

Lumonall Inc.
Form 10KSB
June 27, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-28315

LUMONALL, INC.
(Name of Small Business Issuer in its charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

84-1517404
(I.R.S. Employer Identification No.)

3565 King Road, Suite 102
King City, Ontario, Canada L7B 1M3 (Issuer's Telephone No., including area code)
(Address of Principal Executive Offices)

905-833-9845

Securities registered pursuant to
Section 12(b) of the Act:

None

Securities registered pursuant to
Section 12(g) of the Act:

Common Stock, par value \$0.001

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act "

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 (X) No ()

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this Form,

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and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB ().

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

The issuer's revenues for the fiscal year ended March 31, 2008 were \$99,001.

Based on the closing price on June 20, 2008 of \$0.03 per share of common stock, as reported by the NASD's OTC Bulletin Board, the aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant was approximately \$2,907,722. For the purposes of this response, directors, officers and holders of 5% or more of the issuer's Common Stock are considered the affiliates of the issuer at such date.

As of June 27, 2008, the number of shares outstanding of the registrant's Common Stock was 127,629,056 shares.

DOCUMENTS INCORPORATED BY REFERENCE

The following document is incorporated by reference into Part III of the Annual Report on Form 10-KSB: None

Transitional Small Business Disclosure Format (check one): Yes No

PART I

ITEM 1 - DESCRIPTION OF BUSINESS

History

Lumonall, Inc. ("we," "us," "our," or the "Company") was incorporated in the state of Colorado on May 1, 1996 as Grand Canyon Ventures Two, Incorporated. We changed our name to Azonic Engineering Corporation ("Azonic Colorado") on June 23, 1998. On November 12, 1999, we were re-domiciled to the state of Nevada by merging into our wholly owned subsidiary Azonic Corporation, a Nevada corporation. On July 21, 2005 we changed our name to Midland International Corporation. During fiscal 2008, in order to accurately reflect the nature of the Company's business, the Company changed its name from Midland International Corporation to Lumonall, Inc., effective August 16, 2007.

Description of Current Business Plan

In February 2007, we adopted a new business plan. To implement this new business plan we acquired the United States licensing, North American manufacturing and Canadian non-government distribution rights to a process for photo luminous pigments and production of foil used in manufacturing of photo luminous materials. We also made a 30% investment in an entity that holds the world-wide intellectual property rights to certain photo luminous materials.

Prolink North America and Prolink International AS Agreements

In February 2007, we entered into a series of agreements whereby we acquired the United States licensing, North American manufacturing and Canadian non-government distribution rights of photo luminous pigments and production of foil used in manufacturing of photo luminous materials ("PLM") and acquired a 30% interest in Prolink Property Rights AS, Norway ("PPRAS"), the holder of the world-wide intellectual property rights to the PLM products, for a cost of US\$100,000. As part of the acquisition and investment we also became obligated to pay royalties of CAD\$2.00 per exit sign to a maximum of CAD\$1,000,000, 1% of all sales arising from other products utilizing PLM, issued a non-interest bearing note in the principal amount of US\$100,000 in favor of Lumonall Canada Inc. Royalty payments also included \$500,000 from future profits, payable as 15% of earnings before interest, taxes, depreciation and amortization ("EBITDA") quarterly in arrears. We also became obligated to provide Prolink North America a secured non-interest bearing demand loan to pay a maximum aggregate of \$300,000 owed by Prolink North America Inc. to Prolink International AS, which balance is due upon demand.

The agreements form part of our new business plan involved with photo luminous products initially in the exit sign and safety way guidance systems sector.

In February 2007, in anticipation and as a condition precedent of a change in business direction we agreed to issue 35,000,000 shares of our common stock to a group of investors led by one of our officers and directors in exchange for management fee forgiveness by certain related parties.

In February 2008, the Company agreed to issue up to 10,000,000 shares of its common stock in full repayment of future royalties owed to Lumonall Canada Inc. ("LCI"). In addition, the stock issued was in repayment of a note payable of \$50,000, which was in default and an intercompany liability of \$86,860 owed by Lumonall Inc. to Lumonall Canada Inc.

Pursuant to management's recent initiatives and strategic partnerships the Company became able to procure a domestic source for photo luminescent signs and safety way guidance systems at a lower cost and more efficient route to market. Due to this new source, management felt that the carrying value of its licensing, manufacturing rights and investment as at March 31, 2008, was impaired and chose to write down their carrying value to \$nil.

New Management

In April 2007, we appointed a new President and COO. Mike Hetherman, of the Willis Supply Group in Burlington, Ontario, Canada (near Toronto), has been in the Building materials Distribution business for over 20 years. In the mid 80's he started as a designer and in 1992 became partners in Willis Supply. Willis was established 40 years ago and has

exclusive distribution of significant Building Material brands such as DuPont Corian®, DuPont Zodiaq®, and Arpa® Italian Laminates to name a few. Under his leadership Willis expanded from Ontario to across Canada and the Pacific Northwest USA. A few years ago, Mr. Hetherman took Willis to China and now sources many quality building products for the North American market. Today, he is sole owner of Willis, Chairman of the North American DDP (DuPont Distributor Partnership) and Chairman of the Exclusive DuPont Council.

On April 1, 2008, John Simmonds stepped down as CEO and Mike Hetherman was appointed CEO. Mike Hetherman has served as a member of the board of directors and also as President and COO. Mr. Simmonds will continue to serve as Chairman of the Board and provide strategic guidance and support to the Company.

Distributors

During the one-month period between May and June 2007, we signed a number of distributors to take this new PLM product to market. Those partners, covering a majority of North America, now include the Willis Group of Companies in Canada, and Designer Building Solutions, Butler-Johnson Corporation, Hallmark Building Supplies and Parksite, Inc. in the United States.

Industry Overview

Photoluminescent Products, Safety and Energy Conservation

Recent increases in “green” initiatives, tied with improved awareness regarding energy use and saving the environment, as well as the tragic events of 9/11, have all contributed to creating this market. Building safety alone provides significant business opportunity for our Exit Signs and Safety Way Guidance Systems, but the potential in energy saving measures in new building developments, as well as retrofitting current, out-of-date premises to lower their energy usage, is enormous. The latter initiative is also highly political in nature, with all levels of government, in both Canada and the United States striving to improve the “green” element(s) of their political platforms.

Since 9/11, there has been an increase in safety measures and initiatives in buildings. New York City created Bylaw 26 in the wake of the tragedy, requiring, amongst other things, any building over six storeys high to install Safety Way Guidance Systems in their stairwells and escape routes.

Specifically, the catalyst for Prolink International’s vision and mandate occurred in 1988. During that year, a major cruise ship, The Scandinavian Star caught fire in a horrific disaster that took almost 200 lives. These deaths, as in many fire-related tragedies, were caused by smoke inhalation. However, due to the fact that a majority of the victims were found within 30 feet of exits, a short distance from salvation, it can also be said that many deaths could have been prevented had safety measures (for example, clearly identified and “lit” evacuation routes and exits) been in place, or even existed at the time.

In response to this, and many other similar tragedies, the International Marine Organization (IMO) regulated that all marine vessels be outfitted with Safety Way Guidance Systems with a recommendation that specifically identified PLM lines, markers, signs and direction indicators were the solution. Since that time Prolink International has established itself as the recognized leader in the field of superior PLM products, and has outfitted almost every cruise ship and commercial marine vessel in the entire European market.

Competition

Our primary competition comes from American Permalight, Jalite USA, Brady, Jessup, and Lunaplast, all of which offer PLM Exit Signs and Safety Way Guidance Systems in Canada and/or the United States. With the exception of

Brady and Jessup, all of these competitors deal exclusively in PLM products like us.

Government Regulations

Exit Signs must be approved by the Underwriters Laboratory in both Canada and the United States. MEA (Materials and Equipment Acceptance) approvals are required at the State level. We are also an Energy Star Partner in Canada and the United States. Our PLM formulation meets most current building code standards.

Employees

As of the date of this report, we have 4 employees, including our current officers, and independent contractors. Our operations are non-union and there hasn't been any history of labor strikes or unrest at any of our facilities. We believe that our relationship with our employees is satisfactory and management is confident that there is ample available labor force in the geographic areas where our facilities are, and will be located to support expected expansion over the next 12 months. Specifically, we are anticipating moving manufacturing operations for the PLM materials to North America, and when we are in the financial position to do so, we intend to hire additional employees in the areas of sales and marketing.

Risk Factors

While there are relatively few competitors to date, ours is a highly competitive industry, based on maintaining standards and keeping ahead of government regulations and initiatives. Our failure to compete effectively could adversely affect our market share and results in operations.

There is also a significant learning curve and a certain level of acceptance of PLM Exit Signs, not only at all levels of government, but there is also a shift in thinking for our customers to accept them in place of traditional, electrically-powered signs. The status quo is difficult to change.

Similarly, despite increased awareness regarding safety measures in buildings, the acceptance and subsequent seriousness of installing Safety Way Guidance Systems to guide people to safety in the event of a blackout, fire or other emergency situation is not a foregone conclusion.

Due to the relative early stages of this industry, the authorities that create the guidelines are not always consistent in their standards. The Underwriters Laboratory seems to have some inconsistencies in its approval processes, the costs involved in getting approvals, the time required in testing and, more specifically, what they do, and do not accept with regard to PLM Exit Sign standards, possibly making it an uneven playing field in regards to the competitive landscape.

