MMAX MEDIA, INC.
Form 10-Q/A
January 31, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

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

For the quarterly period ended: **June 30, 2011**

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: 000-53574

MMAX Media, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**20-4959207**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

511 N.E. 3rd Avenue, 1st Floor, Fort Lauderdale, Florida 33301

(Address of Principal Executive Office) (Zip Code)

(800) 991-4534

(*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. þ Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

þ 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.

Large accelerated filer	¨		Accelerated filer	¨
Non-accelerated filer	¨	(Do not check if a smaller reporting company)	Smaller reporting company	þ

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

¨ Yes þ No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Shares Outstanding as of August 15, 2011**
Common Stock, $0.001 Par Value Per Share	44,382,789

EXPLANATORY PARAGRAPH

MMAX Media, Inc. (the Company) is filing this Amendment No. 1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 primarily to revise the previous accounting treatment and recognize the Company s merger transaction completed on March 16, 2011 with Hyperlocal, LLC as a recapitalization, rather than an acquisition. As a result of the revised accounting treatment for the merger, no goodwill or intangible assets were recorded in conjunction with the recapitalization.

As a result of these restatements to our financial statements for the three months and six months ended June 30, 2011, we are filing this Amendment No. 1 to our Form 10-Q for the period ending June 30, 2011 to reflect the changes to our financial statements necessitated by these restatements. Additional information on the effect of the correction in our financial statements as a result of this restatement is contained in Note 5- Restatement appearing elsewhere in the report. The items in this Form 10-Q/A (Amendment No. 1) which are amended and restated as a result of the foregoing are:

Part I. Financial Information

Item 1. Financial Statements, including consolidated balance sheets consolidated statement of operations, consolidated statement of stockholders equity, consolidated statement of cash flows and Notes to Consolidated Condensed Financial Statements.

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

Item 4. Controls and Procedures

This form 10-Q/A also contains currently dated certifications as Exhibits 31.1, 31.2, 32.1 and 32.2. The remaining Items in this Form 10-Q/A (Amendment No. 1) consist of all other Items originally contained in our Form 10-Q for the period ended June 30, 2011. This filing supersedes in its entirety our original Form 10-Q for the period ended June 30, 2011.

MMAX Media, Inc. and Subsidiaries

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CONSOLIDATED FINANCIAL STATEMENTS

MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

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MMAX MEDIA, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(A DEVELOPMENT STAGE ENTERPRISE)

		June 30, 2011 (Unaudited) As Restated Note 5		December 31, 2010
ASSETS				
CURRENT ASSETS				
Cash	$	54,776	$	13,989
Prepaid expenses				2,082
TOTAL CURRENT ASSETS		54,776		16,071
COMPUTER EQUIPMENT AND WEBSITE COSTS, NET		25,989		25,283
OTHER ASSETS				
Deposits		4,290		
TOTAL OTHER ASSETS		4,290		
TOTAL ASSETS	$	85,055	$	41,354
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable	$	29,849	$	3,000
Accrued expenses		28,647		
Due to shareholder		1,389		
Deferred revenue		1,571		4,960
Note Payable		2,000		15,000
TOTAL CURRENT LIABILITIES		63,456		22,960
COMMITMENTS AND CONTINGENCIES				
STOCKHOLDERS EQUITY				

Preferred stock, $0.001 par value, 5,000,000 shares authorized, 277,733 and 0 shares issued and outstanding, respectively		277		
Common stock, $0.001 par value, 195,000,000 shares authorized, 39,505,459 and 20,582,076 shares issued and outstanding, respectively		39,503		20,580
Additional paid in capital		594,453		252,150
Accumulated deficit during development stage		(612,634)		(254,336)
TOTAL STOCKHOLDERS' EQUITY		21,599		18,394
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	85,055	$	41,354

See accompanying notes to condensed consolidated unaudited financial statements.

MMAX MEDIA INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(A DEVELOPMENT STAGE ENTERPRISE)

(UNAUDITED)

	For the Three Months Ended June 30, 2011 As Restated Note 5	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011 As Restated Note 5	For the Period From January 22, 2010 (Inception) to June 30, 2010	For the Period From January 22, 2010 (Inception) to June 30, 2011 As Restated Note 5
Revenue					
Service Revenue, net	$ 10,653	$ 4,555	$ 18,643	$ 4,555	$ 47,616
OPERATING EXPENSES					
Professional fees	37,803	1,005	87,540	1,005	89,320
Web development and hosting	22,886	4,190	38,111	8,014	58,733
Marketing	1,917	1,044	3,022	1,994	4,032
Payroll and payroll taxes	64,395	44,688	93,762	52,139	192,635
Consulting	211	38	55,211	1,038	166,884
Travel and entertainment	2,997	7,993	13,021	8,795	39,208
Impairment of intangible assets	1,454		1,454		1,454
General and administrative	9,034	4,739	33,519	6,987	56,683
Total Operating Expenses	140,697	63,697	325,640	79,972	608,949
NET LOSS FROM	(130,044)	(59,142)	(306,997)	(75,417)	(561,333)

OPERATIONS										
OTHER EXPENSES										
Liquidated damages		16,575				16,575				16,575
Interest expense						34,726				34,726
Total other expenses		16,575				51,301				51,301
Net loss before provision for income taxes		(146,619)		(59,142)		(358,298)		(75,417)		(612,634)
Provision for Income Taxes										
NET LOSS	$	(146,619)	$	(59,142)	$	(358,298)	$	(75,417)	$	(612,634)
Net loss per share - basic and diluted	$	(0.00)	$	(0.00)	$	(0.01)	$	(0.00)		
Weighted average number of shares outstanding during the period - basic and diluted		36,884,141		18,788,292		30,056,795		17,281,001		

See accompanying notes to condensed consolidated unaudited financial statements.

