\$ 172,444	\$ 632,643	\$ 628,727
<b>Weighted average number of common shares outstanding - Basic and diluted</b>	7,381,884	7,259,452	3,765,386
<b>Basic and diluted net income per share</b>	\$ 0.02	\$ 0.09	\$ 0.17

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

**ALYST ACQUISITION CORP.**  
(a development stage company)

**CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)**  
for the Period From August 16, 2006 (inception) Through December 31, 2007

	Common Stock		Additional	(Deficit)	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
			Capital	Accumulated	Equity
				During the	
				Development	
				Stage	
Balance at August 16, 2006	---	\$ ---	\$ ---	\$ ---	\$ ---
Common shares issued at inception at \$0.014 per share	1,750,000	175	24,825	---	25,000
Net Loss from August 16, 2006 (inception) to 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 \$2,973,035 (includes 2,412,516 shares subject to possible conversion)	8,044,400	804	61,381,360	---	61,382,164
Proceeds subject to possible conversion of 2,412,516 shares	---	(241)	(18,939,729)	---	(18,939,970)
Proceeds from issuance of sponsors' warrants	---	---	1,820,000	---	1,820,000
Proceeds from issuance of underwriters'	---	---	100	---	100

purchase option

Net income for six months ended					
December 31, 2007	---	---	---	632,643	632,643
Balance, December 31, 2007	9,794,400	\$ 738	\$ 44,286,556	\$ 628,727	\$ 44,916,021

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

**ALYST ACQUISITION CORP.**  
(a development stage company)

**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)**

	Six Months Ended December 31, 2007	For the Period August 16, 2006 (inception) Through December 31, 2007
<b>Cash flows from operating activities</b>		
Net income	\$ 632,643	\$ 628,727
Adjustment to reconcile net income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Prepaid expenses	(59,617)	(59,617)
Accrued expenses	15,704	17,704
Net cash provided by operating activities	588,730	586,814
<b>Cash flows from investing activities</b>		
Cash held in trust fund	(63,154,286)	(63,154,286)
Cash held in trust fund, available for working capital	(487,859)	(487,859)
Net cash used in investing activities	(63,642,145)	(63,642,145)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common stock to initial 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 sponsors' 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)	(2,973,035)
Net cash provided by financing activities	63,159,861	63,227,265
Net increase in cash	106,446	171,933
Cash at beginning of the period	65,487	---
Cash at end of the period	\$ 171,933	\$ 171,933
<b>Supplemental disclosure:</b>		
Cash paid during the period for:		
Interest	\$ 0	\$ 951
Taxes	\$ 790,000	\$ 792,004

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





Alyst Acquisition Corp.  
(a development stage company)

Notes to the Unaudited Condensed Financial Statements

**1. Interim Financial Information**

Alyst Acquisition Corp.'s (the "Company") unaudited condensed interim financial statements as of December 31, 2007 and for three months and six months ended December 31, 2007 and the period from August 16, 2006 (inception) through December 31, 2007, 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-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim period presented are not necessarily indicative of the results to be expected for any other interim period or for the full year.

These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended June 30, 2007 included in the Company's Form 10-KSB for the fiscal year ended June 30, 2007 filed on September 25, 2007. The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those described in the June 30, 2007 audited financial statements except for the adoption of FIN 48, which is discussed below.

*Use of Estimates*

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

*New Accounting Pronouncements*

In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurements." Among other requirements, SFAS 157 defines fair value and establishes a framework for measuring fair value and also expands disclosure about the use of fair value to measure asset and liabilities. SFAS 157 is effective beginning the first fiscal year that begins after November 15, 2007. The Company is currently evaluating the impact of SFAS 157 on its financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115" ("SFAS No. 159"), which permits entities to choose to measure many financial instruments and certain other items at fair value. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent

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reporting date. Adoption is required for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS No. 159. The Company is currently evaluating the expected effect of SFAS 159 on its financial statements and is currently not yet in a position to determine such effects.

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 unaudited condensed interim financial statements.

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Notes to the Unaudited Condensed Financial Statements

**2. Organization and Business Operations**

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. The Company has selected June 30 as its fiscal year end.