In addition, potential roadblocks could be created by differing interpretations of building and fire codes in a state or local code.

ITEM 2 - DESCRIPTION OF PROPERTY

Our executive offices are located at 3565 King Road, King City, Ontario, Canada L7B 1M3 (tel. 905-833-9845, fax 905-833-9847) at the offices are an officer and director of the Company. See "Part III, Item 12, Certain Relationships and Related Transactions."

ITEM 3 - LEGAL PROCEEDINGS

We are unaware of any material pending legal proceedings to which we are a party or of which any of our property is subject. Our management is not aware of any threatened proceedings by any person, organization or governmental authority.

ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of our stockholders during the fourth quarter of fiscal 2008.

PART II

ITEM 5 - MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

Our Common Stock currently is listed for trading on the OTC BB under the symbol "LUNL." The table below sets forth the reported high and low bid prices for the periods indicated. The bid prices shown reflect quotations between dealers, without adjustment for markups, markdowns or commissions, and may not represent actual transactions in our common stock.

2007 FISCAL YEAR (4/1/06 TO 3/31/07):

| | High | Low |
|--------------------------------|-------|-------|
| 1st Quarter (4/1/06-6/30/06) | 0.20 | 0.07 |
| 2nd Quarter (7/1/06-9/30/06) | 0.07 | 0.01 |
| 3rd Quarter (10/1/06-12/31/06) | 0.035 | 0.025 |
| 4th Quarter (1/1/06-3/31/06) | 0.06 | 0.012 |

2008 FISCAL YEAR (4/1/07 TO 3/31/08):

| | High | Low |
|--------------------------------|-------|------|
| 1st Quarter (4/1/07-6/30/07) | 0.095 | 0.03 |
| 2nd Quarter (7/1/07-9/30/07) | 0.18 | 0.05 |
| 3rd Quarter (10/1/07-12/31/07) | 0.115 | 0.05 |
| 4th Quarter (1/1/08-3/31/08) | 0.08 | 0.04 |

At June 20, 2008, the closing bid price of our Common Stock was \$0.03 per share.

There is currently only a limited public market for our common stock on the OTC Bulletin Board, and no assurance can be given that such a market will develop or that a stockholder will ever be able to liquidate his investment without considerable delay, if at all. If such a market should develop, the price may be highly volatile. Unless and until our common shares are quoted on the NASDAQ system or listed on a national securities exchange, it is likely that the common shares will be defined as "penny stocks" under the Exchange Act and SEC rules thereunder. The Exchange Act and penny stock rules generally impose additional sales practice and disclosure requirements upon broker-dealers who sell penny stocks to persons other than certain "accredited investors" (generally, institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 jointly with spouse) or in transactions not recommended by the broker-dealer.

For transactions covered by the penny stock rules, the broker-dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures in penny stock transactions, including the actual sale or purchase price and actual bid and offer quotations, the compensation to be received by the broker-dealer and certain associated persons, and deliver certain disclosures required by the SEC. So long as Midland International's common shares are considered "penny stocks", many brokers will be reluctant or will refuse to effect transactions in Midland International's shares, and many lending institutions will not permit the use of penny stocks as collateral for any loans.

(a) As of March 31, 2008, there were 127 stockholders of record of our common stock, including 148 beneficial holders.

(b) We did not pay any dividends on our Common Stock during the two years ended March 31, 2008. Pursuant to the laws of the State of Nevada, a corporation may not issue a distribution if, after giving its effect, the corporation would not be able to pay its debts as they became due in the usual course of business, or such corporation's total assets would be less than the sum of their total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. As a result, management does not foresee that we will

have the ability to pay a dividend on our Common Stock in the fiscal year ended March 31, 2008. See "Part II, Item 7, Financial Statements."

(c) There are currently no securities authorized for issuance under any equity compensation plans. However, we may adopt such a plan in the future.

ITEM 6 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS/ PLAN OF OPERATION

The following discussion should be read in conjunction with our audited financial statements and notes thereto included herein. In connection with, and because we desire to take advantage of, the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we caution readers regarding certain forward looking statements in the following discussion and elsewhere in this report and in any other statement made by, or on our behalf, whether or not in future filings with the Securities and Exchange Commission. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results or other developments. Forward looking statements are necessarily based upon estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward looking statements made by, or on our behalf. We disclaim any obligation to update forward looking statements.

Overview

We planned originally to market low-cost wireless devices including cellular phones, but due to difficulties in assembling the necessary business partners to be successful, we began evaluating other business opportunities. During fiscal 2006, the Company disposed of all of the analog handsets and intellectual property associated with the analog business plan to a distributor.

In February 2007, we adopted a new business plan to become a global supplier of innovative photo luminescent (PLM) products with a concentration on Exit signs and Safety Way Guidance Systems.

RESULTS OF OPERATION

Comparison of Results of Operations for the Fiscal Years Ended March 31, 2008 and 2007

We generated \$99,001 in revenues from the sale of PLM product in the twelve-month period ended March 31, 2008, compared to revenues of \$Nil in the same twelve month period for 2007. The new PLM business plan was begun during the fourth quarter of fiscal 2007 and first shipments occurred during the third quarter of fiscal 2008. Gross profit on sales during the year was \$23,917. Gross profits are expected to rise as volumes increase.

We incurred management fees of \$280,047 in the twelve-month period ended March 31, 2008, compared to \$86,585 in the same period ended March 31, 2007. Management fees, during the twelve month period ended March 31, 2008 consisted of \$180,000 paid to John Simmonds, CEO, \$ 50,516 paid to Carrie Weiler, Corporate Secretary, \$31,578 paid to Gary Hokkanen, CFO. In addition, \$ 17,953 was paid to Wireless Age Communications, Inc. a related party due to certain common officers, directors and ownership, for the services of managerial level accounting and finance personnel. Management fees during the twelve-month period ended March 31, 2007 were for the services of John Simmonds, our CEO, and Carrie Weiler, our Corporate Secretary

We incurred office and general expenses of \$462,796 in the twelve-month period ended March 31, 2008 compared to \$111,482 in the same period ended March 31, 2007, an increase of \$351,314. Office and general expenses include travel, communications and other similar costs associated with operating the business in its current state of evolution. In fiscal 2008, travel and accommodation accounted for \$144,385, advertising and communications \$101,482, wages and administrative cost \$106,660 and general office and miscellaneous expenses of \$110,269. The costs are primarily related to managements strategy to improve awareness of PLM Exit Signs and Safety Way Guidance Systems in order to develop and exploit the North American market place. We expect operating costs to increase as we pursue new business.

We also incurred professional and consulting fees of \$962,692 in the twelve-month period ended March 31, 2008, compared to \$91,236 in the same period ended March 31, 2007. Professional and consulting fees during the current year included various fees associated with the new business opportunity, including general management, technical and marketing functions. Services valued at \$135,000 were paid with 2,700,000 shares of our common stock and services valued at \$248,100 were paid with the issuance of warrants to purchase 12,300,000 common shares.

We incurred interest expense of \$28,724 during the year ended March 31, 2008 compared to \$25,882 during the twelve month period ended March 31, 2007. Eiger Technology, Inc. a related party (due to common officers with the Company) agreed to provide up to \$400,000 funding for the development of the Company's business. The Company is obligated to pay a 5% commitment fee of the maximum amount funded plus interest at Prime + 3% per annum. For the period ended March 31, 2008 the Company recorded an interest expense of \$26,874 in relation to the funding provided by Eiger Technology Inc.

The Company's plan to assist in restructuring Prolink North America Inc. has been abandoned and the amount of \$166,103 advanced has been determined to be uncollectable. The company recorded a loss on write down on due from related party for fiscal year 2008.

Pursuant to management's recent initiatives and strategic partnerships the company has been able to procure photo luminescent signs and safety way guidance systems at a lower cost and more efficient route to market. Management believes the carrying value of its licensing, manufacturing rights and investment as at March 31, 2008, is impaired and the related amount has been written down to \$nil. The company wrote off its investment in Prolink Property Rights AS. of \$100,000 and a \$100,000 impairment loss on intangible asset (licensing rights) for the fiscal year ended 2008.

As a result, we incurred a net loss of (\$2,076,445) during the twelve month period ended March 31, 2008, (approximately \$0.02 per share) compared to a net loss of (\$315,185) in the same period ended March 31, 2007 (approximately \$0.008 per share)

Management expects the operating losses to continue until breakeven operations are achieved under the PLM business plan. Additional financing will be required in order to offset pre-breakeven operating losses.

LIQUIDITY AND CAPITAL RESOURCES

Our total assets declined from \$306,189 at March 31, 2007 to \$37,178 at March 31, 2008. The decrease is primarily the result of a \$100,000 impairment loss on an intangible asset, \$100,000 impairment loss on investment and \$166,103 loss on a write down of an amount due from a related party.

Our total liabilities increased from \$686,793 at March 31, 2007 to \$1,063,402 at March 31, 2008, an increase of \$376,609. Accounts payable increased to \$273,919 from \$149,340 an increase of \$124,579, amounts of which are primarily due to costs incurred for professional and consulting services that have been used to implement the Companies new business strategy. Due to related parties balances decreased from \$437,453 at March 31, 2007 to \$418,994 at March 31, 2008. Due to related party amounts do not have specific repayment terms and it is expected that these amounts will be repaid as the financial position of the Company improves. Distributor deposits for the future purchase of photo luminescent products increased from nil in the prior year to \$221,131 for the year ended March 31, 2008.

