Lumonall Inc.
Form 10-Q
February 22, 2010

---

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

| | |
|---|---|
| [X] | QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.<br>For the Quarterly Period Ended December 31, 2009 |
| [ ] | TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.<br>For the transition period from ______________ to ________________ |

Commission file number 0-28315

LUMONALL, INC.
(Exact Name of Small Business Issuer as Specified in Its Charter)

| Nevada | 84-1517404 |
|---|---|
| (State or Other Jurisdiction of Incorporation) | (I.R.S. Employer Identification No.) |

3565 King Road, Suite 102
King City, Ontario, L7B 1M3, Canada
(Address of Principal Executive Offices)

(905) 833-2451
(Issuer's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

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

Yes [ ] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | [ ] | Accelerated file | [ ] |
| Non-accelerated filer | [ ] (Do not check if a smaller reporting company) | Smaller reporting company | [X ] |

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

Yes [ ] No [X]

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

The number of shares of common stock outstanding as of February 16, 2010: 136,659,671

Lumonall, Inc.

INDEX


| | | |
|---|---|---|
| PART I | Financial Information | |
| Item 1. | Condensed Financial Statements (unaudited) | |
| | Condensed Balance Sheets | 3 |
| | Condensed Statements of Operations | 4 |
| | Condensed Statements of Change in Stockholders' Deficiency | 5 |
| | Condensed Statements of Cash Flows | 6 |
| | Notes to Condensed Financial Statements | 7 |
| Item 2. | Management's Discussion and Analysis | 13 |
| Item 3. | Quantitative and Qualitative Disclosures About Market Risk | 16 |
| Item 4. | Controls and Procedures | 16 |
| PART II. | Other Information | |
| Item 1. | Legal Proceedings | 17 |
| Item 2. | Unregistered Sales of Equity Securities and Use of Proceeds | 17 |
| Item 3. | Defaults Upon Senior Securities | 17 |
| Item 4. | Submission of Matters to a Vote of Security Holders | 17 |
| Item 5. | Other Information | 17 |
| Item 6. | Exhibits and Reports on Form 8-K | 17 |
| Signatures | | 18 |

2

PART I. Financial Information

Item 1. Condensed Financial Statements

LUMONALL, INC.
CONDENSED BALANCE SHEETS
(Stated in US dollars)

| | December 31, 2009 (UNAUDITED) | March 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash | $ - | $ 201 |
| Accounts receivable, net | - | 4,868 |
| Prepaid expenses | - | 938 |
| Inventory | - | 123,441 |
| Deposit on acquisition (Note 3) | 47,575 | - |
| | | |
| Total assets | $ 47,575 | $ 129,448 |
| **LIABILITIES** | | |
| Current liabilities | | |
| Bank overdraft | $ 1,821 | $ - |
| Accounts payable and accrued liabilities | 484,554 | 377,863 |
| Due to related parties (Note 4) | 1,060,534 | 809,179 |
| Deposits (Note 5) | 121,367 | 121,367 |
| Total current liabilities | $ 1,668,276 | $ 1,308,409 |
| **STOCKHOLDERS' DEFICIENCY** | | |
| Preferred stock, $0.001 par value; 5,000,000 shares authorized, no shares issued and outstanding | - | - |
| Common stock, $0.001 par value; 200,000,000 shares authorized, 136,659,671 shares issued and outstanding (March 31, 2009: 126,659,671) | 136,660 | 126,660 |
| Common stock units subscribed (Note 6 ) | 4,000 | 300,000 |
| Additional paid-in capital | 3,242,419 | 2,952,419 |
| Accumulated deficit | (5,003,780) | (4,558,040) |
| Total stockholders' deficiency | (1,620,701) | (1,178,961) |
| | | |
| Total liabilities and stockholders' deficiency | $ 47,575 | $ 129,448 |