The registration statement for the Company’s initial public offering (“Offering”) was declared effective June 29, 2007 (“Effective Date”). The Company consummated the Offering on July 5, 2007 and received net proceeds of \$61,382,164 and \$1,820,000 from the sale of insider warrants on a private placement basis (see Note 3). The Company’s management has broad discretion with respect to the specific application of the net proceeds of this Offering, although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a Business Combination. There is no assurance that the Company will be able to successfully affect a Business Combination. An amount of \$63,154,286 (or approximately \$7.85 per share) of the net proceeds of this offering and the sale of the sponsor warrants (see Note 3) is being held in a trust account (“Trust Account”) and is invested in United States “government securities” within the meaning of Section 2(a) (16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under rule 2a-7 promulgated under the Investment Company Act of 1940 until the earlier of (i) the consummation of its initial Business Combination or (ii) liquidation of the Company. As of December 31, 2007, the balance in the Trust Account was \$63,642,145, which includes \$487,859 of funds to be transferred to the operating account. The \$487,859 has been classified on the December 31, 2007 unaudited balance sheet as cash held in trust fund, available for working capital. Since the inception of the Trust Account through December 31, 2007, \$1,499,859 has been earned in cumulative interest and dividends, of which \$1,012,000 has been transferred out of the Trust Account to the operating account of the Company. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses or other entities it engages, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements.

The Company’s officers have agreed that they will be personally liable under certain circumstances to ensure that the proceeds in the Trust Account are not reduced by the claims of target businesses or vendors or other entities that are owed money by the Company for services rendered, contracted for or products sold to the Company. However, there can be no assurance that they will be able to satisfy those obligations. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Except with respect to interest income that may be

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released to the Company of (i) up to \$1,680,000 to fund expenses related to investigating and selecting a target business and our other working capital requirements and (ii) any additional amounts needed to pay income or other tax obligations, the proceeds held in trust will not be released from the Trust Account until the earlier of the completion of a Business Combination or our liquidation.

The Company, after signing a definitive agreement for the acquisition of a target business, will submit such transaction for stockholder approval. In the event that stockholders owning 30% or more of the shares sold in the Offering vote against the Business Combination and exercise their conversion rights described below, the Business Combination will not be consummated. All of the Company's stockholders prior to the Offering, including all of the officers and directors of the Company ("Initial Stockholders"), have agreed to vote their 1,750,000 founding shares of common stock in accordance with the vote of the majority in interest of all other stockholders of the Company ("Public Stockholders") with respect to any Business Combination. After consummation of a Business Combination, these voting restrictions will no longer apply.

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(a development stage company)

Notes to the Unaudited Condensed Financial Statements

With respect to a Business Combination which is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert their shares into cash from the Trust Fund. The per share conversion price will equal the amount in the Trust Account, calculated as of two business days prior to the consummation of the proposed Business Combination, divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 30% (less one share) of the aggregate number of shares owned by all Public Stockholders may seek conversion of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Account computed without regard to the shares held by Initial Stockholders. Accordingly, a portion of the net proceeds from the offering (30% (less one share) of the amount held in the Trust Account) amounting to \$18,939,970 has been classified as common stock subject to possible conversion in the accompanying December 31, 2007 unaudited condensed balance sheet.

The Company's Certificate of Incorporation provides that the Company will continue in existence only until June 29, 2009, 24 months from the Effective Date of the registration statement relating to the offering. If the Company has not completed a Business Combination by such date, its corporate existence will cease except for the purposes of liquidating and winding up its affairs. In the event of liquidation, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Fund assets) will be less than the initial public offering price per Unit in the Offering.

***Earnings Per Share***

The Company follows the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". In accordance with SFAS No. 128, earnings per common share amounts ("Basic EPS") were computed by dividing earnings by the weighted average number of common shares outstanding for the period. Common shares subject to possible conversion of 2,412,516 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 Private Placement described in Note 3 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.