MMAX MEDIA, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(A DEVELOPMENT STAGE ENTERPRISE)

(UNAUDITED)

	Preferred Stock		Common Stock		Additional Paid-in	Accumulated Deficit During Development	Total Stockholders'
	Shares	Par Value	Shares	Par Value	Capital	Stage	Equity
Balance January 22, 2010 (Inception)		$		$	$	$	$
Issuance of stock for cash (founders)			14,370,816	14,370	(14,332)		38
Issuance of stock for cash			5,420,333	5,420	147,580		153,000
Issuance of stock for services			790,927	790	109,845		110,635
In contribution of services					9,057		9,057
Net Loss						(254,336)	(254,336)
Balance, December 31, 2010			20,582,076	20,580	252,150	(254,336)	18,394

Stock issued for services			207,319	207	28,793		29,000
Issuance of stock for Purchase of MMAX Media, Inc.	638,602	638	12,403,374	12,403	(22,073)		(9,032)
Issuance of stock for cash, net of expenses $8,788			2,210,000	2,210	265,252		267,462
Issuance for loan conversion			394,000	394	48,856		49,250
Issuance of stock for Legal services			100,000	100	12,400		12,500
Warrants issued for services					12,323		12,323
Conversion of preferred stock to common stock	(360,869)	(361)	3,608,690	3,609	(3,248)		
Net Loss for the six months ended June 30, 2011						(358,298)	(358,298)
Balance, June 30, 2011 (Restated)	277,733	$ 277	39,505,459	$ 39,503	$ 594,453	$ (612,634)	$ 21,599

See accompanying notes to condensed consolidated unaudited financial statements.

MMAX MEDIA, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(A DEVELOPMENT STAGE ENTERPRISE)

AS RESTATED NOTE 5

(UNAUDITED)

	For the Six Months Ended June 30, 2011 As Restated Note 5	For the Period From January 22, 2010 (Inception) to June 30, 2010	For the Period From January 22, 2010 (Inception) to June 30, 2011 As Restated Note 5
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (358,298)	$ (75,417)	$ (612,634)
Adjustments to reconcile net loss to net cash used in operating activities:			
In-kind contribution		38	119,730
Depreciation	4,449		6,610
Impairment of license	1,454		1,454
Warrants issued for services	12,323		12,323
Common stock issued for services	41,500		41,500
Stock based compensation to note holders for interest	34,250		34,250
Changes in operating assets and liabilities:			
Decrease / (increase) in prepaid expenses	2,082		
Increase in accounts payable	26,347		29,347
Increase in accrued expenses	16,575		16,575
(Decrease) / increase in deferred revenue	(3,389)		1,571
Net Cash Used In Operating Activities	(222,707)	(75,379)	(349,274)
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Deposits	(4,290)		(4,290)
	(5,155)	(4,768)	(32,599)

Purchase of computer equipment and website						
Cash acquired in acquisition		4,088				4,088
Net Cash Used In Investing Activities		(5,357)		(4,768)		(32,801)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Notes payable		30,000				45,000
Repayment of notes payable		(30,000)				(30,000)
Sale of common stock		267,462		143,000		420,462
Due to stockholder		1,389				1,389
Net Cash Provided By Financing Activities		268,851		143,000		436,851
NET INCREASE IN CASH		40,787		62,853		54,776
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		13,989				
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	54,776	$	62,853	$	54,776
Supplemental disclosure of non cash investing & financing activities:						
Cash paid for income taxes	$		$		$	
Cash paid for interest expense	$		$		$	
License	$	1,454	$		$	1,454
Accounts payable and accrued liabilities	$	14,573	$		$	14,573

On March 16, 2011, the Company issued 144,000 shares of common stock in exchange for a note payable of $15,000 with a beneficial conversion feature valued at $3,000.

On March 16, 2011, the Company issued 12,403,374 common shares and 638,602 preferred shares for the acquisition of MMAX Media, Inc.

See accompanying notes to condensed consolidated unaudited financial statements.

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MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011 (UNAUDITED)

NOTE 1.

ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN

(A) Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management s opinion however, that all material adjustments (consisting of normal recurring adjustments) have been made, which are necessary for a fair consolidated financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

(B) Organization

On March 16, 2011 (the Closing Date) MMAX Media, Inc. (MMAX) completed its agreement and plan of merger (the Merger Agreement) to acquire Hyperlocal Marketing, LLC, a Florida limited liability company (Hyperlocal), pursuant to which Hyperlocal merged with and into HLM Paymeon, Inc., a Florida corporation and wholly owned subsidiary of MMAX. Under the terms of the Merger Agreement, the Hyperlocal members received 20,789,395 shares of MMAX common stock, which equal approximately 50.1% of the total shares of MMAX issued and outstanding following the merger on a fully diluted basis. In accordance with ASC Topic 360-10-45-15, Hyperlocal is considered the accounting acquirer and the acquiree is MMAX and the transaction has been accounted as a reverse merger.

Hyperlocal Marketing, LLC was originally organized in the State of Florida on January 22, 2010. The Company has focused its efforts on organizational activities, raising capital, software development and evaluating operational opportunities.

Hyperlocal is a development stage company that owns and operates products aimed at the location-based marketing industry. Hyperlocal develops and markets products that provide merchants and consumers with mobile marketing services and offers, including but not limited to, mobile coupons, mobile business cards, mobile websites, use of SMS short codes and contest management. Hyperlocal has nominal revenues since its inception. Hyperlocal has also developed PayMeOn , a product designed to offer its customers income potential through the purchase and referral of coupon-style deals through its mobile and web interfaces

MMAX Media, Inc. and its wholly owned subsidiaries are herein referred to as the Company .

(C) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of MMAX Media, Inc. from the acquisition date of March 16, 2011 to June 30, 2011 and its wholly owned subsidiaries, Hyperlocal Marketing, LLC and HLM Paymeon, Inc. from January 22, 2010 (inception) through June 30, 2011. All intercompany accounts have been eliminated in the consolidation.

(D) Going Concern

Since inception, the Company has incurred net operating losses and used cash in operations. As of June 30, 2011, the Company had an accumulated deficit of $612,634 and used cash in operations of $349,274 from inception and a working capital deficiency of $8,680. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of the Company s products which included the general and administrative expenses associated with its organization and product development and the impairment of licenses in the amount of $1,454.

These conditions raise substantial doubt about the Company s ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effect on the recoverability

MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011 (UNAUDITED)

and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently being taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

NOTE 2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Cash and Cash Equivalents

The Company considers investments that have original maturities of three months or less when purchased to be cash equivalents.

