

Lumonall Inc.  
Form 10-Q  
August 12, 2009

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.  
For the Quarterly Period Ended June 30, 2009

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-28315

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

Nevada  
(State or Other Jurisdiction of Incorporation)

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

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

(905) 833-9845  
(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  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

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(§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 | <input type="checkbox"/>   | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input checked="" type="checkbox"/> |

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

Yes  No

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 August 11, 2009: 136,659,671

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Lumonall, Inc.

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## PART I. Financial Information

## Item 1. Condensed Financial Statements

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

|  | June 30,<br>2009<br>(UNAUDITED) | March 31,<br>2009 |
|--|---------------------------------|-------------------|
| <b>ASSETS</b>  |                                 |                   |
| Current assets   |                                 |                   |
| Cash   | \$ -                            | \$ 201            |
| Accounts receivable, net   | 5,152                           | 4,868             |
| Prepaid expenses   | -                               | 938               |
| Inventory  | 122,602                         | 123,441           |
| Total current assets   | 127,754                         | 129,448           |
|  |                                 |                   |
| Total assets   | \$ 127,754                      | \$ 129,448        |
| <b>LIABILITIES</b>   |                                 |                   |
| Current liabilities  |                                 |                   |
| Bank overdraft   | \$ 3,213                        | \$ -              |
| Accounts payable and accrued liabilities   | 386,414                         | 377,863           |
| Due to related parties (Note 3)  | 965,811                         | 809,179           |
| Deposits (Note 4)  | 121,367                         | 121,367           |
| Total current liabilities  | \$ 1,476,805                    | \$ 1,308,409      |
| <b>STOCKHOLDERS' DEFICIENCY</b>  |                                 |                   |
| Preferred stock, \$0.001 par value; 5,000,000<br>shares authorized, no shares issued and outstanding                                       | -                               | -                 |
| Common stock, \$0.001 par value; 200,000,000 shares<br>authorized, 136,659,671 shares issued and outstanding (March 31, 2009: 126,659,671) | 136,660                         | 126,660           |
| Common stock units subscribed (Note 5 )  | -                               | 300,000           |
| Additional paid-in capital   | 3,242,419                       | 2,952,419         |
| Accumulated deficit  | (4,728,130)                     | (4,558,040)       |
| Total stockholders' deficiency   | (1,349,051)                     | (1,178,961)       |
|  |                                 |                   |
| Total liabilities and stockholders' deficiency   | \$ 127,754                      | \$ 129,448        |

The accompanying notes are an integral part of these financial statements

LUMONALL, INC.  
CONDENSED STATEMENTS OF OPERATIONS  
(UNAUDITED)

|  | Three months ended<br>June 30, |             |
|--|--------------------------------|-------------|
|  | 2009                           | 2008        |
| Revenues   | \$ 3,970                       | \$ 76,208   |
| Cost of sales  | 2,170                          | 60,420      |
| Gross profit   | 1,800                          | 15,788      |
| Operating expenses:  |                                |             |
| Management fees  | 53,117                         | 95,288      |
| Office and general   | 41,364                         | 67,233      |
| Professional and consulting  | 11,449                         | 99,797      |
| Total operating expenses   | \$ 105,930                     | \$ 262,318  |
| Net loss before other expenses and income taxes                          | (104,130)                      | (246,530)   |
| Other expenses   |                                |             |
| Interest expense   | 8,165                          | 12,804      |
| Foreign exchange loss  | 57,795                         | 1,086       |
| Total other expenses   | \$ 65,960                      | \$ 13,890   |
| Net loss before income taxes   | (170,090)                      | (260,420)   |
| Provision for income taxes   | -                              | -           |
| Net loss   | (170,090)                      | (260,420)   |
| Weighted average number of common shares outstanding – Basic and diluted | 134,993,004                    | 122,472,491 |
| Loss per share of common stock - Basic and diluted                       | \$ (0.001)                     | \$ (0.002)  |