***Income Taxes***

On July 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income

Taxes — an interpretation of FASB Statement No. 109” (“FIN 48”). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with SFAS No. 109, “Accounting for Income Taxes,” and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

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Notes to the Unaudited Condensed Financial Statements

The Company has identified its federal tax return and its state tax return in New York as “major” tax jurisdictions, as defined. Based on the Company’s evaluation, it has been concluded that there are no significant uncertain tax positions requiring recognition in the Company’s financial statements. Since the Company was incorporated on August 16, 2006 the evaluation was performed for upcoming 2007 tax year. The Company believes that its income tax positions and deductions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position. In addition, the Company did not record a cumulative effect adjustment related to the adoption of FIN 48.

The Company’s policy for recording interest and penalties associated with audits is to record such items as a component of income tax expense. The Company does not expect its unrecognized tax benefit position to change during the next twelve months. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position. The adoption of the provisions of FIN 48 did not have a material impact on the Company’s financial position, results of operations and cash flows.

Deferred income taxes are provided for the differences between the basis of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized. Management did not record the impact of deferred income taxes as they are deemed immaterial.

**3. Initial Public Offering**

On July 5, 2007 the Company sold 8,044,400 Units, including 1,044,400 units from the exercise of the underwriters’ over-allotment option, at a Offering price of \$8.00 per Unit. Each Unit consists of one share of the Company’s common stock, \$.0001 par value, and one Redeemable Common Stock Purchase Warrant (“Warrant”). Each Warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing the later of the completion of a Business Combination or June 29, 2008 and expiring June 28, 2011. The Company may redeem the Warrants, with prior consent of Ferris, Baker Watts Incorporated and Jesup & Lamont Securities Corporation, the representatives (“Representatives”) of the underwriters of the Offering, at a price of \$0.01 per Warrant upon 30 days’ notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which the notice of redemption is given. In accordance with the warrant agreement relating to the Warrants to be sold and issued in the Offering, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to

settle the warrant exercise, whether by net cash settlement or otherwise. Consequently, the Warrants may expire unexercised and unredeemed and an investor in the Offering may effectively pay the full Unit price solely for the shares of common stock included in the units (since the Warrants may expire worthless).

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 which will be paid to the underwriters for expense reimbursement associated with the initial public offering only upon consummation of a Business Combination. The Company did not pay any discount related to the warrants sold in the private placement. 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.



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Notes to the Unaudited Condensed Financial Statements

The Company also issued a unit purchase option, for \$100, to the Representatives, on the Effective Date to purchase 300,000 Units at an exercise price of \$10.00 per Unit. The Units issuable upon exercise of the unit purchase option are identical to those sold by the Company during the Offering, except that the exercise price of the underlying warrants will be \$7.50 per share. The Company accounted for the fair value of the unit purchase option, inclusive of the receipt of the \$100 cash payment, as an expense of the Offering resulting in a charge directly to stockholders' equity. The Company estimated that the fair value of this unit purchase option was approximately \$930,000 (\$3.10 per Unit underlying the unit purchase option) using a Black-Scholes option-pricing model. The fair value of the unit purchase option granted to the Representatives is estimated as of the date of grant using the following assumptions: (1) expected volatility of 45%, (2) risk-free rate of 4.65% and (3) expected life of 5 years. The unit purchase option may be exercised for cash or on a "cashless" basis, at the holder's option, such that the holder may use the appreciated value of the Units underlying the unit purchase option (the difference between the market price of the Units and the exercise price of the unit purchase option) to exercise the unit purchase option without the payment of any cash. The Company will have no obligation to net cash settle the exercise of the unit purchase option or the Warrants underlying the unit purchase option. The holder of the unit purchase option will not be entitled to exercise the unit purchase option or the Warrants underlying the unit purchase option unless a registration statement covering the securities underlying the unit purchase option is effective or an exemption from registration is available. If the holder is unable to exercise the unit purchase option or underlying Warrants, the unit purchase option or Warrants, as applicable, will expire worthless.