(B) Use of Estimates in Financial Statements

The presentation 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates during the period covered by these financial statements include the valuation of website costs, valuations of goodwill, stock based compensation valuation of and any beneficial conversion features on convertible debt.

(C) Fair value measurements and Fair value of Financial Instruments

The Company adopted ASC Topic 820, Fair Value Measurements. ASC Topic 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The Company did not identify any assets or liabilities that are required to be presented on the balance sheets at fair value in accordance with ASC Topic 820.

Due to the short-term nature of all financial assets and liabilities, their carrying value approximates their fair value as of the balance sheet date.

(D) Computer Equipment and Website Costs

Computer Equipment and Website Costs are capitalized at cost, net of accumulated depreciation. Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets, which is three years for all categories. Repairs and maintenance are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. The cost of computer equipment and the related accumulated depreciation are removed from the accounts upon retirement or disposal with any resulting gain or loss being recorded in operations.

Software maintenance costs are charged to expense as incurred. Expenditures for enhanced functionality are capitalized.

MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011 (UNAUDITED)

The Company has adopted the provisions of ASC 350-50-15, Accounting for Web Site Development Costs. Costs incurred in the planning stage of a website are expensed as research and development while costs incurred in the development stage are capitalized and amortized over the life of the asset, estimated to be three years.

(E) Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment whenever events or a change in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is the excess of the carrying amount over the fair value of the asset.

(F) Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 (ASC 740-10-25). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(G) Revenue Recognition

The Company recognizes revenue on arrangements in accordance with FASB ASC No. 605, Revenue Recognition . In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes revenue from the sale of keywords over the period the keywords are purchased for exclusive use, usually one year.

The Company recognizes revenue from setup fees in accordance with Topic 13, which requires the fees to be deferred and amortized over the term of the agreements. Revenue from the sale of bulk text messages sales are recognized at the time messages are delivered. Revenue from monthly membership fees are recorded during the month the membership is earned.

(H) Segments

The Company operates in one segment and therefore segment information is not presented.

(I) Loss Per Share

The basic loss per share is calculated by dividing the Company's net loss available to common shareholders by the weighted average number of common shares during the year. The diluted loss per share is calculated by dividing the Company's net loss available to common shareholders by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. As of June 30, 2011 there are 277,733 preferred shares that are convertible into 2,777,330 shares of common stock, and 500,000 shares issuable upon the exercise of warrants were not included in the computation of dilutive loss per share because their inclusion is anti-dilutive. There are no dilutive securities outstanding as of June 30, 2011.

MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011 (UNAUDITED)

NOTE 3.

RECENT ACCOUNTING PRONOUNCEMENTS

ASU No. 2011-02; A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring (TDR). In April 2011, the FASB issued ASU No. 2011-02, intended to provide additional guidance to assist creditors in determining whether a restructuring of a receivable meets the criteria to be considered a troubled debt restructuring. The amendments in this ASU are effective for the first interim or annual period beginning on or after June 15, 2011, and are to be applied retrospectively to the beginning of the annual period of adoption. As a result of applying these amendments, an entity may identify receivables that are newly considered impaired. Early adoption is permitted. The Company intends to adopt the methodologies prescribed by this ASU by the date required, and is continuing to evaluate the impact of adoption of this ASU.

ASU No. 2011-03; Reconsideration of Effective Control for Repurchase Agreements. In April 2011, the FASB issued ASU No. 2011-03. The amendments in this ASU remove from the assessment of effective control the criterion relating to the transferor s ability to repurchase or redeem financial assets on substantially the agreed terms, even in the event of default by the transferee. The amendments in this ASU also eliminate the requirement to demonstrate that the transferor possesses adequate collateral to fund substantially all the cost of purchasing replacement financial assets.

The guidance in this ASU is effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

ASU No. 2011-04; Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. In May 2011, the FASB issued ASU No. 2011-04. The amendments in this ASU generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This ASU results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRSs. The amendments in this ASU are to be applied prospectively. For public entities, the amendments are effective during interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted.

The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

ASU No. 2011-05; Amendments to Topic 220, Comprehensive Income. In June 2011, the FASB issued ASU No. 2011-05. Under the amendments in this ASU, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income.

The amendments in this ASU should be applied retrospectively. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted, because compliance with the amendments is already permitted. The amendments do not require any transition disclosures. Due to the recency of this pronouncement, the Company is evaluating its timing of adoption of ASU 2011-05, but will adopt the ASU retrospectively by the due date.

MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011 (UNAUDITED)

NOTE 4.

LICENSES

On February 1, 2010, the Company entered into a distribution license agreement valued at $4,363. Accumulated amortization for the distribution license was $2,909 as of June 30, 2011 the unamortized amount of $1,454 was impaired and expensed during the quarter ended June 30, 2011.

NOTE 5.

RESTATEMENT

On December 28, 2011, as a result of comments received by the Securities and Exchange Commission, the Company determined that the merger with Hyperlocal Marketing, LLC should be treated as a reverse merger and not as an acquisition. The Company has restated its financial statements to reflect this basis of accounting.

	June 30, 2011		
Changes to Condensed Consolidated Balance Sheet	**As Previously Reported**	**Adjustment**	**As Restated**
Additional Paid In Capital	$ 5,299,557	$ (4,705,104)	$ 594,453
Deficit Accumulated during the development stage	$ (5,317,738)	$ 4,705,104	$ (612,634)

	Three Months Ended June 30, 2011		
Changes to Condensed Consolidated Statement of Operations	**As Previously Reported**	**Adjustment**	**As Restated**
Impairment of intangible assets	$ 4,706,558	$ (4,705,104)	$ 1,454

Net Loss	$ (4,851,723)	$ 4,705,104	$ (146,619)
Net loss per share basic and diluted	$ (0.13)	$ 0.13	$ -

	Six Months Ended June 30, 2011		
Changes to Condensed Consolidated Statement of Operations	**As Previously Reported**	**Adjustment**	**As Restated**
Impairment of intangible assets	$ 4,706,558	$ (4,705,104)	$ 1,454
Net Loss	$ (5,063,402)	$ 4,705,104	$ (358,298)
Net loss per share basic and diluted	$ (0.17)	$ 0.16	$ (0.01)