The Company agreed to issue 9,400,000 common shares valued at \$136,860 in full repayment of future royalties owed to Lumonall Canada Inc. In addition, the stock issued was in repayment of a note payable of \$50,000 which was in default and for payment of an intercompany liability of \$86,860 owed by Lumonall Inc., to Lumonall Canada

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Inc. Lumonall Canada Inc. is a related party by virtue of common directors and officers. As of March 31, 2008, the shares had not yet been issued and the Company has recorded a \$136,860 un-issued share liability representing the fair value of the un-issued shares.

The company agreed to issue 1,000,000 shares of its common stock in relation to the termination of a consulting agreement. As of March 31, 2008, 250,000 shares had not been issued and the company has recorded a \$12,500 un-issued share liability representing the fair value of the un-issued shares

The stockholders' deficiency increased from (\$380,604) at March 31, 2007 to (\$1,026,224) at March 31, 2008. The increase is attributable to our loss of \$2,076,445 for the year. (See Statement of Stockholders' Deficiency contained in the financial statements).

At March 31, 2008, we had a working capital deficit of \$1,026,224. We had cash balances of \$9,335 at March 31, 2008 and we are largely reliant upon our ability to arrange equity private placements or alternatively advances from related parties to pay expenses as incurred. In addition to normal accounts payable of \$273,919 we also owe related companies \$418,994 without specific repayment terms and \$221,131 in distributor deposits. Our only source for capital could be loans or private placements of common stock.

In fiscal 2008 the Company issued; 7,250,000 common shares valued at \$105,850 pursuant to debt forgiveness, 3,598,271 common shares valued at \$ 181,875 for consulting services, 12,300,00 common stock purchase warrants valued at \$248,100 for consulting services.

During the fiscal year ended March 31, 2008 we; 1) used \$958,497 in cash in operating activities arising primarily from operating losses, 2) generated \$966,765 in cash from financing activities. Financing activities included cash proceeds of \$895,000 from private placements of common stock and \$121,765 funded from related parties.

Our current cash resources are insufficient to support the business over the next 12 months and we are unable to continue toward attaining break even operations without additional funding. We estimate that we will need a cash infusion of \$500,000 in additional debt or equity capital to fully implement our business plan in the future and there are no assurances that we will be able to raise this capital when needed. However, while there are no definitive agreements in place as of the date of this Report, we are currently engaged in various discussions with interested parties to provide these funds or otherwise enter into a strategic alliance to provide such funding. The inability to obtain sufficient funds from external sources when needed will have a material adverse affect on our results of operations and financial condition.

We cannot predict to what extent our current lack of liquidity and capital resources will impair our new business operations. However management does believe we will incur further operating losses. There is no assurance that we can continue as a going concern without incremental funding. Management has taken steps to begin sourcing the necessary funding to begin to execute the business plan.

We estimate it will require additional financing to cover legal, accounting, transfer, consulting, management fees and the miscellaneous costs of being a reporting company in the next fiscal year. We do not intend to pursue or fund any research or development activities during the coming year. We do not intend to add any additional part-time or full-time employees until our activities can support it. Our business plan calls for us to not make any large capital expenditures in the coming year.

Going concern qualification: We have incurred significant losses from operations for the year ended March 31, 2008, and such losses are expected to continue. In addition, we have a working capital deficit of \$1,026,224 and an accumulated deficit of \$(3,864,070). The foregoing raises substantial doubt about the Company's ability to continue as a going concern. Management's plans include seeking additional capital and/or debt financing. There is no guarantee that additional capital and/or debt financing will be available when and to the extent required, or that if available, it will be on terms acceptable to us. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

TRENDS

While not specific to the PLM market, the “green” trend has, and will have tremendous influence on our business. At all levels of government, there is some form of “greening” occurring, and more often than not a significant focus is energy-use reduction. Educating both the government and general public that exchanging a typical energy inefficient Exit Sign with an energy-free, non-toxic and not radioactive PLM Exit Sign is the next step.

Since the tragic events of 9/11 and continued conflict across the globe, public safety awareness is also at an all-time high. After 9/11, New York City passed Bylaw 26, requiring any building over six storeys high to install safe way guidance systems in their exit ways.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of results of operations and financial condition are based upon the financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Management evaluates the estimates on an on-going basis, including those related to bad debts, inventories, investments, customer accounts, intangible assets, income taxes, and contingencies and litigation. Management bases its estimates on historical experience and on various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Note 2 of the "Notes to Financial Statements" includes a summary of the significant accounting policies and methods used in the preparation of the financial statements. The following is a brief description of the more significant accounting policies and methods the Company uses.

Fair Value of Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities, due to related parties, and customer deposits approximates fair value because of the short maturity of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Inflation

Although our operations are influenced by general economic conditions, we do not believe that inflation had a material affect on our results of operations during our fiscal year ended March 31, 2008.

ITEM 7 - FINANCIAL STATEMENTS

LUMONALL, INC.

FINANCIAL STATEMENTS

March 31, 2008 and 2007

(Stated in US Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders
Lumonall, Inc.

We have audited the accompanying balance sheet of Lumonall, Inc. as of March 31, 2008, and the related statements of operations, changes in stockholders' deficiency, and cash flows for each of the two years in the period ended March 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lumonall, Inc. as of March 31, 2008, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming Lumonall, Inc. will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses that have resulted in an accumulated deficit. This condition raises substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding this matter are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rotenberg & Co., LLP

Rotenberg & Co., LLP
Rochester, New York
June 26, 2008

LUMONALL, INC.
BALANCE SHEET
March 31, 2008
(Stated in US dollars)

ASSETS

| | 2008 |
|---------------------------|-----------|
| Current assets | |
| Cash and cash equivalents | \$ 9,335 |
| Accounts receivable | 27,843 |
| Total current assets | 37,178 |
| | |
| Total assets | \$ 37,178 |

LIABILITIES

| | |
|------------------------------------------|--------------|
| Current liabilities | |
| Accounts payable and accrued liabilities | 273,919 |
| Due to related parties (Note 3) | 418,994 |
| Deposits (Note 4) | 221,131 |
| Unissued share liability (Note 7) | 149,358 |
| Total current liabilities | \$ 1,063,402 |

STOCKHOLDERS' DEFICIENCY

| | |
|-------------------------------------------------------------------------------------------------------------------|-------------|
| Preferred stock, \$0.001 par value; 5,000,000 shares authorized, no shares issued and outstanding | - |
| Common stock, \$.001 par value; 200,000,000 shares authorized, 114,615,925 shares issued and outstanding (Note 8) | 114,616 |
| Additional paid-in capital | 2,723,230 |
| Accumulated deficit | (3,864,070) |
| Total stockholders' deficiency | (1,026,224) |
| | |
| Total liabilities and stockholders' deficiency | \$ 37,178 |

The accompanying notes are an integral part of these financial statements

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LUMONALL, INC.
STATEMENT OF OPERATIONS
For the years ended March 31, 2008 and 2007
(Stated in US Dollars)

| | Year Ended March 31, 2008 | Year Ended March 31, 2007 |
|--------------------------------------------------------------------------|---------------------------------|---------------------------------|
| Revenues | \$ 99,001 | \$ - |
| Cost of sales | 75,084 | - |
| Gross profit | 23,917 | - |
| Selling and administrative costs | | |
| Management fees | 280,047 | 86,585 |
| Office and general | 462,796 | 111,482 |
| Professional and consulting fees | 962,692 | 91,236 |
| Total costs and expenses | 1,705,535 | 289,303 |
| Net loss from operations | (1,681,618) | (289,303) |
| Other expenses (gains): | | |
| Interest | 28,724 | 25,882 |
| Loss on write down of due from related party (Note 6) | 166,103 | - |
| Loss on investment (Note 5) | 100,000 | - |
| Impairment of intangible asset (Note 6) | 100,000 | - |
| Net loss before income taxes | (394,827) | (315,185) |
| Provision for income taxes (Note 9) | - | - |
| Net loss | \$ (2,076,445) | \$ (315,185) |
| Loss per share of common stock – Basic and Diluted | \$ (0.020) | \$ (0.008) |
| Weighted average number of common shares outstanding – Basic and Diluted | 101,991,264 | 38,146,568 |