The accompanying notes are an integral part of these financial statements

LUMONALL, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three months ended December 31 | | Nine months ended December 31 | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| Revenues | $ - | $ 36,240 | $ 12,508 | $ 202,594 |
| | | | | |
| Cost of sales | - | 22,884 | 7,149 | 136,198 |
| Gross profit | - | 13,356 | 5,359 | 66,396 |
| | | | | |
| Operating expenses: | | | | |
| Management fees | 54,552 | 86,507 | 161,327 | 278,455 |
| Office and general | 29,961 | 11,117 | 94,813 | 147,410 |
| Professional and consulting | 8,100 | 49,376 | 27,618 | 242,248 |
| Total operating expenses | 92,613 | 147,000 | 283,758 | 668,113 |
| | | | | |
| Net loss before other expenses and income taxes | (92,613) | (133,644) | (283,758) | (601,717) |
| | | | | |
| Other expenses (income) | | | | |
| Foreign exchange loss (gain) | 15,950 | (99,383) | 141,999 | (119,631) |
| Interest (income) | (1,627) | - | (1,627) | - |
| Interest expense | 9,630 | 8,923 | 26,969 | 30,482 |
| Total other expenses (income) | 23,953 | (90,460) | 167,341 | (89,149) |
| | | | | |
| Net income (loss) before income taxes | (116,566) | (43,184) | (445,740) | (512,568) |
| | | | | |
| Provision for income taxes | - | - | - | - |
| | | | | |
| Net loss | $ (116,566) | $ (43,184) | $ (445,740) | $ (512,568) |
| | | | | |
| Weighted average number of common shares outstanding – Basic and diluted | 136,659,671 | 125,894,364 | 136,104,115 | 124,598,637 |
| Loss per share of common stock - Basic and diluted | (0.001) | (0.000) | (0.003) | (0.004) |

The accompanying notes are an integral part of these financial statements

LUMONALL, INC.
CONDENSED STATEMENT OF CHANGES
IN STOCKHOLDERS' DEFICIENCY
MARCH 31, 2009 TO DECEMBER 31, 2009
(UNAUDITED)

| | Common Stock | | | | | |
|---|---|---|---|---|---|---|
| | Shares | Par Value Amount | Common Stock Subscribed | Additional Paid – In Capital | Accumulated (Deficit) | Total |
| Balance, March 31, 2009 | 126,659,671 | $ 126,660 | $ 300,000 | $ 2,952,419 | $ (4,558,040) | $ (1,178,961) |
| Issuance of common stock pursuant to private placement | 10,000,000 | 10,000 | (300,000) | 290,000 | - | - |
| Net loss for period ended June 30, 2009 | - | - | - | - | (170,090) | (170,090) |
| Balance, June 30, 2009 | 136,659,671 | $ 136,660 | $ - | $ 3,242,419 | $ (4,728,130) | $ (1,349,051) |
| Net loss for period ended September 30, 2009 | - | - | - | - | (159,084) | (159,084) |
| Balance, September 30, 2009 | 136,659,671 | $ 136,660 | $ - | $ 3,242,419 | $ (4,887,214) | (1,508,135) |
| Common stock subscriptions received | - | - | 4,000 | - | - | 4,000 |
| Net loss for period ended December 31, 2009 | - | - | - | - | (116,566) | (116,566) |
| Balance, December 31, 2009 | 136,659,671 | $ 136,660 | $ 4,000 | $ 3,242,419 | $ (5,003,780) | (1,620,701) |

The accompanying notes are an integral part of these financial statements

LUMONALL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | Nine months ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Net cash used in operations | | |
| Net loss | $ (445,740) | $ (512,568) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Bad debt allowance | 5,153 | - |
| Common stock issued for consulting services | - | 34,375 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (285) | (4,056) |
| Accounts payable and accrued liabilities | 210,467 | (38,788) |
| Inventory | 19,665 | - |
| Prepaid expenses | 938 | (31,937) |
| Deposits | - | (95,630) |
| Net cash used in operating activities | (209,802) | (648,604) |
| | | |
| Cash flows provided by investing activities: | | |
| Deposit on acquisition (Note 3) | (47,575) | - |
| Net cash used in investing activities: | (47,575) | - |
| | | |
| Cash flows provided by financing activities: | | |
| Increase in bank overdraft | 1,821 | - |
| Proceeds from common stock subscriptions | 4,000 | - |
| Proceeds from the issuance of common stock | - | 205,000 |
| Proceeds from related parties (Note 4) | 251,355 | 434,936 |
| Net cash provided by financing activities: | 257,176 | 639,936 |
| | | |
| Increase (decrease) in cash | (201) | (8,668) |
| Cash, beginning of period | 201 | 9,335 |
| Cash, end of period | $ - | $ 667 |

Non cash financing activities:

During the nine month period ended December 31, 2009, the Company:

- Issued 10,000,000 common shares valued at $300,000 pursuant to common stock units subscribed during the fiscal period ended March 31, 2009.
- Lumonall International acquired $80,000 of photo luminescent inventory, amounts were paid directly to unpaid suppliers (Note 7).