MMAX MEDIA, INC. AND SUBSIDIARIES

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2011 (UNAUDITED)

	For the Period From January 22, 2010 (Inception) to June 30, 2011		
Changes to Condensed Consolidated Statement of Operations	**As Previously Reported**	**Adjustment**	**As Restated**
Impairment of intangible assets	$ 4,706,558	$ (4,705,104)	$ 1,454
Net Loss	$ (5,317,738)	$ 4,705,104	$ (612,634)

	For the Six Months Ended June 30, 2011		
Changes to Condensed Consolidated Statement of Cash Flows	**As Previously Reported**	**Adjustment**	**As Restated**
Net Loss	$ (5,063,402)	$ 4,705,104	$ (358,298)
Impairment of intangible assets	$ 4,705,104	$ (4,705,104)	$ -

	For the Period From January 22, 2010 (Inception) to June 30, 2011		
Changes to Condensed Consolidated	**As Previously Reported**	**Adjustment**	**As**

Statement of Cash Flows			**Restated**
Net Loss	$ (5,317,738)	$ 4,705,104	$ (612,634)
Impairment of intangible assets	$ 4,705,104	$ (4,705,104)	$ -

NOTE 6.

LIQUIDATED DAMAGES

Pursuant to the Company s private placement of in the amount of $276,250 as of June 30, 2011 holders are entitled to liquidated damages if the offering registration statement covering the Registrable Securities is not filed within 60 days of the Termination Date and declared effective within 180 days of the termination date, the Company shall make pro rata payments to each Holder, in an amount equal to 1.0% of the aggregate amount invested by such Holder (based upon the number of Register able Securities then owned by such Holder) for each 30-day period or pro rata for any portion thereof following the date by which such Registration Statement should have been filed or effective (the Blackout Period). Such payments shall constitute the Holder s exclusive monetary remedy for such events, but shall not affect the right of the Holder to seek injunctive relief. The amounts payable as liquidated damages shall be paid monthly within ten (10) business days of the last day of each month following the commencement of the Blackout Period until the termination of the Blackout Period. Such payments shall be made to each holder at the sole option of the Company in either cash or shares of Common Stock. Furthermore, the damages payable to each holder shall not exceed 6% of the aggregate amount invested by such holder. At June 30, 2011 the Company has not filed the required registration statement and has accrued $16,575 of liquidated damages.

NOTE 7.

NOTES PAYABLE

In December and September 2010, the Company issued unsecured, non-interest bearing, due on demand notes for $8,000 and $16,000, respectively. During the quarter ended December 31, 2010 the Company repaid $22,000. As of June 30, 2011, the outstanding principal balance of the notes was $2,000.

On December 5, 2010 the Company borrowed $15,000 pursuant to a note payable. The note bears interest at a rate of 10% per annum and is payable upon demand by the holder after March 10, 2011. As additional

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consideration the holder is entitled to receive 100,000 shares of common stock in a newly formed entity if the Company completed the merger by March 10, 2011. If the Company completed the merger after March 10, 2011 the holder is entitled to 150,000 shares of common stock in the newly formed entity. If the Company did not complete the merger, the holder is not entitled to any shares of common stock. The Company completed the Merger on March 16, 2011 and issued 150,000 shares of common stock valued at a recent cash offering price of $18,750 ($.125 per share) as additional consideration. The Company repaid the note on March 23, 2011. Accrued interest at June 30, 2011 was $419.

On January 21, 2011, the Company borrowed $15,000 pursuant to a convertible note payable. The note bears interest at a rate of 10% per annum and is payable July 20, 2011. If the Company completes the merger prior to July 20, 2011 the note and accrued interest automatically converts into 144,000 shares of common stock in the newly formed entity. If the Company has not completed the merger by July 20, 2011 the note and accrued interest is due the holder .On March 16, 2011 the Company completed the merger and issued 144,000 shares of common stock value at a recent cash offering price of $18,000 ($.125 per share) for principal of $15,000. On March 16, 2011, when the loan became convertible and was repaid, the Company recorded a beneficial conversion expense of $3,000 in interest expense and paid accrued interest of $99.

On February 3, 2011, the Company borrowed $15,000 pursuant to a note payable. The note bears interest at a rate of 10% per annum and is payable upon demand by the holder after March 10, 2011. As additional consideration the holder is entitled to receive 100,000 shares of common stock in the newly formed entity if the Company completed the merger by March 10, 2011. If the Company completed the merger after March 10, 2011 the holder is entitled to 150,000 shares of common stock in the newly formed entity. The Company completed the Merger on March 16, 2011 and issued 100,000 shares of common stock valued at a recent cash offering price of $12,500 ($.125 per share) as additional consideration. The Company repaid the note on March 23, 2011. Accrued interest at June 30, 2011 was $58.

NOTE 8.

COMMITMENTS AND CONTINGENCIES

During January 2011, the Company entered into a two year software development and marketing agreement with a software developer. The agreement requires the developer to develop an application to use the Company s product in an iPhone application. The agreement requires the application to reach one of the following milestones; 200,000 downloads or 10,000 gift certificate purchases within 60 days of the application becoming available. The developer is entitled to 3% of the gross sales of the gift certificates and the issuance of 207,319 shares of common stock of the Company upon meeting the milestone. In January 2011, the Company amended the agreement to remove the milestones and issued the developer 207,319 shares of common stock valued at a recent cash offering cost of $29,000 ($0.14 per share). As of June 30, 2011 there were no amounts owed.

NOTE 9.

STOCKHOLDERS EQUITY

The Company is authorized to issue up to 195,000,000 shares of common stock, par value $0.001, and up to 5,000,000 shares of convertible preferred stock, par value $0.001.

Each share of the convertible preferred stock can be exchanged for ten (10) shares of common stock of the Company.

During January 2010, the Company issued 14,370,816 shares to founders for services. The shares were valued at the fair value on the date of grant of $38 ($.000003 per share).

During March 2010, the Company issued 5,134,375 shares for cash of $133,000 ($.026 per share).

During June 2010, the Company issued 285,958 shares for cash of $20,000 ($.07 per share).