On July 5, 2007, pursuant to Subscription Agreements, dated as of October 12, 2006 certain of the Initial Stockholders have purchased from the Company, in the aggregate, 1,820,000 warrants for \$1,820,000 (the "Insiders' Warrants"). All of the proceeds the Company received from these purchases were placed in the Trust Account. The Insiders' Warrants are identical to the Warrants underlying the Units in the Offering except that if the Company calls the Warrants for redemption, the Insiders' Warrants may be exercised on a "cashless basis". The purchasers of the Insiders' Warrants have agreed that the Insiders' Warrants will not be sold or transferred by them until 90 days after the date the Company has completed a Business Combination.

The Initial Stockholders and holders of the Insiders' Warrants (or underlying securities) are entitled to registration rights with respect to their founding shares or Insiders' Warrants (or underlying securities), as the case may be, pursuant to an agreement dated June 29, 2007. The holders of the majority of the founding shares are entitled to demand that the Company register these shares at any time commencing nine months after the consummation of a Business Combination. The holders of the Insiders' Warrants (or underlying securities) are entitled to demand that the Company register such securities at any time after the Company consummates a Business Combination. In addition, the Initial Stockholders and holders of the Insiders' Warrants (or underlying securities) have certain "piggy-back" registration rights on registration statements filed after the Company's consummation of a Business Combination.

- 4. Notes Payable, Stockholders** As of September 1, 2006, the Company issued a total of \$150,000 of unsecured promissory notes to four Initial Stockholders, who are also officers and directors of the Company. The notes were non-interest bearing and became payable upon the consummation of the Offering. These notes were fully repaid on July 9, 2007.
- 5. Commitments and Contingencies** There is no material litigation pending against the Company or any members of our management team in their capacity as such.
- The Initial Stockholders have waived their right to receive distributions with respect to their founding shares upon the Company's liquidation.

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(a development stage company)

Notes to the Unaudited Condensed Financial Statements

**6. Preferred Stock** The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

The agreement with the underwriters prohibits the Company, prior to a Business Combination, from issuing preferred stock which participates in the proceeds of the Trust Account or which votes as a class with the Common stock on a Business Combination.

**7. Common Stock** At December 31, 2007, there were 10,464,400 shares of common stock reserved for issuance upon exercise of Warrants and the Insiders' Warrants.

## **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 Interim Condensed Financial Statements and footnotes thereto contained in this report.

### **Forward Looking Statements**

All statements other than statements of historical fact included in this Form 10-QSB including, without limitation, statements under "Management's Discussion and Analysis or Plan of Operation" regarding our financial position, business strategy and the plans and objectives of management for future operations, are forward looking statements. When used in this Form 10-QSB, 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 were formed on August 16, 2007, to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. Our efforts to identify a prospective target business will not be limited to a particular industry although we intend to focus our efforts on acquiring an operating business in the telecommunications industry, broadly defined. We intend to utilize cash derived from the proceeds of our recently completed public offering, our capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination.

### **Results of Operations**

For the three months ended December 31, 2007, we had a net income of \$172,444 consisting of \$744,043 of net interest income offset by \$41,599 of general, selling and administrative expenses and provision for income taxes of \$530,000.

For the six months ended December 31, 2007, we had a net income of \$632,643 consisting of \$1,505,931 of net interest income offset by \$82,413 of general, selling and administrative expenses and provision for income taxes of \$790,875.

For the period from August 16, 2006 (inception) through December 31, 2007 we had net income of \$628,727 consisting of \$1,507,467 of net interest income offset by \$87,865 of general, selling and administrative expenses and provision for income taxes of \$790,875.

### **Financial Condition and Liquidity**

On July 5, 2007, we consummated our initial public offering of 8,044,400 units, including 1,044,400 units subject to the underwriters' over-allotment option. Gross proceeds from our initial public offering were \$64,355,200. 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% of the gross proceeds (\$2,395,914) in connection with the consummation of the Offering and has placed 3.277% of the gross proceeds (\$2,108,950) 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 which will be paid to the underwriters for expense reimbursement associated with the initial public offering only upon consummation of a Business Combination. The Company did not pay any discount related to the warrants sold in the private placement. The Underwriters have waived their rights to receive payments from the Trust Account which are due under the Underwriting Agreement if the Company is unable to consummate a Business Combination prior to June 29, 2009. We also paid \$579,421 for other costs and expenses related to the offering. After deducting the underwriting discounts and commissions and the offering expenses, the total net proceeds to us from the offering, including \$1,820,000 from the sale of the sponsor warrants, were \$63,202,165. From the net proceeds, \$63,154,286 was placed a trust account ("Trust Account"). We intend to use substantially all of the net proceeds of this offering to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. Proceeds held in the Trust Account and any other net proceeds not expended to consummate a business combination will be used to finance the operations of the target business.