During the nine month period ended December 31, 2008, the Company:

- Issued 1,243,746 common shares valued at $34,375 for consulting services provided.
- Issued 9,100,000 common shares valued at $132,490 pursuant to a settlement with a related party.
- Issued 500,000 common share units subscribed, valued at $15,000 for previous consulting services provided.
- Issued 3,500,000 common share units subscribed, valued at $105,000 for previous related party services provided.

The accompanying notes are an integral part of these financial statements

Note 1 – Description of Business and Basis of Presentation

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 is 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.

In light of general economic conditions and the Company's current financial performance and financial position the Company has taken steps to restructure the manner in which the Company operates. In August 2009, the Company entered into an Outsourcing and Royalty Agreement with a newly formed entity called Lumonall International Corporation ("Lumonall International"). Pursuant to the terms of the Agreement, Lumonall International received exclusive rights to distribute Lumonall and Prolink branded photo luminescent signs and safety way guidance products in North America. The rights apply to all of North America except for the Canadian government and all its agencies, all provinces and territories of Canada and all their agencies and agents of the Canadian government, or of any province, in their capacity as owners or managers of buildings.

Our present business strategy and direction is to become a diversified safety systems and clean room products entity.

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 $1,620,701 and an accumulated deficit of $5,003,780 at December 31, 2009. As a result, substantial doubt exists about the Company's ability to continue to fund future operations using its existing resources.

During the nine month period ended December 31, 2009, the Company's operations were substantially funded by related parties. In order to ensure the success of the business, the Company will have to raise additional financing to satisfy existing liabilities and to provide the necessary funding for future operations.

To alleviate the difficult financial position of the Company, management entered into an Outsourcing and Royalty Agreement, (further details of which can be found elsewhere in this report) pursuant to which the Company transferred all operational costs associated with the distribution of its products in exchange for a royalty. Such steps are expected to lessen the burden on the Company allowing management to focus on alternative public safety opportunities. In November 2009, the Company entered into a letter of intent to acquire Cleanwear Products Ltd. and JM Harris Holdings Inc. which if consummated will provide the Company ongoing revenues.

The Company has in the past relied upon loans from related parties, specifically Newlook Industries Corp. ("Newlook"), to further provide capital contributions. As at December 31, 2009 the Company was indebted to Newlook in the amount of $751,550 (Note 4).

Newlook is an investment and merchant banking enterprise and its investments have suffered due to adverse events and the global financial crisis. Newlook may not be able to provide additional capital over the next year to the Company in order to satisfy existing liabilities and make further capital contributions. Failure to obtain such capital could adversely impact the Company's operations.

Recent Developments

Proposed Acquisition of CleanWear Products Ltd. ("Cleanwear"), JM Harris Holdings Inc. ("JM Harris Holdings") and the Copyright Name CleanWear.

On November 3, 2009, the Company entered into a Letter of Intent with Mr. Jonathan M. Harris with respect to the proposed acquisition of CleanWear Products Ltd, JM Harris Holdings Inc. and the copyright name CleanWear. Mr. Harris is the sole shareholder of CleanWear and Holdings. CleanWear is a manufacturer of reusable and limited use garments and gloves for industrial, clean room and static operations (collectively commonly known as clean room operations) and Holdings is a separate legal entity which owns the land and building where the operations reside. Pursuant to the terms of the Letter of Intent, Lumonall agreed to acquire all of the issued and outstanding shares of CleanWear and Holdings, and the Name. The purchase price, subject to terms and conditions, will be paid by the issuance of restricted common shares of the Company and the remainder of the

purchase price will be paid by the issuance of a Lumonall secured promissory note. The closing date of the acquisition shall be subject to the Company's due diligence of CleanWear and Holdings and the issuance of audited financial statements. The Company anticipates closing the acquisition by March 31, 2010.

Concurrently with the acquisition, management is hopeful to restructure several components of the Company, potentially including changes in the board of directors, certain of its officers and the Company's name. Management also intends to negotiate the settlement of many related party liabilities thereby improving the Company's financial position to ready it for other appropriate and prudent acquisitions.

Private Placement

The directors of the Company approved an equity private placement of up $100,000 consisting of 50,000,000 shares of common stock at $0.002 per share at a meeting held of November 3, 2009.

Review of Operations

In light of general economic conditions and the Company's current financial performance and financial position the Company continues to perform a complete analysis of the business including reviewing and reconsidering channels to market; sharing of gross margin with distributors and various other business processes. Management plans to continue to take steps to restructure the manner in which the Company operates.