During 2010, the Company issued 790,927 shares for services with a fair value on the date of grant of $110,635 ($.14 per share).

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During 2010, a related party shareholder contributed $9,057 of salary back to the Company. The amount was recorded as an in-kind contribution by the shareholder.

During January 2011, the Company issued 207,319 shares of common stock for software development with a fair value of $29,000, based on a recent cash offering price ($.139 per share).

On March 16, 2011 the Company was deemed to have issued 638,602 convertible preferred shares and 12,403,374 common shares for the acquisition of 100% of MMAX Media, Inc. pursuant to a reverse acquisition.

On the Closing Date March 16, 2011, the Company completed a private placement and sold an aggregate of 2,000,000 shares of restricted shares of Common Stock to 10 accredited investors for gross proceeds of $250,000 ($.125 per share) and paid direct offering costs of $8,788.

From the period March 17, 2011 to June 30, 2011 the Company sold an additional 210,000 shares of common stock for gross proceeds of $26,250 ($.125 per share).

During the six months ended June 30, 2011, the Company issued 100,000 shares of common stock for legal services with a fair value of $12,500 based on a recent cash offering price ($.125 per share).

During the six months ended June 30, 2011, the Company issued 144,000 shares of common stock for the conversion of a note payable of $15,000. In addition the Company recorded a beneficial conversion expense of $3,000 based on a recent cash offering price ($.125 per share).

During the six months ended June 30, 2011, the Company issued 250,000 shares of common stock for financing costs on notes payable of $31,250 based on a recent cash offering price ($.125 per share) (see note 7).

On May 11, 2011, 176,335 shares of convertible preferred stock were converted into 1,763,350 shares of common stock.

On June 30, 2011, 184,534 shares of convertible preferred stock were converted into 1,845,340 shares of common stock.

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Warrants

The following tables summarize all warrant grants to consultants for the six months ended June 30, 2011 and the related changes during these periods are presented below. No stock options were granted during the six months ended June 30, 2011.

	Number of Warrants	Weighted Average Exercise Price
Stock Warrants		
Balance at December 31, 2010	-	-
Granted	500,000	$0.25
Exercised	-	
Expired	-	
Balance at June 30, 2011	500,000	
Warrants Exercisable at June 30, 2011	500,000	$0.25
Weighted Average Fair Value of Warrants Granted During 2011		$0.25

The following table summarizes information about warrants for the Company as of June 30, 2011:

	2011 Warrants Outstanding			Warrants Exercisable	
Range of Exercise Price	Number Outstanding at March 31, 2011	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at June 30, 2011	Weighted Average Exercise Price
$ 0.25	500,000	2.75	$ 0.25	500,000	$ 0.25

On March 24, 2011, the Company granted 500,000 three year warrants having an exercise price of $0.25 per share to a consultant for services. The warrants vest immediately. The Company has valued these warrants at their fair value of $12,323 using the Black-Scholes option pricing method. The assumptions used were as follows:

Expected life:	2 years
Expected volatility:	72%
Risk free interest rate:	0.72%
Expected dividends:	0%

NOTE 10.

RELATED PARTIES

During 2010, a related party shareholder and officer contributed $9,057 of salary to the Company. The amount was recorded as an in-kind contribution.

During the six months ended June 30, 2011, the Company borrowed $1,389 from a related party shareholder and officer to pay operating expenses. The loan bears no interest and is due on demand.

NOTE 11.

CONCENTRATIONS

For the six months ended June 30, 2011 and the period from January 22, 2010 inception to June 30, 2011 one customer accounted for 39% and 15% of total sales, respectively.

NOTE 12.

SUBSEQUENT EVENT

On July 1, 2011 the Company issued 20,000 shares of common stock value at $6,000, ($.30 per share).

On July 12, 2011, 193,576 shares of convertible preferred stock were converted into 1,935,760 shares of common stock.

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On August 11, 2011, 84,157 shares of convertible preferred stock were converted into 841,570 shares of common stock.

On August 15, 2011, the Company entered into an employment agreements with its Chief Executive Officer. This is for a period of one year and automatically extend for one day each day until either party notifies the other not to further extend the employment period, provide for an annual base salary totaling $250,000 and annual bonuses based on pre-tax operating income, as defined, for an annual minimum of $50,000 in total.

On July 7, 2011, the Company granted options to purchase 200,000 shares of its common stock having an exercise price of $0.26 per share to a consultant. Options to purchase 100,000 shares are exercisable upon the date of grant and the remaining options to purchase 100,000 shares are exercisable six months from the date of grant. The options expire on July 7, 2012.

On July 7, 2011, the Company issued options to purchase 100,000 shares of its common stock to a consultant at an exercise price of $0.26 per share. The options vest immediately. The options expire on July 7, 2013.

On July 7, 2011, the Company issued options to purchase 100,000 shares of its common stock to an employee at an exercise price of $0.26 per share. The options vest immediately. The options expire on July 7, 2013.

During July and August the Company received subscriptions for the purchase of an aggregate of 2,080,000 shares of its common stock from 11 subscribers at a purchase price of $0.125 per share for gross proceeds of $260,000. No fees or commissions were paid in connection with the subscriptions.

ITEM 2.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements are based on our management s beliefs, assumptions and expectations and on information currently available to our management. Generally, you can identify forward-looking statements by terms such as may, will, should, coul would, expects, plans, anticipates, believes, estimates, projects, predicts, potential and similar expr identify forward-looking statements, which generally are not historical in nature. All statements that address operating or financial performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to product sales, future financings, or the commercial success of our products. We may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Our management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by federal securities laws and the rules of the Securities and Exchange Commission (the SEC). We may not actually achieve the plans, projections or expectations disclosed in our forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including without limitation those described from time to time in our future reports filed with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim consolidated condensed financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

Company Overview

MMAX Media, Inc. (the Company or MMAX) was formed on May 30, 2006 as Nevada Processing Solutions. On February 1, 2010, the Company entered into an assignment agreement that assigned to the Company all contractual rights previously held by three entities, one of which was a MMAX shareholder, relating to a television distribution agreement with HollywoodLaundromat.Com, Inc., a California corporation, with the intention of commercializing acquired mixed martial arts television programming (MMAX Fights) and related intellectual property rights and promoting live mixed martial arts combat events throughout Latin America and primarily in Mexico. While our distributor has secured distribution of 39 episodes (three seasons) of the MMAX Fights one hour television series on a limited basis in Puerto Rico, we do not anticipate generating any material revenues, if any, from the MMAX Fights. MMAX is presently in the development stage of its business and management can provide no assurances that the Company will be successful in developing its business.