The accompanying notes are an integral part of these financial statements

LUMONALL, INC.  
 CONDENSED STATEMENT OF CHANGES  
 IN STOCKHOLDERS' DEFICIENCY  
 MARCH 31, 2009 TO JUNE 30, 2009  
 (UNAUDITED)

|   | Common Stock |                     | Additional<br>Paid – In<br>Capital | Common<br>Stock |                       | Total          |
|---|--------------|---------------------|------------------------------------|-----------------|-----------------------|----------------|
|   | Shares       | Par Value<br>Amount |                                    | Subscribed      | Accumulated (Deficit) |                |
| Balance, March 31,<br>2009                                      | 126,659,671  | \$ 126,660          | \$ 2,952,419                       | \$ 300,000      | \$ (4,558,040)        | \$ (1,178,961) |
| Issuance of<br>common stock<br>pursuant to private<br>placement | 10,000,000   | 10,000              | 290,000                            | (300,000)       | -                     | -              |
| Net loss for period<br>ended June 30,<br>2009                   | -            | -                   | -                                  | -               | (170,090)             | (170,090)      |
| Balance, June 30,<br>2009                                       | 136,659,671  | \$ 136,660          | \$ 3,242,419                       | \$ -            | \$ (4,728,130)        | \$ (1,349,051) |

The accompanying notes are an integral part of these financial statements

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

|  | Three months ended<br>June 30, |              |
|--|--------------------------------|--------------|
|  | 2009                           | 2008         |
| Net cash used in operations  |                                |              |
| Net loss   | \$ (170,090)                   | \$ (260,420) |
| Adjustments to reconcile net loss<br>to net cash used in operating activities: |                                |              |
| Changes in operating assets and liabilities:                                   |                                |              |
| Accounts receivable  | (284)                          | (30,457)     |
| Accounts payable and accrued liabilities                                       | 8,551                          | 26,083       |
| Inventory  | 839                            | -            |
| Prepaid expenses   | 938                            | -            |
| Deposits   | -                              | (11,438)     |
| Net cash used in operating activities  | (160,046)                      | (276,232)    |
| Cash flows provided by financing activities:                                   |                                |              |
| Proceeds from the Issuance of common stock                                     | -                              | 70,000       |
| Proceeds from related parties  | 156,632                        | 197,261      |
| Bank overdraft   | 3,213                          | -            |
| Net cash provided by financing activities:                                     | 159,845                        | 267,261      |
| Increase (decrease) in cash  | (201)                          | (8,971)      |
| Cash, beginning of period  | 201                            | 9,335        |
| Cash, end of period  | \$ -                           | \$ 364       |

Non cash financing activities:

During the three month period ended June 30, 2009, the Company:

1. Issued 10,000,000 common shares valued at \$300,000 pursuant to common stock units subscribed during the fiscal period ended March 31, 2009.

During the three month period ended June 30, 2008, the Company:

1. Issued 313,131 common shares valued at \$15,625 for consulting services.
2. Issued 9,100,000 common shares valued at \$132,490 pursuant to a settlement with a related party.



The accompanying notes are an integral part of these financial statements

LUMONALL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009  
(UNAUDITED)

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 \$1,349,051 and an accumulated deficit of \$4,728,130 at June 30, 2009. As a result, substantial doubt exists about the Company's ability to continue to fund future operations using its existing resources.

For the three month period ended June 30, 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 heavily relies upon loans from related parties, specifically Newlook Industries Corp. ("Newlook"), to further provide capital contributions. As at June 30, 2009 the Company was indebted to Newlook in the amount of \$644,741.

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

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 10 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 three month period ended June 30, 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.

Subsequent events were evaluated through August 12, 2009, the date the financial statements were issued.

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.

Our present business strategy and direction is to become a global leader in the development and distribution of photoluminescent (PLM) emergency egress systems.

Lumonall is committed to being at the forefront of the development and distribution of applied photo luminescent technologies. Through a network of industrial designers, manufacturing experts and sales professionals, Lumonall brings to market products that leverage the inherent characteristics of photoluminescence to enhance safety, reduce energy consumption and improve the environment.

LUMONALL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009  
(UNAUDITED)

Improving emergency egress is currently the primary focus of the Company's efforts, providing failsafe systems that save lives and prevent injuries by providing critical illumination along exit pathways. These efforts are timed to coincide with changes to building codes in various markets that address the need for improved emergency egress. The systems Lumonall develops not only meet the standards established in these codes, but offer additional options that further promote safe egress.