Management intends to seek other business opportunities in the safety systems or like sectors to diversify its operations. The Company believes that attractive opportunities will become available as the current global financial crisis subsides in the markets the Company operates. As of the date of this report management has identified a viable initial acquisition for the Company from which to rebuild and intends to complete such acquisition by March 31, 2010. Management is also hopeful that other acquisitions in suitable industries will be sourced.

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.

In March, 2009 the International Code Council (IBC 2009) published the 2009 International Building Code, a foundation document used by most jurisdictions in the United States as a starting point for their own building codes. IBC 2009 mandates the use of non-electrically powered emergency egress systems in most new and existing buildings with occupied floors 75' above fire emergency vehicle access.

As IBC 2009 addresses existing as well as new construction, the market for PLM materials is expected to expand.

In Canada, similar changes to code are expected in 2010.

Competition

The primary competition for Lumonall International 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 3 employees which are our current officers.

Risk Factors

While there are relatively few competitors to date, the safety way guidance systems market is a highly competitive industry, based on maintaining standards and keeping ahead of government regulations and initiatives. Our failure or Lumonall International's 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 and the adoption for our product may be slow.

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.

Note 2 – Summary of Significant Accounting Policies

The accompanying condensed unaudited financial statements of Lumonall, Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management of the Company, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine month period ended December 31, 2009 are not necessarily indicative of the results that may be expected for the year ending March 31, 2010. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended March 31, 2009.

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.

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.

Inventory

Photo luminescent inventory is recorded at lower of cost or market.

Research and Development

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

Shipping and Handling Costs

Costs incurred by the Company related to shipping and handling are included in office and general expenses.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount and do not bear interest. The collectability of outstanding client invoices is continually assessed. The Company maintains an allowance for estimated losses resulting from the inability of clients to make required payments. In estimating the allowance, the Company considers factors such as historical collections, a client's current creditworthiness, age of the receivable balance both individually and in the aggregate and general economic conditions that may affect a client's ability to pay.

Fair Value of Financial Instruments

The carrying value of accounts receivable, 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 in accordance with FASB ASC 740 (prior authoritative literature, FAS 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 SFAS 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 FASB ASC 260-10 (prior authoritative literature, SFAS 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.

Subsequent Events

Subsequent events were evaluated through February 22, 2010, the date the financial statements were issued.

Recent Pronouncements

In December 2007, the Financial Accounting Standards Board issued FASB ASC 805 (prior authoritative literature SFAS No. 141(R), "Business Combinations". FASB ASC 805 establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, on any noncontrolling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable users of the

financial statements to evaluate the nature and financial effects of the business combination. FASB ASC 805 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. As such, the Company is required to adopt these provisions at the beginning of the fiscal year ended March 31, 2010. Adoption of FASB ASC 805 did not have a material effect on its consolidated financial statements.

In April 2009, the FASB issued FASB ASC 320-10-65 (prior authoritative literature, FSP No. FAS 115-2 and FAS 124-2, “Recognition and Presentation of Other-Than-Temporary Impairments”). FASB ASC 320-10-65 amends the other-than-temporary impairment guidance for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This guidance does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The provisions of FASB ASC 320-10-65 were effective for interim and annual reporting periods ending after June 15, 2009, as such, the Company was required to adopt the standards second quarter of fiscal 2010. Adoption of FASB ASC 320-10-65 did not have a material effect on the consolidated financial statements.

In April 2009, the FASB issued FASB ASC 320-12-65 (prior authoritative literature, FSP No. FAS 107-1 and APB No. 28-1, “Interim Disclosures about Fair Value of Financial Instruments”) which amends SFAS No. 107, Disclosures about Fair Value of Financial Instruments, to require disclosures about fair value of financial instruments for interim reporting periods of publicly



---

traded companies, as well as in annual financial statements. This FSP also amends APB Opinion No. 28, Interim Financial Reporting, to require those disclosures in summarized financial information at interim reporting periods. FASB ASC 320-12-65 was effective for interim reporting periods ending after June 15, 2009. Adoption of FASB ASC 320-12-65 did not have a material effect on the financial statement disclosures.

In May 2009, the FASB issued FASB ASC 855-10 (prior authoritative literature, FSB No. FAS 165, “Subsequent Events”). FASB ASC 855-10 established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. FASB ASC 855-10 is effective for interim or annual financial periods ending after June 15, 2009: as such, the Company was required to adopt the standards during the second quarter of fiscal 2010. FASB ASC 855-10 did not have a material effect on the financial position, cash flows, or results of operations.