The accompanying notes are an integral part of these financial statements

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LUMONALL, INC.
Statement of Changes in Stockholders' Deficiency
For the year ended March 31, 2008

| | Shares | Par Value Amount | Common Stock Additional Paid – In Capital | Accumulated (Deficit) from Inception | Total |
|-----------------------------------------------------------------------|------------|---------------------|----------------------------------------------------|-----------------------------------------------|--------------|
| Balance, March 31, 2006 | 33,228,000 | \$ 33,228 | \$ 647,832 | \$ (1,472,440) | \$ (791,380) |
| Issuance of common stock for cash received prior to March 31, 2006 | 189,654 | 190 | (190) | - | - |
| Issuance of common stock pursuant to private placements | 2,000,000 | 2,000 | 83,811 | - | 85,811 |
| Issuance of common stock pursuant to private placements | 2,700,000 | 2,700 | 132,300 | - | 135,000 |
| Issuance of common stock pursuant to investment | 20,000,000 | 20,000 | 80,000 | - | 100,000 |
| Issuance of common stock pursuant to debt forgiveness | 27,750,000 | 27,750 | 377,400 | - | 405,150 |
| Loss for year ended March 31, 2007 | - | - | - | (315,185) | (315,185) |
| Balance, March 31, 2007 | 85,867,654 | \$ 85,868 | \$ 1,321,153 | \$ (1,787,625) | (380,604) |
| Issuance of common stock pursuant to private placement | 17,900,000 | 17,900 | 877,100 | - | 895,000 |
| Issuance of common stock for consulting services | 3,598,271 | 3,598 | 178,277 | - | 181,875 |
| Issuance of common stock pursuant to debt forgiveness | 7,250,000 | 7,250 | 98,600 | - | 105,850 |
| Issuance of common stock purchase warrants for consulting services | - | - | 248,100 | - | 248,100 |
| Net loss for period ended March 31, 2008 | - | - | - | (2,076,445) | (2,076,445) |

| | | | | | | | | |
|-------------------------|-------------|----|---------|----|-----------|----|-------------|-------------|
| Balance, March 31, 2008 | 114,615,925 | \$ | 114,616 | \$ | 2,723,230 | \$ | (3,864,070) | (1,026,224) |
|-------------------------|-------------|----|---------|----|-----------|----|-------------|-------------|

The accompanying notes are an integral part of these financial statements

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LUMONALL, INC.
 STATEMENTS OF CASH FLOW
 For the years ended March 31, 2008 and 2007
 (Stated in US Dollars)

| | For the year ended March 31, 2008 | For the year ended March 31, 2007 |
|------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| Operating activities | | |
| Net Loss | \$ (2,076,445) | \$ (315,185) |
| Adjustments to reconcile net loss to net cash(used) by operating activities: | | |
| Impairment of intangible asset | 100,000 | - |
| Loss on investment | 100,000 | - |
| Issuance of common stock for services | 181,875 | - |
| Issuance of common stock purchase warrants for services | 248,100 | - |
| Loss on write down of due from related parties | 166,103 | - |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in accounts receivable | (27,843) | - |
| Increase (decrease) in accounts payable | 128,582 | 41,238 |
| Deposits | 221,131 | - |
| Net cash provided by (used in) operating activities | (958,497) | (273,947) |
| Investing activities | | |
| | - | - |
| Net cash provided by (used in) investing activities | - | - |
| Financing activities | | |
| Increase (decrease) in bank indebtedness | - | (104) |
| Note payable | (50,000) | - |
| Proceeds from private placements | 895,000 | 220,811 |
| Increase in due to related parties | 121,765 | 54,307 |
| Net cash provided by (used in) financing activities | 966,765 | 275,014 |
| Increase (decrease) in cash and cash equivalents | 8,268 | 1,067 |
| Cash and cash equivalents, beginning of year | 1,067 | - |
| Cash and cash equivalents, end of year | \$ 9,335 | \$ 1,067 |

Non cash activities:

During the year ended March 31, 2008 the Company:

1. Issued 7,250,000 common shares valued at \$105,850 pursuant to debt forgiveness.
2. Issued 3,598,271 common shares valued at \$181,875 for consulting services.
3. Issued 12,300,000 common stock purchase warrants valued at \$248,100 for consulting services.

During the year ended March 31, 2007 the Company:

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1. Issued a \$100,000 promissory note to a related party as partial consideration for intellectual property rights valued at \$100,000.
2. Issued 20,000,000 common shares for a 30% investment in a private Norwegian entity, valued at \$100,000.
3. Agreed to issue 35,000,000 common shares for debt forgiveness of by related parties of \$511,000, of which 27,750,000 common shares were issued prior to March 31, 2007, valued at \$405,150.

The accompanying notes are an integral part of these financial statements

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LUMONALL, INC.
Notes To The Financial Statement
March 31, 2008 and 2007
(Stated in US Dollars)

Note 1 – Description of Business and Basis of Presentation

Going concern basis of presentation

The financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. As shown in the accompanying financial statements, the Company has a working capital deficit of \$1,026,224 and an accumulated deficit of \$3,864,070 at March 31, 2008. As a result, substantial doubt exists about the Company's ability to continue to fund future operations using its existing resources.

For the year ended March 31, 2008, the Company's operations were partially funded by related parties and partially through the issuance of equity private placements. In order to ensure the success of the new business, the Company will have to raise additional financing to satisfy existing liabilities and to provide the necessary funding for future operations.

Description of business

We were originally incorporated in the State of Colorado on May 1, 1996 as Grand Canyon Ventures Two, Incorporated. The Company changed its name to Azonic Engineering Corporation on September 23, 1998. On November 12, 1999 it was re-domiciled to the State of Nevada by merging into its wholly owned subsidiary Azonic Corporation, a Nevada corporation. On July 21, 2005 the Azonic Corporation changed its name to Midland International Corporation (referred to herein as "Midland," the "Company," Registrant" and "Issuer").

In February 2007, the Company adopted a new business plan to become a global supplier of innovative photo luminescent (PLM) products, with a concentration on Exit Signs and Safety Way Guidance Systems (SWGS). In order to accurately reflect the nature of the Company's business, the Company changed its name from Midland International Corporation to Lumonall, Inc. effective August 16, 2007.

Development stage

In prior periods the Company had been in the development stage. During the three month period ended December 31, 2007, we began to recognize revenues under our planned principle operations and therefore we no longer regard the Company to be in the development stage.

Note 2 – Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States.

The financial statements have, in management's opinion been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Cash and cash equivalents

Cash and cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less. The Company maintains cash and cash equivalents at financial institutions, which periodically may exceed federal insured amounts.

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LUMONALL, INC.
Notes To The Financial Statement
March 31, 2008 and 2007
(Stated in US Dollars)

Revenue Recognition

The Company recognizes revenue upon transfer of title at the time of shipment (F.O.B shipping point), when all significant contractual obligations have been satisfied, the price is fixed or determinable, and collectability is reasonably assured.

Research and development

The Company did not engage in any material research and development activities during the past two years.

Fair value of financial instruments

1. The carrying value of accounts payable and accrued liabilities approximates fair value because of the short maturity of these instruments. The carrying value of notes payable and due to related parties also approximates fair value. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Income taxes

The Company provides for income taxes using the asset and liability method as prescribed by Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount 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. Additionally, a valuation allowance is established when necessary to reduce deferred income tax assets to the amounts expected to be realized. Under Statement 109, 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.

Earnings and loss per common share

The Company reports loss per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Basic loss per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share includes the potentially dilutive effect of outstanding common stock options and warrants, which are convertible to common shares. Diluted loss per share is not presented as results would be "anti-dilutive".

Valuation of Warrants

The Company estimates that value of common share purchase warrants issued using the Black-Scholes pricing model.

Recent Pronouncements

The Company does not expect the adoption of recently issued account pronouncements to have significant impact on the Company's results of operations, financial position, or cash flow.

Note 3 – Related Party Transactions

Periodically, expenses of the Company are paid by related parties on behalf of the Company. These transactions result in non-interest bearing payables to related parties with no specific terms of repayment other than described below. At March 31, 2008, amounts due to related parties amounted to \$418,994. Related parties of the Company include entities under common management.

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LUMONALL, INC.
Notes To The Financial Statement
March 31, 2008 and 2007
(Stated in US Dollars)

Eiger Technology, Inc., a related party due to common officers with the Company, agreed to provide up to \$400,000 funding for the development of the Company's business. The Company is obligated to pay a 5% commitment fee of the maximum amount funded plus interest at Prime + 3% per annum.

For the period ended March 31, 2008 the Company recorded an interest expense of \$26,874 in relation to the funding provided by Eiger Technology Inc.

The Company is obligated to pay \$6,000 per month through December 2008 for management services of certain executives to Wireless Age Communications Inc. ("Wireless Age").

At March 31, 2008, the amounts due to related parties were:

| | |
|----------------------------------|------------|
| Eiger Technology Inc. | \$ 400,253 |
| Wireless Age Communications Inc. | 18,741 |
| | \$ 418,994 |

Note 4 – Deposits

The Company has entered into strategic partnerships for the distribution of PLM products across the North American market place. Deposits have been made by distribution partners for future purchase of PLM products.

Note 5 – Investments

Pursuant to an agreement entered into on February 13, 2007, the Company issued 20,000,000 shares of its common stock to acquire a 30% interest in PPRAS, a newly formed private entity based in Norway. PPRAS holds the intellectual property rights for PLM pigments and production of foil used in the manufacturing of photo luminous materials ("PLM").

The Company has significant influence over the business affairs of PPRAS and accordingly accounts for the investment using the equity method.

Pursuant to management's recent initiatives and strategic partnerships, the Company has been able to procure photo luminescent signs and safety way guidance systems at a lower cost and more efficient route to market. Management believes the carrying value of its investment in PPRAS as at March 31, 2008, is impaired and the related amount has been written off.

Note 6 – Licensing and Manufacturing Rights

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Pursuant to an agreement entered into on February 6, 2007, the Company acquired the USA licensing, North American manufacturing and Canadian non-government distribution rights of PLM from a related party known as Lumonall Canada Inc. Lumonall Canada is considered a related party by virtue of certain common officers and directors. Lumonall Canada obtained the North American PLM rights from PPRAS. The PLM rights are indefinite lived assets and were valued initially at \$100,000.