On March 16, 2011 (the Closing Date) MMAX completed its agreement and plan of merger (the Merger Agreement) to acquire Hyperlocal Marketing, LLC, a Florida limited liability company (Hyperlocal), pursuant to which Hyperlocal merged with and into HLM Paymeon, Inc., a Florida corporation and wholly owned subsidiary of MMAX. Pursuant to the terms of the Merger Agreement, Tommy Habeeb resigned as our chief executive officer and director and Edward Cespedes was appointed to serve as our chief executive officer and director. Under the terms of the Merger Agreement, the Hyperlocal members received 20,789,395 shares of MMAX common stock, which equal approximately 50.1% of the total shares of MMAX issued and outstanding following the merger on a fully diluted basis. In accordance with ASC Topic 360-10-45-15, Hyperlocal is considered the accounting acquirer and MMAX is considered the accounting acquiree.

Hyperlocal Business Overview

As a result of the merger, we principally engage in the operations of Hyperlocal, a development stage company that owns and operates products aimed at the location-based marketing industry. Hyperlocal develops and markets products that provide merchants and consumers with mobile marketing services and offers, including but not limited to, mobile coupons, mobile business cards, mobile websites, use of SMS short codes and contest management. Hyperlocal was organized in January 2010. Hyperlocal has nominal revenues since its inception.

Since inception, Hyperlocal has incurred net operating losses. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of the Hyperlocal products which included the general and administrative expenses associated with its organization and product development. We expect operating losses to continue, mainly due to the anticipated expenses associated with the marketing of the Hyperlocal products.

Hyperlocal supports multiple text messaging services such as WAP, MMS and XHTML, runs on a commercial grade mobile marketing platform used by the National Football League, Major League Baseball and others and operates with all major mobile carriers, including AT&T, Sprint, T-Mobile and Verizon. The fully-integrated interface allows for web-based monitoring of customers. It provides access to real-time statistics for each customer s account, including incoming and outgoing messages, number of keywords, credits, account status and more.

Hyperlocal has also developed PayMeOn , a product designed to offer its customers social income potential through the purchase and referral of coupon-style deals through its mobile and web interfaces.

Our operations are currently conducted principally through our wholly-owned subsidiary, HLM PayMeOn, Inc.

Critical Accounting Policies and Estimates

Revenue Recognition

The Company will recognize revenue on arrangements in accordance with FASB ASC No. 605, Revenue Recognition . In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes revenue from the sale of keywords over the period the keywords are purchased for exclusive use, usually one year.

The Company recognizes revenue from setup fees in accordance with Topic 13, which requires the fees to be deferred and amortized over the term of the agreements. Revenue from the sale of bulk text messages sales are recognized at the time messages are delivered. Revenue from monthly membership fees are recorded during the month the membership is earned.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment whenever events or a change in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is the excess of the carrying amount over the fair value of the asset

Results of Operations

Hyperlocal was formed and commenced operations on January 22, 2010, as a development stage company. Accordingly, year over year comparisons and analysis are not meaningful for the period ending June 30, 2011. Revenues for the three months ended June 30, 2011, totaled $10,653 and were principally derived from sales of the Company s Hyperlocal mobile text marketing packages to small businesses and from incremental text purchases from subscribers to the mobile text marketing packages. A small amount of sales were derived from our PayMeOn business, which is still in its development stage.

Operating expenses for the three months ended June 30, 2011 totaled $140,697. A summary of the operating expenses for the three months ended June 30, 2011 is included below:

.

professional fees of $37,803 primarily related to legal and accounting expenses associated with the operations of the business;

.

web development and hosting in the amount of $22,886 primarily related to the development and hosting of the Company’s PayMeOn infrastructure;

.

payroll and payroll taxes of $64,395;

·

consulting fees of $211 primarily relating to assistance in corporate finance and programming and customer service services relating to the Company’s PayMeOn product;

·

travel and entertainment in the amount of $2,997;

·

general and administrative expenses of $9,034; and

·

Marketing expenses of $1,917.

Operating expenses for the six months ended June 30, 2011 totaled $325,640. A summary of the operating expenses is included below:

·

professional fees of $87,540 primarily related to legal and accounting expenses associated with the operations of the business;

·

web development and hosting in the amount of $38,111 primarily related to the development and hosting of the Company’s PayMeOn infrastructure;

·

payroll and payroll taxes of $93,762;

·

consulting fees of $55,211 primarily relating to assistance in corporate finance and programming and customer service services relating to the Company’s PayMeOn product;

·

travel and entertainment in the amount of $13,021;

·

general and administrative expenses of $33,519; and

.

Marketing expenses of $3,022.

For the period from inception (January 22, 2010) through June 30, 2011 we had revenues of $47,616 which were primarily derived from the sale of the Company's Hyperlocal mobile text marketing packages and a small amount of PayMeOn related sales. Operating expenses for the period from inception through June 30, 2011 were $610,403, primarily consisting of the following:

.

professional fees of $89,320 primarily related to costs and expenses associated with the Merger Agreement;

.

web development and hosting in the amount of $58,733 primarily related to the Company's Hyperlocal mobile text marketing business, and the development and hosting of the Company's PayMeOn websites and mobile application;

.

payroll and payroll taxes of $192,635;

.

consulting fees of $166,884 primarily relating to sales and customer service support of the Company's Hyperlocal mobile text marketing business and as set forth above;

.

travel and entertainment in the amount of $39,208;

.

general and administrative expenses of $56,683 primarily consisting of licenses, accounting and other general and administrative expenses for the Hyperlocal mobile text marketing business; and

.

Marketing expenses of $4,032.

Liquidity and Capital Resources

At June 30, 2011, we had a cash balance of approximately $54,776. At June 30, 2011 we had working capital deficit of $8,680 and an accumulated deficit of $612,634.