In June 2009, the FASB issued FASB ASC 105-10 (prior authoritative literature, FSB No. FAS 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162”), to formally establish the FASB Accounting Standards Codification as the single source of authoritative, nongovernmental U.S. GAAP, in addition to guidance issued by the SEC. On the effective date, the Codification will supersede existing non-SEC accounting and reporting standards. All other nongrandfathered non-SEC accounting literature not included in the Codification becomes nonauthoritative. Therefore, from the effective date of the Codification, there will no longer be levels of authoritative GAAP, rather there will only be authoritative and nonauthoritative GAAP. All content within the Codification carries the same level of authority. The Statement makes the Codification effective for interim and annual periods ending after September 15, 2009. Adoption of FASB ASC 105-10 did not have a material effect on its consolidated financial statements.

Note 3 – Deposit on Acquisition

On November 3, 2009, the Company provided a $47,575 (CAD$50,000) deposit against the purchase price of the proposed Cleanwear acquisition to JM Harris Holdings (see Recent Developments). An officer of the Company provided a loan in a like amount to fund the deposit, such loan is reflected in amounts due to related parties (Note 4) and the Company and Cleanwear agreed the deposit would be secured and rank in priority behind a mortgagor of JM Harris Holdings and ahead of all other creditors. The parties also agreed that the loan provided by the officer will have the same rights and privileges as between the Company and Cleanwear.

Note 4 – Related Party Transactions

At December 31, 2009, amounts due to related parties amounted to $ 1,060,534. Related parties of the Company include entities under common management and Officers and Directors of the Company.

Newlook Industries Corp., a related party (due to common officers with the Company) agreed to fund the development of the Company’s business at an interest rate of Prime + 3% per annum and general security over all the Company’s assets in event of default. During the nine month period ended December 31, 2009, amounts owed to Newlook increased $186,047, a result of $41,077 of cash advances, $26,969 of accrued interest and $118,001 relating to a foreign exchange loss. Amounts received from Newlook are recorded in Canadian Dollars and for the nine month period ended December 31, 2009, the Canadian dollar appreciated significantly in value to the U.S. Dollar which led to the foreign exchange loss.

The Company was obligated to pay CAD$6,000 per month through September 2009 for financial and administrative services to Wireless Age Communications Inc. (“Wireless Age”).

On November 3, 2009, an officer of the Company provided a CAD$50,000 loan to the Company and received a security position in JM Harris Holdings which ranks behind a mortgagor and ahead of all other creditors (Note 3).

At December 31, 2009 and March 31, 2009, the amounts due to related parties were:

| | December 31, 2009 | March 31, 2009 |
|---|---|---|
| Newlook Industries Corp. | $ 751,550 | $ 565,503 |
| Wireless Age Communications, Inc. | 84,090 | 35,830 |
| Directors and/or Officers of the Company | 177,319 | 207,846 |
| Director and Officer of the Company deposit loan | 47,575 | - |
| | $ 1,060,534 | $ 809,179 |

Note 5 – 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 certain distribution partners for future purchase of PLM products. Deposits held by the Company totaled $121,367 at December 31, 2009 and March 31, 2009 and such funds were utilized for general working capital purposes in prior periods.

Note 6 – Common Stock Units Subscribed.

In fiscal 2009, 10,000,000 common stock units were subscribed for, valued at $300,000. Each common stock unit consisted of one common share and one purchase warrant exercisable at $0.05 for a duration of six months.

During the three month period ended December 31, 2009, the board of directors of the Company approved a private placement of up to 50,000,000 common shares at $0.002 per share. As at December 31, 2009 the Company had received $4,000 in stock subscriptions under this private placement.

Note 7 – Outsourcing, Royalty Agreement and Sale of Tradename

In August 2009, the Company entered into an Outsourcing and Royalty Agreement with a newly formed entity called Lumonall International Corporation. Pursuant to the terms of the Agreement, Lumonall International received exclusive rights to distribute Lumonall and Prolink branded photo luminescent signs and safety way guidance products in North America. The rights apply to all of North America except for the Canadian government and all its agencies, all provinces and territories of Canada and all their agencies and agents of the Canadian government, or of any province, in their capacity as owners or managers of buildings.

In exchange Lumonall International agreed to pay the Company a royalty over a 10 year period. The royalty will be calculated as 10% of gross margin defined as gross sales, less payments discounts, direct cost of goods sold, applicable taxes and sales commissions.

Lumonall International acquired $97,521 of photo luminescent inventory, $17,521 paid in cash to the Company and $80,000 to unpaid suppliers.