Under the terms of the acquisition the Company agreed to pay the following royalties to Prolink North America:

1. A sign royalty of approximately \$1.73 (CAD\$2.00) per sign, capped at approximately \$866,101 (CAD\$1,000,000),
2. Non-sign 1% royalty on net sales from all other photo luminous products,

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LUMONALL, INC.
Notes To The Financial Statement
March 31, 2008 and 2007
(Stated in US Dollars)

The company also became obligated to provide a secured non-interest bearing demand loan to Prolink North America Inc. to pay certain historic amounts owed by Prolink North America Inc to Prolink International AS. Through March 31, 2008, the Company had advanced \$166,103 under this requirement. The Company's plan to restructure Prolink North America Inc. has been abandoned and the amount advanced has been determined to be uncollectable.

The Company agreed to pay the following further royalty to Lumonall Canada Inc:

1. A further royalty of \$500,000 from future profits, payable as 15% of earnings before interest taxes depreciation and amortization ("EBITDA") quarterly in arrears.

The Company subsequently agreed to issue shares of its common stock to settle royalties owed to Lumonall Canada Inc. (Note 7)

Pursuant to managements recent initiatives and strategic partnerships the company has been able to procure photo luminescent signs and safety way guidance systems at a lower cost and more efficient route to market. Management believes the carrying value of its licensing and manufacturing rights as at March 31, 2008, is impaired and the related amount has been written down from \$100,000 to \$nil.

Note 7 – Unissued Share Liability.

The Company agreed to issue 9,400,000 common shares valued at \$136,860 in full repayment of future royalties owed to Lumonall Canada Inc. In addition, the stock issued was in repayment of a note payable of \$50,000 which was in default and for payment of an intercompany liability of \$86,860 owed by Lumonall Inc., to Lumonall Canada Inc... Lumonall Canada Inc. is a related party by virtue of common directors and officers. As of March 31, 2008, the shares had not yet been issued and the Company has recorded a \$136,860 un-issued share liability representing the fair value of the un-issued shares.

The company agreed to issue 1,000,000 shares of its common stock in relation to the termination of a consulting agreement. As of March 31, 2008, 250,000 shares had not been issued and the company has recorded a \$12,500 un-issued share liability representing the fair value of the un-issued shares.

Note 8 – Shareholders' Equity

Preferred stock

No shares of the Company's preferred stock have been issued as of March 31, 2008. Dividends, voting rights and other terms, rights and preferences have not been designated. The Company's board of directors may establish these provisions at a date in the future.

Warrants

During the year ended March 31, 2008, the company recorded costs related to the issuance of share purchase warrants. The value of the warrants was determined using the Black-Scholes pricing model with the following assumptions:

| | |
|-----------------------------------------------------|--------|
| Risk-free interest rate: | 5% |
| Dividend yield: | 0% |
| Expect stock price volatility | 197% |
| Weighted average expected stock warrant life: | 1 year |

Common stock

The Company has the authority to issue 200,000,000 shares of common stock, par value \$.001 per share. The holders of shares of common stock are entitled to receive notice of, attend and vote at all meetings of the stockholders. Each share of common stock carries one vote at such meetings.

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LUMONALL, INC.
Notes To The Financial Statement
March 31, 2008 and 2007
(Stated in US Dollars)

As of March 31, 2008, there were 114,615,925 shares of common stock issued and outstanding.

During fiscal 2008, the Company issued 3,598,271 shares of its common stock in exchange for consulting services. In addition, the Company issued 7,250,000 shares of its common stock pursuant to debt forgiveness led by an officer and director of the Company.

Also during 2008, the Company raised \$895,000 by issuing 17,900,000 shares of its common stock for \$0.05 per share.

In addition, in 2008, the Company issued 12,300,000 common stock purchase warrants with an exercise price of \$0.05, valued at \$248,100 in exchange for consulting services.

The following is a summary of warrant activity for fiscal 2008.

| | Number of Shares to Purchase under Warrants |
|-------------------------|------------------------------------------------------|
| Balance, March 31, 2007 | - |
| Issued | 12,300,000 |
| Expired | - |
| Balance, March 31, 2008 | 12,300,000 |

Warrants outstanding at March 31, 2008 consist of the following:

| Issue Date | Expiration Date | Exercise Price | Number of Shares |
|--------------------|--------------------|----------------|------------------|
| April 13, 2007 | April 13, 2009 | 0.05 | 8,000,000 |
| September 30, 2007 | September 30, 2008 | 0.05 | 4,000,000 |
| November 7, 2007 | November 7, 2008 | 0.08 | 300,000 |

Should all outstanding warrants be exercised, the total additional consideration available to the Company is approximately \$624,000. A maximum of 12,300,000 common shares would be issued.

Note 9 – Income Taxes

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The temporary differences between financial reporting and income tax purposes are primarily net operating loss carry forwards for income tax purposes.

| | 2008 | 2007 |
|-------------------------------------|-------------|-----------|
| Deferred tax assets (liabilities) | | |
| Net operating loss carry forwards | 2,704,847 | 645,000 |
| Valuation allowance | (2,704,847) | (645,000) |
| Net deferred tax assets (liability) | - | - |

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LUMONALL, INC.
Notes To The Financial Statement
March 31, 2008 and 2007
(Stated in US Dollars)

Note 10– Subsequent Events

Change in Officers

On April 1, 2008, John Simmonds stepped down as CEO and Mike Hetherman was appointed CEO. Mike Hetherman has served as a member of the board of directors and also as President and COO of Lumonall since May 2007. The resignation of Mr. Simmonds was voluntary and did not involve a disagreement with the Company on any matter relating to the Company's operations, operations, policies, procedures or practices. Mr. Simmonds will continue to serve as Chairman of the Board and provide strategic guidance and support to the Company.

Launch of New Line of Safety Products

In April of 2008, the company announced that it has entered into a letter of intent with a manufacturer to distribute a state-of-the-art, U.S. manufactured non-slip photo luminescent stair nosing for all building applications. The new line is made of rugged aluminum with no-slip surfaces and provides critical visibility in stairwells. The strategic move provides a full complement of the best photo luminescent safety products in a timely and effective fashion.

Strategic Partnership with Pacific Stair

In June of 2008, the Company announced a letter of intent with Pacific Stair Corp. that provides for the development and distribution of innovative seismic compliant steel stair systems incorporating the companies photo luminescent technology.

Shares Issued

As of June 14, 2008, the Company had issued a further 9,650,000 shares of its common stock, 9,400,000 common shares issued pursuant to a settlement with Lumonall Canada Inc. and 250,000 shares issued in exchange for consulting services. (Note 7)

ITEM 8 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Effective on May 9, 2005, we engaged Rotenberg & Co. LLP to audit our financial statements. Prior to its engagement, we had not consulted with Rotenberg & Co LLP with respect to: (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on our financial statements; or (iii) any matter that was either the subject or disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or a reportable event (as described in Item 304(a)(1)(iv) of Regulation S-K).

Our Board of Directors approved the change in accountants described herein.

ITEM 8A - CONTROLS AND PROCEDURES

We maintain a system of disclosure controls and procedures that is designed to provide reasonable assurance that information, which is required to be disclosed, is accumulated and communicated to management in a timely manner. We have concluded that the disclosure controls and procedures are effective at the reasonable assurance level as of the date of this report and that the system is operating in an effective way to ensure appropriate and timely disclosure.

The term “disclosure controls and procedures” means controls and other procedures of ours that are designed to ensure that information required to be disclosed by us in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (15 U.S.C. 78a et seq.) (the “Act”) is recorded, processed, summarized and reported, within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by this Company in the reports that it files or submits under the Act is accumulated and communicated to our management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.

Our current directors are John G. Simmonds, Michael Heatherman, Frank Høyen, Geir Drangsholt, Bjørn Pedersen and Carrie Weiler. Their terms expire upon the election and qualification of their successors.

The following table sets forth the names, ages and positions of our directors:

| Name | Age | Position |
|----------------------|-----|-----------------------|
| John G. Simmonds | 57 | Chairman of the Board |
| Michael J. Hetherman | 42 | Director |
| Frank Høyen | 52 | Director |
| Geir Drangsholt | 47 | Director |
| Bjørn Pedersen | 44 | Director |
| Carrie J. Weiler | 49 | Director |

Biographical Information Regarding Directors

John G. Simmonds, Chairman of the Board. Mr. Simmonds has 40 years experience in the communications sector. He has served as a Director and Chief Executive Officer of the Company since September 2004. He serves as Chief Executive Officer and Chairman of the Board of Wireless Age Communications, Inc. Mr. Simmonds was appointed Chief Executive Officer of Racino Royale Inc. in June 2006. He also serves as a director. Mr. Simmonds was appointed to the Board of Directors of Minacs Worldwide, a TSX listed company, in June 2005. He served as a director until February 2006. Mr. Simmonds was appointed as Director of Eiger Technology, Inc. (CNQ:GAME, OTCBB:ETIFF) and Chief Executive Officer and President of Newlook Industries Corp. (NLI:TXSV) in September 2005. He continues to serve as director of Eiger Technology, was appointed CEO in April 2007 but resigned as an officer of Newlook Industries Corp. in February 2007. Mr. Simmonds served as the Chief Executive Officer, of TrackPower (OTCBB: TPWR) from 1998 to May 2004. Mr. Simmonds also served as Chairman and director of TrackPower from 1998 to November 2006. In February 2007 Mr. Simmonds was reappointed CEO and Chairman of the Board of TrackPower. TrackPower is a corporation whose current business plan and activities are designed around the equine racing and wagering industries. Mr. Simmonds has also been involved with several other companies. Mr. Simmonds served as Chief Executive Officer, Chairman and Director of Phantom Fiber Corporation (OTCBB: PHMF), formerly Pivotal Self-Service Technologies, Inc. and resigned in June of 2004.