The Company had working capital of \$701,705, net of the \$63,154,286 originally placed in the Trust Account. From the date of the consummation of our initial public offering, until such time as the Company effectuates a business combination, the Company may draw for use as working capital up to \$1,680,000 of the interest earned in the Trust Account. The Company has drawn from the Trust Account \$221,125 for working capital and may draw up to an additional \$1,458,875 for working capital.

We believe we will have sufficient funds available to us from interest earned on assets of the Trust Account to operate through the later of June 29, 2009 and the date upon which we consummate a business combination. Up to \$1,680,000 of interest 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. We do not believe we will need to raise additional funds following the offering 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 earned on the assets of the Trust Account to pay all tax obligations of the Company.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations and related forms, and that such information is accumulated and communicated to our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our principal executive officer and principal financial and accounting officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2007. Based upon their evaluation, they concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective.

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### OTHER INFORMATION

#### ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On July 5, 2007, we closed our initial public offering of 8,044,400 units, including 1,044,400 units subject to the underwriters' over-allotment option, with each unit consisting of one share of our common stock and one warrant, each to purchase one share of our common stock at an exercise price of \$5.00 per share. The units from the initial public offering (including the over-allotment option) are sold at an offering price of \$8.00 per unit, generating total gross proceeds of \$64,355,200. Ferris, Baker Watts Incorporated acted as the sole book running manager and Jesup & Lamont Securities Corporation and Maxim Group LLC acted as co-managers of the initial public offering. The securities sold in the offering were registered under the Securities Act of 1933 on a registration statement on Form S-1 (No. 333-138699). The Securities and Exchange Commission declared the registration statement effective on June 29, 2007.

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% of the gross proceeds (\$2,395,914) in connection with the consummation of the Offering and has placed 3.277% of the gross proceeds (\$2,108,950) 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 which will be paid to the underwriters for expense reimbursement associated with the initial public offering only upon consummation of a Business Combination. The Company did not pay any discount related to the warrants sold in the private placement. The Underwriters have waived their rights to receive payments from the Trust Account which are due under the Underwriting Agreement if the Company is unable to consummate a Business Combination prior to June 29, 2009. We also paid \$579,421 for other costs and expenses related to the offering.

We also consummated the simultaneous private sale of 1,820,00 warrants at a price of \$1.00 per warrant, generating total proceeds of \$1,820,000. The warrants were purchased by Robert A. Schriesheim, William Weksel, Michael E. Weksel, Robert H. Davies, Paul Levy and other private investors. The warrants are identical to the warrants included in the units sold in the initial public offering except that if we call the warrants for redemption, these sponsor warrants will be redeemable on a cashless basis so long as they are held by the original purchasers or their affiliates. The purchasers of the sponsor warrants have agreed that the warrants will not be transferred, assigned or sold by them until 90 days after the date we have completed a business combination.

After deducting the underwriting discounts and commissions and the offering expenses, the total net proceeds to us from the offering, including \$1,820,000 from the sale of the sponsor warrants, were \$63,202,165, and an amount of \$63,154,286 was deposited into the trust account.

For a description of the use of the proceeds generated in our initial public offering, see Part I, Item 2 of this Form 10-QSB.

**ITEM 6: EXHIBITS**

(a)

Exhibits:

31.1 - Section 302 Certification by CEO

31.2 - Section 302 Certification by CFO

32.1 - Section 906 Certification by CEO

32.1 - Section 906 Certification by CFO



**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ALYST ACQUISITION CORP.**

Dated: February 1, 2008

By: /s/ William Weksel

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Dr. William Weksel  
Chief Executive Officer

By: /s/ Michael Weksel

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Michael Weksel  
Chief Operating Officer and Chief Financial Officer