The tradename Lumonall was sold to Lumonall International in exchange for a $200,000 promissory note. The Note is secured by a general security agreement pledging a first charge security interest in the Tradename, bears interest at Canadian Prime rate, payable at maturity and matures on the earlier of; 1) 5 years from the date of closing, or 2) when Lumonall International transfers, sells or assigns the Tradename to others. Lumonall International is a newly formed Company and collection of the promissory note is uncertain. As a result the Company will recognize a gain only when amounts from the note are collected.

The Company is obligated to change its name as soon as practical following closing.

Note 8 – Segment Data, Geographic Information and Significant Customers

Lumonall products prior to the entering into the Royalty and Outsourcing Agreement described in Note 7, were sold through distribution agreements covering most regions of North America. Distributors included Willis Group of Companies in Canada, Designer Building Solutions, Butler-Johnson Corporation and Hallmark Building Supplies in

the United States. The Company was not organized by market and is managed and operated as one business. A single management team reports to the chief operating decision maker who comprehensively manages the entire business. The Company at this time does not operate any material separate lines of business or separate business entities. Accordingly, the Company does not accumulate discrete financial information, other than product revenue and material costs, with respect to separate product lines and does not have separately reportable segments as defined by FASB ASC 280-10 “Segment Report”.

For the nine months ended December 31, 2009 and 2008, Willis Group of Companies and Hallmark Building Supplies accounted for approximately 100% and 83% of sales, respectively. During the three month period ended December 31, 2009 the Company did not earn royalties under the Royalty and Outsourcing Agreement.

Note 9 – Subsequent Events:

On January 31, 2010, the Company and Cleanwear agreed to extend the closing date of the Cleanwear acquisition to March 31, 2010. All other terms and conditions remained the same.

As of February 22, 2010 the Company has received $55,000 in subscriptions under the board approved private placement of up to 50,000,000 common shares at $0.002 per share.

Item 2. Managements Discussion and Analysis or Plan of Operation

The following discussion should be read in conjunction with our 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

In light of general economic conditions and the Company’s current financial performance and financial position the Company has taken steps to restructure the manner in which the Company operates. In August 2009, the Company entered into an Outsourcing and Royalty Agreement with a newly formed entity called Lumonall International Corporation. Pursuant to the terms of the Agreement, Lumonall International received exclusive rights to distribute Lumonall and Prolink branded photo luminescent signs and safety way guidance products in North America. The rights apply to all of North America except for the Canadian government and all its agencies, all provinces and territories of Canada and all their agencies and agents of the Canadian government, or of any province, in their capacity as owners or managers of buildings. In November 2009, the Company also identified an acquisition in the safety products industry with existing revenues and operating assets (including land and a building) which it intends to close prior to year end March 31, 2010.

Our present business strategy and direction is to become a diversified safety systems and clean room products entity.

RESULTS OF OPERATION

Comparison of Results of Operations for the Three Months Ended December 31, 2009 and 2008

We did not generate any revenues from the sale of PLM product in the three-month period ended December 31, 2009, compared to revenues of $36,240 during the same three month period for 2008. Gross profit on sales during the three month period was $nil in comparison to $13,356 in the prior year. The reduction in sales is a result of the Company performing a complete analysis of the business including reviewing and reconsidering our channels to market including entering into an Outsourcing and Royalty Agreement in August 2009. During the three month period ended December 31, 2009, the Company did not earn any royalty revenue from Lumonall International.

We incurred management fees of $54,552 in the three-month period ended December 31, 2009, compared to $86,507 during the same period ended December 31, 2008. Management fees during the three month period ended December 31, 2009 were accrued and/or paid to John Simmonds, CEO, Carrie Weiler, Corporate Secretary, Gary Hokkanen, CFO, and 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. Year over year management fees decreased $31,955 primarily as a result in a change in management. Management fees during the three-month period ended December 31, 2008 were for the services of Mike Hetherman, CEO; Carrie Weiler, our Corporate Secretary; Gary Hokkanen, our CFO; and a related party due to certain common officers, directors and ownership for the service

of managerial level accounting and finance personnel.

We incurred office and general expenses of $29,961 during the three-month period ended December 31, 2009, compared to $11,117 in the same period ended December 31, 2008, an increase of $41,495. Office and general expenses include travel, communications and other similar costs associated with operating the business in its current state of evolution.

We also incurred professional and consulting fees of $8,100 in the three-month period ended December 31, 2009, compared to $49,376 in the same period ended December 31, 2008 a decrease of $41,276. Higher costs during fiscal 2009 are a result of the Company's initial development of the Company's business and strategy.