Michael J. Hetherman, Director, President and Chief Executive Officer. Mike Hetherman joined The Willis Supply Company Limited in 1992, and is currently the President and Chief Executive Officer. Willis, established in 1967, has been a distributor of DuPont Corion® Products since 1975. Over the years, it has become the exclusive distributor covering Ontario to B.C. In 2001, Willis expanded to include Washington, Oregon and Alaska in the U.S. In 2003 Willis opened Willis China a “World Class Building Materials Sourcing Company”. With over 20 years of experience in the construction industry to his credit, Mr. Hetherman is also a Certified Kitchen Designer through the National Kitchen and Bath Association and a Quantum Shift Fellow, an invitation-only program founded and sponsored by KPMG Enterprise and the Richard Ivey School of Business. Quantum Shift annually challenges forty of Canada's most promising entrepreneurs to improve their leadership style, inspire their business partners and maximize their growth opportunities. Candidates must be nominated by KPMG Enterprise and selected by the Richard Ivey School of Business. Throughout most of his career in the construction industry, he has served on the Board of Directors for the National Kitchen and Bath Association (NKBA), and was the President of the NKBA Ontario Chapter from 1992 -

1994. He is a two time award-winning designer of the North American Kitchen Design Competition.

Frank Høyen, Director. Frank Høyen is Managing Director of Prolink International AS. He has both law and economics degrees from the University of Oslo in Norway, and lectured on Public Economics for three years at BI Norwegian School of Management, a private university in Norway. Mr. Høyen was a consultant for the Norwegian Regional Development Fund in Oslo for five years, spent 11 years as the financial and city manager of Mo I Rana, a small city in northern Norway, as well as five years as the general manager of the Hospital in the same location. He has also held various board positions during his career, in addition to currently residing on the boards of Prolink

International, Prolink Holdings, Prolink Property Rights, and Chairman of the Board for Meglerhuset Mo AS, a real estate organization in Norway.

Geir Drangsholt, Director. Geir Drangsholt has been Managing Director and Senior Engineer of TekØk AS, a private fire consultant company, since 2000. Mr. Drangsholt is a fire consultant working in the design of safety way guidance systems in a number of projects (hospitals, schools, hangers, stores, nursing home, sports centre, etc) and has evaluated fire conditions in a large number of buildings for the Norwegian Defence including calculations with respect to evacuation of the buildings and establishing fire drawings and escape plans. Prior to this Mr. Drangsholt worked as a research scientist specializing in the development of high-strength concrete for the off-shore industry, the development of simulated explosion methods and investigating the effect of new extinguishing systems based on water mist. Mr. Drangsholt has also managed large scientific programs during his work career. Mr. Drangsholt is an engineer and has served on many committees including a delegate for Standard Norway of the international committee for work in ISO 16069 for safety way guidance systems and head of the working committee for writing new safety way guidance systems standards. Mr. Drangsholt graduated with a Masters of Science - Civil Engineering from NTNU - Norwegian University of Science and Technology in Trondheim in 1984. He worked from 1984 to 1990 as a research scientist at SINTEF FCB - Cement and Concrete Research Institute and continued afterwards at SINTEF NBL - Norwegian Fire Research Laboratory from 1990 to 1997. In accordance to this he gave lectures in fire and explosion technology at the university. From 1997 to 2000 Mr. Drangsholt worked as a fire consultant in ICG - Interconsult Group ASA. Mr. Drangsholt also completed additional education based on three subjects (Ph.D - subjects) within reinforced concrete and steel construction and two subjects (Ph.D - subjects) within fire and explosion technology.

Bjørn Pedersen, Director, Bjørn Pedersen is the Sales and Development Manager for Prolink International AS. He has a strong background in fire safety. He has an engineering degree from NTF(Technical High School) and NBF(Norwegian Fire School), as well as training as a Fire Consultant, Fire Fighter and Smoke Diver. Mr. Pedersen was a fire fighter for 12 years before joining Prolink, three years as a building/construction advisor, 15 years as a fire consultant, and one year as a Fire Marshall. He spent two years as Prolink's Managing Director, and has been its Sales and Development Manager for the last three years. Mr. Pedersen has held various board positions, including Chairman of Rana Bygg og Betongservice, a building developer, H.O.K Eiendom AS, a real estate company, and Betongteknikk, a demolition company. He currently resides on the boards of Prolink International, Prolink Holdings and Prolink Property Rights, as well as sitting as the Chairman of the Board for a real estate organization, H.O.K Eiendom AS.

Carrie J. Weiler, Corporate Secretary and Director. Ms. Weiler was appointed Corporate Secretary on October 15, 2004. Ms. Weiler provides professional public company corporate secretarial services to various entities. Ms. Weiler is a member of the Canadian Society of Corporate Secretaries. Ms. Weiler was appointed Corporate Secretary of Racino Royale Inc. in September 2006. She has served as Corporate Secretary of TrackPower, Inc. since 1998. On May 25, 2003 Ms. Weiler was appointed Corporate Secretary of Wireless Age Communications, Inc. and continues to serve in such capacity. Ms. Weiler served as Corporate Secretary and Director of Newlook Industries Corp. (TSX: NLI) and Gamecorp Ltd. (CNQ: GAME, OTCBB: ETIFF, formerly Eiger Technology, Inc) since July 2007.

Board and Committee Meetings

Information concerning the two Committees maintained by the Board of Directors is set forth below.

The Board held seven meetings during the 2008 fiscal year. No director attended less than 100% of the Board meetings while serving as such director, or less than 100% of all committee meetings on which he served as a committee member.

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The audit and compensation committees are the standing committees of our Board. The fiscal year 2007 and 2008 committees are comprised as follows:

2007 Audit Committee

David Smardon (Chair)

Kenneth Adelberg

Ralph V. Hadley, III

Gregory Laborde

Italo Cerra

2007 Compensation Committee

Kenneth Adelberg (Chair)

David Smardon

Ralph V. Hadley, III

Gregory Laborde

The current committees are comprised as follows:

2008 Audit Committee

Frank Høyen, Director (Chair)

Geir Drangsholt

Bjørn Pedersen

2008 Compensation Committee

Frank Høyen, Director

Bjørn Pedersen

Geir Drangsholt

John G. Simmonds

Our audit committee (the “Audit Committee”) held four meetings during fiscal 2008. The Audit Committee, among other things, recommends our independent auditors, reviews our financial statements, reports and recommendations regarding the adequacy of internal accounting controls made by the independent auditors and considers such other matters with respect to the accounting, auditing and financial reporting procedures as it may deem appropriate or as may be brought to its attention.

Our Audit Committee acts under a written charter adopted and approved by the Board. Our Audit Committee is supposed to be composed of outside directors who are not officers or employees of the Company or its subsidiaries. In the opinion of the Board and as “independent” is defined under current standards of the American Stock Exchange (including the heightened independence requirements of audit committee members), these directors are independent of management and free of any relationship that would interfere with their exercise of independent judgment as member of this committee.

Our compensation committee of the Board (the “Compensation Committee”) held 0 meetings during the 2008 fiscal year. The Compensation Committee is responsible for allocating cash compensation and stock options to senior executive officers of the Company.

Board of Directors Independence

Our Board of Directors reviews the relationships that each director has with us and other parties. Only those directors who do not have any of the categorical relationships that preclude them from being independent within the meaning of American Stock Exchange Company Guide, Part I Section 121, and who the Board of Directors affirmatively determines have no relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, are considered to be Independent Directors. Our Board of Directors has reviewed a number of factors to evaluate the independence of each of its members. These factors include its members’ current and historic relationships with us and our subsidiaries; their relationships with management and other directors; the relationships their current and former employers have with us; and the relationships between us and other companies on which our board members are directors or executive officers. After evaluating these factors, the Board of Directors has determined that three members are “independent” as generally defined. Independent members of our Board of Directors will meet in executive session without management present, and are scheduled to do so at least two times per year. The Board of Directors will designate an appropriate individual as the presiding director for these meetings.

Shareholder Communications

Our Board of Directors believes that it is important for our shareholders to have a process to send confidential communications directly to the board as a whole and to the Independent Directors in particular. Accordingly, shareholders desiring to send a communication to the Board of Directors, or to a specific director, may do so by delivering a letter to our Secretary at our principal offices as set forth on the cover page to this Annual Report on Form 10-KSB. The mailing envelope must contain a clear notation indicating that the enclosed letter is a “stockholder-board communication” or “stockholder director-specific” communication.” All such letters must identify the

author and clearly state whether the intended recipients of the letter are all members of our Board of Directors or certain specified individual directors. To the extent indicated as addressed, the Secretary will observe any requests for confidentiality and forward such correspondence unopened directly to a specific director. With respect to correspondence addressed to the Board as a whole or to a group of directors or a specific committee, the Secretary will open such communications and make copies, and then circulate them to the appropriate director or directors. Notwithstanding the foregoing, the Company shall reserve the right to open all correspondence as it believes reasonably necessary to assure the safety and personal privacy of all directors.