From March 2011 through June 2011, the Company privately sold an aggregate of 2,210,000 shares of restricted shares of common stock to 11 accredited investors for gross proceeds of $276,250. The proceeds from the private placement shall be used for the continued development of Hyperlocal and PayMeOn products and general working capital purposes. The private placement was conducted by the Company s president and CEO and no fees or commissions were paid in connection with the private placement. See Note 6 and Note 9 to the unaudited financial statements.

Since inception, the Company has incurred net operating losses and used cash in operations. As of June 30, 2011, the Company had a net loss from inception of $614,088. Losses have principally occurred as a result of the impairment of goodwill associated with the mixed martial arts television production business that was operated by the Company prior to the acquisition by Hyperlocal Marketing on March 16, 2011. The Company has also dedicated substantial resources required to research and development and marketing of the Company s products which included the general and administrative expenses associated with its organization and product development. We expect operating losses to continue, mainly due to the continued costs and expenses associated with development of our business and marketing of the Hyperlocal and PayMeOn products.

Recent Accounting Pronouncements

ASU No. 2011-02; A Creditor s Determination of Whether a Restructuring Is a Troubled Debt Restructuring (TDR). In April 2011, the FASB issued ASU No. 2011-02, intended to provide additional guidance to assist creditors in determining whether a restructuring of a receivable meets the criteria to be considered a troubled debt restructuring. The amendments in this ASU are effective for the first interim or annual period beginning on or after June 15, 2011, and are to be applied retrospectively to the beginning of the annual period of adoption. As a result of applying these amendments, an entity may identify receivables that are newly considered impaired. Early adoption is permitted. The Company intends to adopt the methodologies prescribed by this ASU by the date required, and is continuing to evaluate the impact of adoption of this ASU.

ASU No. 2011-03; Reconsideration of Effective Control for Repurchase Agreements. In April 2011, the FASB issued ASU No. 2011-03. The amendments in this ASU remove from the assessment of effective control the criterion relating to the transferor s ability to repurchase or redeem financial assets on substantially the agreed terms, even in the event of default by the transferee. The amendments in this ASU also eliminate the requirement to demonstrate that the transferor possesses adequate collateral to fund substantially all the cost of purchasing replacement financial assets.

The guidance in this ASU is effective for the first interim or annual period beginning on or after December 15, 2011. The guidance should be applied prospectively to transactions or modifications of existing transactions that occur on or after the effective date. Early adoption is not permitted. The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

ASU No. 2011-04; Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. In May 2011, the FASB issued ASU No. 2011-04. The amendments in this ASU generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This ASU results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and IFRSs. The amendments in this ASU are to be applied prospectively. For public entities, the amendments are effective during interim and annual periods beginning after December 15, 2011. Early application by public entities is not permitted.

The Company will adopt the methodologies prescribed by this ASU by the date required, and does not anticipate that the ASU will have a material effect on its financial position or results of operations.

ASU No. 2011-05; Amendments to Topic 220, Comprehensive Income. In June 2011, the FASB issued ASU No. 2011-05. Under the amendments in this ASU, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income.

The amendments in this ASU should be applied retrospectively. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted, because compliance with the amendments is already permitted. The amendments do not require any transition disclosures. Due to the recency of this pronouncement, the Company is evaluating its timing of adoption of ASU 2011-05, but will adopt the ASU retrospectively by the due date.

Plan of Operations

We intend on continuing our efforts primarily towards completing development of the Company s PayMeOn products. We expect to continue marketing our Hyperlocal Marketing platform and products, but primarily as bundled or complimentary additions to our PayMeOn product. As our development efforts come to fruition, we will focus our efforts on developing sales and distribution channels for PayMeOn. We will primarily focus our sales and distribution efforts on developing partnerships with third-party sales companies and on developing partnerships with businesses that have large databases they wish to monetize in the local, group buying or deals space. We completed a substantial portion of the primary development of the PayMeOn product during the third quarter 2011. Though the product has been deployed in beta since the second quarter and we have already generated some small revenue from PayMeOn, we have now completed updates to PayMeOn s iphone and android mobile applications, additions to our payment tracking databases and implemented additional reporting capabilities, as well as other technical improvements to the product. We believe that there will be minimal new product development going forward and expect only to dedicate resources to maintenance, update and repair of existing products for the near future. Though we will always monitor the competitive landscape for indications that we may need to develop new and additional products and will develop new products as necessary to remain competitive, we expect to primarily focus on accelerating our sales efforts during the first quarter of 2012. Current working capital is not sufficient to maintain our current operations and there is no assurance that future sales and marketing efforts will be successful enough to achieve the level of revenue sufficient to provide cash to sustain operations. To the extent such revenues and corresponding cash flows do not materialize, we will attempt to fund working capital requirements through third party financing, including a private placement of our securities. In the absence of revenues, we currently believe we require a minimum of $500,000 to maintain our current operations through 2012. We cannot provide any assurances that required capital will be obtained or that the terms of such required capital may be acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities until sufficient funding is secured or revenues are generated to support operating activities.

Subsequent Events

On July 1, 2011 the Company issued 20,000 shares of common stock value at $6,000 ($.30 per share).

On July 12, 2011, 193,576 shares of convertible preferred stock were converted into 1,935,760 shares of common stock.

On August 11, 2011, 84,157 shares of convertible preferred stock were converted into 841,570 shares of common stock.

On July 7, 2011, the Company granted options to purchase 200,000 shares of its common stock having an exercise price of $0.26 per share to a consultant. Options to purchase 100,000 shares are exercisable upon the date of grant and the remaining options to purchase 100,000 shares are exercisable six months from the date of grant. The options expire on July 7, 2012.

On July 7, 2011, the Company issued options to purchase 100,000 shares of its common stock to a consultant at an exercise price of $0.26 per share. The options vest immediately. The options expire on July 7, 2013.

On July 7, 2011, the Company issued options to purchase 100,000 shares of its common stock to an employee at an exercise price of $0.26 per share. The options vest immediately. The options expire on July 7, 2013.