We incurred interest expense of $9,630 during the period ended December 31, 2009, compared to $8,923 during the three month period ended December 31, 2008 arising from related party liabilities.

During the current period, the Company accrued interest income of $1,627 under a $200,000 promissory note (which the Company records at a carrying value of $nil) pursuant to which the Company sold the tradename "Lumonall" (Note 7).

We recorded a foreign currency loss of $15,950 during the three month period ended December 31, 2009 in comparison to $99,383 during the comparative period ended December 31, 2008. A substantial portion of the Company's liabilities and expenses are transacted in Canadian Dollars. During the three month period ended December 31, 2009, the Canadian Dollar appreciated in value against the U.S. Dollar.

Management expects the operating losses to continue until breakeven operations are achieved through royalties paid or until the proposed Cleanwear acquisition generates sufficient profits to offset corporate costs. Additional financing will be required in order to offset pre-breakeven operating losses.

Comparison of Results of Operations for the Nine Months Ended December 31, 2009 and 2008

We generated $12,508 in revenues from the sale of PLM product in the nine-month period ended December 31, 2009, compared to revenues of $202,594 during the same nine month period for 2008. Gross profit on sales during the nine month period was $5,359 in comparison to $66,396 in the prior year. Year over year revenues for the nine months ended December 31, 2009 declined $190,086. The reduction in sales is a result of the Company performing a complete analysis of the business including reviewing and reconsidering our channels to market including entering into an Outsourcing and Royalty Agreement in August 2009. Year to date December 31, 2009, the Company has not earned any royalty revenue from Lumonall International.

We incurred management fees of $161,327 during the nine month period ended December 31, 2009, compared to $278,455 during the same period ended December 31, 2008. Management fees during the nine month period ended December 31, 2009 accrued and/or paid consisted John Simmonds, CEO, Carrie Weiler, Corporate Secretary, Gary Hokkanen, CFO, and 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. Year over year management fees decreased $117,128 primarily as a result in a change in management. Management fees during the nine month period ended December 31, 2008 were for the services of Mike Hetherman, CEO; Carrie Weiler, our Corporate Secretary; Gary Hokkanen, our CFO; and a related party due to certain common officers, directors and ownership for the service of managerial level accounting and finance personnel.

We incurred office and general expenses of $94,813 in the nine month period ended December 31, 2009, compared to $147,410 during the same period ended December 31, 2008, a decrease of $29,946. During the nine month period ended December 31, 2008 the new PLM business plan was initiated and required significantly more resources during the Company's current state of evolution. In addition, during the nine month period ended December 31, 2009 the Company has focused on strict cost control measures to address limited financial resources. Office and general expenses include travel, communications and other similar costs associated with operating the business in its current state of evolution. We expect operating costs to increase as we pursue new business.

We also incurred professional and consulting fees of $27,618 in the nine month period ended December 31, 2009, compared to $242,248 during the same period ended December 31, 2008 a decrease of $214,630. Higher costs during fiscal 2009 are a result of the Company's initial development of the Company's business and strategy.

We incurred interest expense of $26,969 during the period ended December 31, 2009, compared to $30,482 during the nine month period ended December 31, 2008 arising from related party liabilities.

We recorded a foreign currency loss of $141,999 during the nine month period ended December 31, 2009 in comparison to a gain of $119,631 for the comparative period ended December 31, 2008. A substantial portion of the Company's liabilities and expenses are transacted in Canadian Dollars. For the nine month period ended December 31, 2009, the Canadian Dollar appreciated significantly in value to the U.S. Dollar which led to the foreign exchange loss.

The Company recorded interest income of $1,627 during the current period under a $200,000 promissory note (which the Company records at a carrying value of $nil) pursuant to which the Company sold the tradename "Lumonall" (Note 7).

As a result, we incurred a net loss of $445,740 during the nine month period ended December 31, 2009, compared to a net loss of $512,568 during the same period ended December 31, 2008.

Management expects the operating losses to continue until breakeven operations are achieved through royalties paid or until the proposed Cleanwear acquisition generates sufficient profits to offset corporate costs. Additional financing will be required in order to offset pre-breakeven operating losses.

LIQUIDITY AND CAPITAL RESOURCES

Our total assets decreased from $129,448 at March 31, 2009 to $47,575 at December 31, 2009, substantially as a result of the sale and transfer of $123,441 in inventory. As at December 31, 2009, the Company assets consisted of a $47,575 (CAD$50,000) deposit made on the proposed Cleanwear acquisition.