Report of Audit Committee of the Board of Directors

The Audit Committee assists the Board in fulfilling its responsibility for oversight of our internal control, accounting, auditing and financial reporting practices. Specific responsibilities of the Audit Committee include:

- reviewing and discussing the audited financial statements with management;
- discussing with the Company's independent auditors information relating to the auditors' judgments about the quality of the Company's accounting policies and financial reporting practices;
- recommending to the Board that the Company include the audited financials in its Annual Report on Form 10-KSB; and
- overseeing compliance with the Securities and Exchange Commission requirements for disclosure of auditors' services and activities.

The Committee regularly meets with management to consider the adequacy of our internal controls and the integrity of our financial reporting. The Committee discusses these matters with our independent auditors and with our financial personnel.

The Committee regularly meets privately with management, the independent auditors and the internal auditors. Each of the independent auditors has unrestricted access to the Committee.

The Committee retains and, if circumstances warrant, replaces the independent auditors and regularly reviews their performance and independence from management. The Committee also pre-approves all audit and permitted non-audit services and related fees.

Our Board of Directors has adopted a written charter setting out the roles and responsibilities the Committee is to perform. The Board has determined that Frank Hoyen, a director serving on the Audit Committee, is an "audit committee financial expert," as such term is defined under the regulations promulgated by the Securities and Exchange Commission. Under such regulations, the designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and the Board of Directors in the absence of such designation or identification nor does the designation or identification of a person as an audit committee financial expert affect the duties, obligations or liability of any other member of the audit committee or Board of Directors.

Management has primary responsibility for the Company's financial statements and the overall reporting process, including the Company's system of internal controls.

Review of Audited Financial Statements

The Audit Committee has reviewed our financial statements for the fiscal year ended March 31, 2008, as audited by Rotenberg & Co. LLP, the Company's independent auditors, and has discussed these financial statements with management. In addition, the Audit Committee has discussed with Rotenberg & Co. the matters required to be discussed by Statement of Auditing Standards No. 61, as amended, regarding the codification of statements on auditing standards. Furthermore, the Audit Committee has received the written disclosures and the letter from Rotenberg & Co. required by the Independence Standards Board Standard No. 1 and has discussed with Rotenberg & Co. its independence.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements for the fiscal year ended March 31, 2008 be included in the Company's Annual Report on Form 10-KSB, for filing with the Securities and Exchange Commission.

The members of the Audit Committee are not currently professionally engaged in the practice of auditing or accounting. Members of the Audit Committee rely, without independent verification, on the information provided to them and on the representations made by management and the independent accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's

considerations and discussions referred to above do not assure that the audit of the Company’s financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles and that the Company’s independent accountants are in fact “independent.”

AUDIT COMMITTEE

Frank Høyen, Director (Chair)
 Geir Drangsholt
 Bjørn Pedersen

Executive Officers

The following table presents information with respect to our executive officers, as of June 22, 2008.

| Name | Age | Position |
|----------------|-----|----------------------------------|
| Mike Hetherman | 42 | Director, CEO and President |
| Gary Hokkanen | 52 | Chief Financial Officer |
| Carrie Weiler | 49 | Director and Corporate Secretary |

Mike Hetherman, Director, CEO and President

See “Biographical Information Regarding Directors” above for information regarding Mr. Hetherman.

Gary N. Hokkanen, Chief Financial Officer

Gary Hokkanen has served as CFO of Wireless Age Communications, Inc. since May 29, 2003. Mr. Hokkanen is an executive level financial manager with over 9 years experience in public company financial management. Mr. Hokkanen holds a Bachelor of Arts degree from the University of Toronto and is a CMA (Certified Management Accountant) and a member of the Society of Management Accountants, Ontario. From January 2001 to April 2003 Mr. Hokkanen was CFO of IRMG Inc., a private Toronto-based financial management consulting firm. Mr. Hokkanen served as CFO of Simmonds Capital Limited from July 1998 to January 2001. Since July 1, 2007, Mr. Hokkanen has served as CFO of Newlook Industries Corp., an entity listed on the TSX Venture Exchange, Eiger Technology Inc., an entity listed on the CNQ, and Racino Royale, Inc. and entity listed on the Over-the-Counter-Bulletin-Board. On June 1, 2007 Mr. Hokkanen was appointed CFO of TrackPower, Inc. an entity listed on the Over-the-Counter-Bulletin-Board. Mr. Hokkanen previously served as CFO of TrackPower Inc. and served as CFO of Lumonall Inc. from October 2004 to July 2006.

Carrie J. Weiler, Director and Corporate Secretary of the Company.

See “Biographical Information Regarding Directors” above for information regarding Ms. Weiler.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers, as well as persons beneficially owning more than 10% of the outstanding Common Stock, to file certain reports of ownership with the Securities and Exchange Commission within specified time periods. Such officers, directors and shareholders are also required by Securities and Exchange Commission rules to furnish us with copies of all Section 16(a) forms they file.

Based solely on its review of such forms, all requirements received by us, or written representations from certain reporting persons, we believe that between April 1, 2007 and March 31, 2008, all Section 16(a) filing requirements applicable to its officers, directors and 10% shareholders were met.

Code of Ethics

The Board of Directors adopted a Code of Ethics in fiscal 2005, which applies to our executive officers, as well as the executive officers of our subsidiaries.

You can obtain copies of our current committee charters and Code of Ethics by writing to our Corporate Secretary at 12650 Jane Street, King City, Ontario, Canada, L7B 1A3, who shall provide copies without charge to any person.

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth compensation for each of the past three fiscal years with respect to each person who served as our Chief Executive Officer and each of the four most highly-compensated executive officers who earned a total annual salary and bonuses that exceeded \$100,000 in any of the three preceding three fiscal years.

SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Annual Compensation Salary (\$) | Long-Term Compensation Awards | | | | | | | All Other Compensation (\$) | Total Compensation (\$) |
|-------------------------------------------------------------------------|------|---------------------------------------|----------------------------------|---------------------------------------|-----------------------------------|-----------------------------------------|---------------------------------------------------------|---------------------------------------------------------------|---|--------------------------------------|-------------------------------|
| | | | Bonus Awards (\$) | Restricted Stock Awards (\$) | Stock Option Awards (\$) | Securities underlying SARS (#) | Non-Equity Incentive Plan Compensation (\$) | Non-qualified Deferred Compensation Earnings (\$) | | | |
| John G. Simmonds Chief Executive Officer (1)(3) | 2008 | \$180,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$180,000 | |
| | 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | 2006 | \$232,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$232,600 | |
| Mike Hetherman President and Chief Operating Officer (5) | 2008 | \$177,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$172,000 | \$349,000 |
| | 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2006 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gary N. Hokkanen Chief Financial Officer (2)(4) | 2008 | \$31,578 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$31,578 |
| | 2007 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2006 | \$141,604 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$141,604 |

(1) Mr. Simmonds joined our Company in August 2004.

(2) Mr. Hokkanen joined us in October 2004 and resigned on July 12, 2006.

- (3) Mr. Simmonds' compensation has been pursuant to the terms of a Management Services Agreement between Simmonds Mercantile and Management Inc. ("SMMI") and the Company. Management fees payable for his executive management services and others under the Management Services Agreement total \$15,000 per month for fiscal 2008. Mr. Simmonds provides services to entities other than us, and Mr. Simmonds currently devotes, or may devote in the future, some portion of their working time to the management of other entities. The amounts shown on the chart above reflect the total amounts paid by SMMI to Mr. Simmonds in the calendar 2006 and 2007. During fiscal 2007 SMMI forgave approximately \$148,415 of unpaid management fees.
- (4) The SMMI Management Services Agreement, as originally struck, included the executive management services of Mr. Hokkanen up to and including September 30, 2005. On October 1, 2005 the services of Mr. Hokkanen became part of a Management Services Agreement with Wireless Age Communications, Inc. ("Wireless Age") pursuant to which the Company was obligated to pay Wireless Age \$20,000 per month. On December 31, 2005, Wireless Age and the Company agreed to terminate the Wireless Age Management Services Agreement. Subsequent to December 31, 2005, Wireless Age was to be paid CAD\$250 per hour for the services of Mr. Hokkanen. During fiscal 2007 Mr. Hokkanen was not compensated for his services by the Company.
- (5) An entity controlled by Mr. Hetherman was issued a warrant to purchase 8,000,000 common shares at an exercise price of \$0.05 per common share valued at \$172,000.

Option Grants in 2008 Fiscal Year

We made no option grants in 2008. We have no outstanding options held by any member of our management.