During July and August the Company received subscriptions for the purchase of an aggregate of 2,080,000 shares of its common stock from 11 subscribers at a purchase price of $0.125 per share for gross proceeds of $260,000. No fees or commissions were paid in connection with the subscriptions.

Effective August 15, 2011, the Company entered into an employment agreement with its Chief Executive Officer. The agreement is for a period of one year and automatically extends for one day each day until either party notifies the other not to further extend the employment period. The agreement provides for an annual base salary totaling $250,000 and annual bonuses based on pre-tax operating income, as defined under the agreement, for an annual minimum of $50,000 in total.

ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. During our assessment of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, management identified significant deficiencies related to (i) the U.S. GAAP expertise of our internal accounting staff, (ii) the ability of our internal accounting staff to record our transactions to which we are a party which necessitates our bringing in external consultants to supplement this function, and (iii) a lack of segregation of duties within accounting functions. These deficiencies are due to the following material weaknesses in our internal controls and procedures: (i) lack of competent financial management personnel with appropriate accounting knowledge and training; (ii) our financial staff does not hold a license such as Certified Public Accountant in the U.S., nor have they attended U.S. institutions or extended educational programs that would provide enough of the relevant education relating to U.S. GAAP, nor have any U.S. GAAP audit experience; (iii) we rely on outside consultant to prepare our financial statements; and (iv) insufficient controls over our period-end financial close and reporting processes.

As a result of this material weakness, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

In order to mitigate the foregoing material weakness, we engaged an outside accounting consultant. We expect to continue to rely on this outside consulting arrangement to supplement our internal accounting staff for the foreseeable future. Until such time as we hire the proper internal accounting staff with the requisite U.S. GAAP experience, however, it is unlikely we will be able to remediate the material weakness in our disclosure controls and procedures. We believe that the foregoing steps will remediate the deficiencies identified above, and we will continue to monitor the effectiveness of these steps and make any changes that our management deems appropriate.

Changes in Internal Controls over Financial Reporting

No change in our internal controls over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER FINANCIAL INFORMATION

ITEM 1.

LEGAL PROCEEDINGS.

As of the date of this report, we are not aware of any proceeding, threatened or pending, against us which, if determined adversely, would have a material effect on our business, results of operations, cash flows or financial position.

ITEM 1A

RISK FACTORS

Not applicable to smaller reporting companies.

ITEM 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During April 2011, the Company issued 10,000 shares of restricted common stock to an accredited investor for gross proceeds of $1,125 ($.125 per share). No fees or commissions were paid in connection with the offering. The shares were issued under the exemption from registration provided by Section 4(2) of the Securities Act and the shares contain a legend restricting their transferability absent registration or applicable exemption.

On May 11, 2011, 176,335 shares of convertible preferred stock were converted into 1,763,350 shares of common stock. The shares were issued under the exemption from registration provided by Section 4(2) of the Securities Act and such shares contained a legend restricting transferability absent registration or applicable exemption.

On June 30, 2011, 184,534 shares of convertible preferred stock were converted into 1,845,340 shares of common stock. The shares were issued under the exemption from registration provided by Section 4(2) of the Securities Act and such shares contained a legend restricting transferability absent registration or applicable exemption.

ITEM 3.

DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4

(REMOVED AND RESERVED)

ITEM 5.

OTHER INFORMATION

Pursuant to the Company s private placement completed during the six months ended June 30, 2011 in the gross amount of $276,250, as of June 30, 2011 purchasers under the private placement (the Holders) are entitled to liquidated damages if a registration statement covering the resale of the 2,210,000 shares of common stock sold under the private placement (the Registrable Securities) is not filed within 60 days of the termination date of the private placement and declared effective within 180 days of the termination date. The Company shall make pro rata payments to each Holder, in an amount equal to 1.0% of the aggregate amount invested by such Holder (based upon the number of Registrable Securities then owned by such Holder) for each 30-day period or pro rata for any portion thereof following the date by which such Registration Statement should have been filed or effective (the Blackout Period). Such payments shall constitute the Holder s exclusive monetary remedy for such events, but shall not affect the right of the Holder to seek injunctive relief. The amounts payable as liquidated damages shall be paid monthly within ten (10) business days of the last day of each month following the commencement of the Blackout Period until the termination of the Blackout Period. Such payments shall be made to each holder at the sole option of the Company in either cash or shares of Common Stock. Furthermore, the damages payable to each Holder shall not exceed 6% of the aggregate amount invested by such holder. At June 30, 2011 the Company has not filed the required registration statement and has accrued $16,575 of liquidated damages.

ITEM 6.

EXHIBITS

Exhibit Number	**Description**
2.1	Merger Agreement dated February 17, 2011 (1)
3.1	Articles of Incorporation(2)
3.2	Articles of Amendment(2)
3.3	Articles of Designation of Preferred Stock(2)
3.4	Bylaws(2)
10.1	Preferred Stock Lock up Agreement dated April 1, 2009(3)
10.2	Amendment to Preferred Stock Lock Up Agreement dated April 19, 2010(4)

10.3	Indemnification Agreement (5)
10.4	Employment Agreement with Edward Cespedes effective August 15, 2011 (to be filed)
16.1	Letter from DeJoya Griffith & Company(1)
31.1	Certification of Chief Executive Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
31.2	Certification of Chief Financial Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Interactive Data File**

** Attached as Exhibit 101 to this report are the following financial statements from the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) related notes to these financial statements tagged as blocks of text. The XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall not be deemed filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, and is not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of those sections.

(1)

Incorporated by reference to the Company s current report on Form 8-K filed March 21, 2011.

(2)

Incorporated by reference to the Company s registration statement on Form S-1 filed November 4, 2008 (333-155028).

(3)

Incorporated by reference to the Company s quarterly report on Form 10-Q for the period ended June 30, 2009 filed on April 21, 2009.

(4)

Incorporated by reference to the Company s current report on Form 8-K filed April 26, 2010.

(5)

Incorporated by reference to the Company s current report on Form 8-K filed February 18, 2011.

SIGNATURES

In accordance with 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.

Date: January 27, 2012

MMAX Media, Inc.

By: /s/ Edward Cespedes
Edward Cespedes
Chief Executive Officer
Chief Financial Officer