Our total liabilities increased from $1,308,409 at March 31, 2009 to $1,668,276 at December 31, 2009, an increase of $359,867. Accounts payable increased to $484,554 from $377,863, an increase of $106,691, amounts of which are primarily due to costs incurred for professional and consulting services. Due to related parties balance increased from $809,171 at March 31, 2009 to $1,060,554 at December 31, 2009. 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 remained unchanged at $121,367.

The stockholders' deficiency increased from ($1,178,961) at March 31, 2009 to ($1,620,701) at December 31, 2009. The increase is primarily attributable to our loss of $445,740 during the nine months ended December 31, 2009.

At December 31, 2009, we had a working capital deficit of $1,620,701. We had cash balances of $Nil at December 31, 2009 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 $484,554 we also owe related parties $1,060,534 without specific repayment terms and $121,367 in distributor deposits. Our only source for capital could be loans or private placements of common stock.

The board of directors has authorized management to complete a $100,000 private placement consisting of up to 50,000,000 common shares at $0.002 per share. As of December 31, 2009, the Company had received $4,000 in such subscriptions and as of February 22, 2010 has received $55,000. Management is hopeful that it will be successful in completely the full private placement prior to March 31, 2010.

Management also believes that if the proposed Cleanwear acquisition is completed the Company's financial position will improve substantially and the Company will begin to record new revenues from the sale of clean room products. It is also anticipated that the acquisition will provide the impetus to restructure the Company's balance sheet and negotiate repayment of related party liabilities on a mutually beneficial basis.

During the nine months ended December 31, 2009 we; 1) used $209,802 used in cash in operating activities arising primarily from operating losses, 2) used $47,575 in investing activities, and 3) generated $257,176 in cash from financing activities. Financing activities included $251,355 funded from related parties.

For the nine month period ended December 31, 2009, the Company's operations were substantially funded by related parties. In order to ensure the success of the business, the Company will have to raise additional financing to satisfy existing liabilities and to provide the necessary funding for future operations.

The Company relies heavily upon loans from related parties, specifically Newlook, to further provide capital contributions. As at December 31, 2009 the Company was indebted to Newlook in the amount of $751,550. During the nine month period ended December 31, 2009, amounts owed to Newlook increased $186,047, a result of $41,077 of cash advances, $26,969 of accrued interest and $118,001 relating to a foreign exchange loss. Amounts received from Newlook are recorded in Canadian Dollars and during the nine month period ended December 31, 2009, the Canadian dollar appreciated significantly in value to the U.S. Dollar which led to the foreign exchange loss.

Newlook is an investment and merchant banking enterprise focused on the development of its technology investments. Newlook's investments have suffered due to unforeseen events and the global financial crisis. Newlook may not be able to provide additional capital over the next year to the Company in order to satisfy existing liabilities and make further capital contributions. Failure to obtain such capital could adversely impact the Company's operations.

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 three months ended December 31, 2009, and such losses are expected to continue. In addition, we have a working capital deficit of $1,620,701 and an accumulated deficit of $5,003,780. 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. Management also believes that the Cleanwear acquisition if consummated will improve the Company’s results from operations and financial position. There is no guarantee that the Cleanwear acquisitions will close or 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 4. Controls and Procedures

Disclosure controls and procedures

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of such period, are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

There have been no significant changes in our internal controls over financial reporting during the third quarter ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

• Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

• Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the Company; and

• Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use or disposition of the company's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, our management used the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

## PART II. Other Information

Item 1. Legal Proceedings

None

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

None

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit 31.1 Rule 13a-14(a) Certification of Chief Executive Officer. *

Exhibit 31.2 Rule 13a-14(a) Certification of Chief Financial Officer. *

Exhibit 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

Exhibit 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *

* Filed herein.

b) Reports Filed on Form 8-K

On November 9, 2009 the Company filed Form 8-K describing its entry into a Letter of Intent with Mr. Jonathon M. Harris.

The Company filed Form 8-K on October 6, 2009 and Form 8-K/A on October 14, 2009 to discuss the resignation of its current auditors in connection with their merger, the Company engaged the new firm resulting from the merger.

17

SIGNATURES

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

| | | Lumonall Inc. |
|---|---|---|
| Date: February 22, 2010 | By: | /s/ John Simmonds<br>Name: John Simmonds<br>Title: Chief Executive Officer and Chairman |
| | By: | /s/ Gary N Hokkanen<br>Name: Gary N. Hokkanen<br>Title: Chief Financial Officer |