Compensation of Directors

Fees

The following fees were paid to Directors who were not our employees during fiscal 2008. During 2008, all non-employee directors received fees for services rendered on the Board of Directors. Directors who are full-time employees of the Company receive no additional compensation for serving as directors. Board members are also reimbursed for all expenses associated with attending Board or Committee meetings. Non-employee directors are paid meeting fees as follows:

| | |
|--------------------------------|-------|
| Fee for each Board meeting | \$500 |
| Fee for each telephone meeting | \$500 |
| Fee for each Committee meeting | \$500 |

Employment Arrangements

Our Chief Executive Officer and Director, Mr. John Simmonds was to be compensated in 2005 and 2006 pursuant to the terms of a Management Services Agreement between Simmonds Mercantile and Management Inc. and the Company. Management fees payable for the executive management services of Mr. Simmonds, and others under the Management Services Agreement totaled \$240,000 during Fiscal Year 2006. On October 1, 2004, the Company entered into the management services agreement with SMMI pursuant to which SMMI would provide executive, accounting and financial reporting, human resources, information technology and other general management and administrative services to the Company. During Fiscal 2007 this agreement was terminated.

The Company has consulting agreements with the following officers of the Company: John G Simmonds, Michael Heatherman, Gary Hokkanen and Carrie Weiler.

Compensation Committee Report on Executive Compensation

During fiscal year 2008 the Compensation Committee consists of four non-employee directors, Frank Høyen, Geir Drangsholt, Bjørn Pedersen, John G. Simmonds. The Compensation Committee has the responsibility for allocation of cash compensation and stock options to senior executive officers of the Company.

The entire Board regularly reviews the Compensation Committee decisions relating to executive compensation. The Company's executive compensation policies, as endorsed by the Compensation Committee, have been designed to provide a balanced compensation program that will assist the Company in its efforts to attract, motivate and retain talented executives who the Compensation Committee and senior management believe are important to the long-term financial success of the Company.

Compensation

Committee

Frank Høyen

Geir

Drangsholt

Bjørn

Pedersen

John G.
Simmonds

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

In 2008, we had no securities compensation plan for our officers and directors.

The following table sets forth certain information regarding the beneficial ownership of Common Stock as of June 22, 2008 by (i) each of our directors, (ii) each of our officers named in the Summary Compensation Table (collectively, the "Named Executive Officers"), (iii) each person who is known by us to be the beneficial owner of more than five percent of our outstanding Common Stock, and (iv) all directors and executive officers as a group. Except as otherwise indicated below, each person named has sole voting and investment power with respect to the shares indicated.

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| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | | Total (1) | Percent (1) |
|----------------------------------------------------------------|-------------------------------------------|--------------------------|------------|-------------|
| | Shares | Options/ Warrants (1) | | |
| Prolink Holdings AS | 20,000,000 | 0 | 20,000,000 | 20.3% |
| John Simmonds | 3,005,000 | 0 | 3,005,000 | 2.4% |
| Mike Hetherman (2) | 3,200,000 | 8,000,000 | 11,200,000 | 8.3% |
| All executive officers and directors as a group (2 persons)(3) | 10,205,000 | 8,000,000 | 18,205,000 | 13.4% |

- (1) Includes Warrants exercisable as of the date hereof or within 60 days hereafter. Holdings of less than 1% are indicated by “*”. Based upon 127,629,056 shares issued and outstanding as June 22, 2008, (excluding any shares issuable under options or warrants,).
- (2) Mr. Heatherman beneficially owns such shares through Katemy Holdings Inc., a corporation controlled by him.
- (3) Officers and Directors as a group include John Simmonds, Mike Heatherman, Frank Hoyen, Bjorn Pedersen, Gier Drandsholt.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In February 2007, we agreed to issue 35,000,000 shares of its common stock to a group of investors led by Mr. Simmonds the Company’s former CEO and current director, in exchange for negotiating the forgiveness of certain unpaid liabilities for management services provided by Simmonds Mercantile and Management Inc, Wireless Age Communications, Inc. and David Smardon. The negotiation was carried out in anticipation of the Company’s acquisition of certain licensing rights of photo luminous materials. The forgiveness of debt was necessary to enter into this transaction.

In February 2007, we acquired the United States licensing, North American manufacturing and Canadian non-government distribution rights of photo luminous pigments and production of foil used in manufacturing of photo luminous materials from a related party known as Lumonall Canada Inc. Lumonall Canada is considered a related party to the Company by virtue of common directors and shareholders of the Company. Mr. Simmonds, a shareholder of the Company and a director is also a shareholder and officer and director of Lumonall Canada. Pursuant to the transaction the Company became obligated to pay certain royalties, to pay historic amounts owed by Prolink North America Inc. to Prolink International AS and issued a \$100,000 note payable to Lumonall Canada.

In July 2007, we agreed to pay \$3,000 per month to Willis Distribution Ltd. an entity solely owned by our Chief Executive Officer for administrative services including order processing, issuance and acceptance of purchase orders and collection of accounts receivable.

In February 2008, we agreed to issue up to 10,000,000 shares of our common stock to shareholders of Lumonall Canada to settle liabilities and a defaulted note payable owed by the Company to Lumonall Canada and full and complete settlement of future royalties that would accrue.

We also accrue CAD\$6,000 per month for finance, accounting, corporate administration including overheads to Wireless Age Communications, Inc. an entity which has certain common officers and directors.

We issued warrants to purchase 8,000,000 common shares at \$0.05 per share to Katemy Holdings Inc., an entity solely owned by our Chief Executive Officer, a partial payment for services provided.

The Board believes that all of the foregoing related party transactions were made on terms that were fair and reasonable to the Company. Directors having an economic interest in the outcome of such transactions did not participate in the deliberation or voting with respect to such actions on the part of the Company.

ITEM 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K.

| Exhibit No. | Description | Form/Period/Dated | Filed |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------|
| 2.1 | Articles and Certificate of Merger (with attached Merger Agreement) merging Azonic Engineering, Inc. (CO Corp) into Azonic Corporation | Form 10-SB | December 1, 1999 |
| 3.1 | Articles of Incorporation of Grand Canyon Ventures Two, Incorporated (CO Corp.) | Form 10-SB | December 1, 1999 |
| 3.2 | Amendment to Articles of Incorporation of Grand Canyon Ventures Two, Incorporated changing name to Azonic Engineering, Incorporated (CO Corp) | Form 10-SB | December 1, 1999 |
| 3.3 | Certificate of Incorporation of Azonic Corporation (NV Corp.) | Form 10-SB | December 1, 1999 |
| 3.4 | Bylaws of Azonic Corporation | Form 10-SB | December 1, 1999 |
| 4.1 | Specimen Common Stock Certificate | Form 10-SB | December 1, 1999 |
| | 1998 Compensatory Stock Option Plan | Form 10-SB | December 1, 1999 |
| 10.2 | 1998 Employee Stock Compensation Plan | Form 10-SB | December 1, 1999 |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 | | |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 | | |
| 32.1 | Certification of Chief Executive Officer & Chief Financial Officer Pursuant to Section 302 | | |
| 32.2 | Certification of Chief Financial Officer & Chief Financial Officer Pursuant to Section 906 | | |

(b) Reports on Form 8-K.

We did not file any reports on Form 8-K during the three month period ended March 31, 2008.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

On November 14, 2004, the Audit Committee adopted a Pre-approval Policy (“Policy”) governing the approval of all audit and non-audit services performed by the independent auditor in order to ensure that the performance of such services does not impair the auditor’s independence.

According to the Policy, the Audit Committee will annually review and pre-approve the services and fees that may be provided by the independent auditor during the following year. The Policy specifically describes the services and fees related to the annual audit, other services that are audit-related, preparation of tax returns and tax related compliance services and all other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period.

Any service to be provided by the independent auditor that has not received general pre-approval under the Policy is required to be submitted to the Audit Committee for approval prior to the commencement of a substantial portion of the engagement. Any proposed service exceeding pre-approved cost levels is also required to be submitted to the Audit Committee for specific approval.

The Audit Committee will revise the list of general pre-approved services from time to time based on subsequent determinations. The Committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

Fees

The following table sets forth the aggregate fees billed by the Company's independent auditors for fiscal years and 2007 and 2008:

| Year | Audit Fees | Audit Related (Note 1) | Tax | Financial Information Systems Design and Implementation Fees | Other Fees | Total |
|------|------------|------------------------------|------|-----------------------------------------------------------------------------|------------|-----------|
| 2007 | \$ 9,000 | \$ 9,600 | \$ - | \$ - | \$ - | \$ 18,600 |
| 2008 | \$ 9,000 | \$ 7,500 | \$ - | \$ - | \$ - | \$ 16,500 |

Note 1: Includes the review of quarterly Form 10QSBs.

SIGNATURES

In accordance with sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this Report to be signed on its behalf by the undersigned, thereto duly authorized individual.

Date: June 27, 2008

LUMONALL, INC.

By:/s/ Mike Hetherman
Mike Hetherman, Chief Executive Officer

By:/s/ Gary N. Hokkanen
Gary N. Hokkanen, Chief Financial Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Name | Title | Date |
|------------------------------------------|---------------|---------------|
| /s/ John G. Simmonds John G. Simmonds | Chairman | June 27, 2008 |
| /s/ Mike Hetherman Mike Hetherman | CEO, Director | June 27, 2008 |
| /s/ Frank Høyen Frank Høyen | Director | June 27, 2008 |
| /s/Bjørn Pederson Bjørn Pederson | Director | June 27, 2008 |
| /s/ Geir Drangsholdt Geir Drangsholdt | Director | June 27, 2008 |
| /s/Carrie J. Weiler Carrie J. Weiler | Director | June 27, 2008 |