Concurrent with these efforts, the Company is engaged in the development of applications of photo luminescent technology for other markets including transportation industries, residential safety and decorative uses.

#### Recent Developments

#### Change in Management

On March 12, 2009, Mr. Michael Hetherman resigned as Chief Executive Officer and as a member of the Board of Directors. Mr. Hetherman's resignation was voluntary and did not involve a dispute or disagreement with the Company or any of its officers or directors with respect to the Company's operations, policies or practices. At a meeting of the Board of Directors on March 16, 2009, the Board accepted the resignations of Mr. Michael Hetherman and appointed Mr. John G. Simmonds, Chairman of the Board of Directors and former CEO as interim CEO.

#### Review of Operations

In light of general economic conditions and the Company's current financial performance and financial position the Company is performing 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 take steps to restructure the manner in which the Company operates.

#### Distributors

In 2007, we signed a number of distributors to take this PLM product to market. Those partners cover 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.

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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.

LUMONALL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009  
(UNAUDITED)

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

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 3 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 labour force in the geographic areas where our facilities are, and will be located to support expected expansion over the next 12 months.

#### 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 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 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:

LUMONALL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009  
(UNAUDITED)

#### 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

Amounts charged to customers and 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 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 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 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".

LUMONALL, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2009  
(UNAUDITED)

#### Valuation of Warrants

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

#### Recent Pronouncements

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. The Company is currently evaluating the impact of SFAS 162 on its financial statements but does not expect it to have a material effect.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, "Subsequent Events" ("FAS 165"). FAS 165 established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. FAS 165 will be effective in the second quarter of fiscal 2010. We do not expect the adoption of FAS 165 to have a material effect on our financial position, cash flows, or results of operations.

In June 2009, the FASB issued Statement No. 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. The Company does not expect the impact of SFAS No. 168 to have a material effect on its consolidated financial statements.

#### Reclassification of Prior Year Statement of Operations

For the three months ended June 30, 2008, the Company has reclassified foreign exchange loss from selling and administrative costs to other expenses, to facilitate a year over year comparison with three month period ended June 30, 2009.

#### Note 3 – Related Party Transactions

At June 30, 2009, amounts due to related parties amounted to \$965,811. 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 three month period ended June 30, 2009, amounts owed to Newlook increased \$79,238, a result of \$22,652 of cash advances, \$8,165 of accrued interest and \$48,421 relating to a foreign exchange loss. Amounts received from Newlook are recorded in Canadian Dollars and for the three month period ended June 30, 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 \$6,000 per month through June 2009 for financial and administrative services to Wireless Age Communications Inc. ("Wireless Age").

LUMONALL, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2009  
 (UNAUDITED)

At June 30, 2009 and March 31, 2009, the amounts due to related parties were:

|  | June 30,<br>2009 | March 31,<br>2009 |
|--|------------------|-------------------|
| Newlook Industries Corp.                   | \$ 644,741       | \$ 565,503        |
| Wireless Age Communications, Inc.          | 51,147           | 35,830            |
| Directors and/or Officers of the Company * | 269,923          | 207,846           |
|  | \$ 965,811       | \$ 809,179        |

\* Including a former director and officer.

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 certain distribution partners for future purchase of PLM products. Deposits held by the Company totalled \$121,367 at June 30, 2009 and March 31, 2009.

Note 5 –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. As at June 30, 2009 all common stock units were issued.

Note 6– Segment Data, Geographic Information and Significant Customers:

Lumonall products are currently sold through distribution agreements covering most regions of North America. Distributors include Willis Group of Companies in Canada, Designer Building Solutions, Butler-Johnson Corporation and Hallmark Building Supplies in the United States. The Company is 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 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 Statement of Financial Accounting Standards (SFAS) No. 131, “Disclosures about Segments of an Enterprise and Related Information.

For the three months ended June 30, 2009 and 2008, Willis Group of Companies and Hallmark Building Supplies accounted for approximately 100% and 70% of sales, respectively.

## 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

Our present business strategy and direction is to distribute of photoluminescent (PLM) emergency egress systems.

Lumonall is committed to the development and distribution of applied photoluminescent technologies. Through a network of industrial designers, manufacturing and sales professionals, Lumonall brings to market products that leverage the inherent characteristics of photoluminescence to enhance safety, reduce energy consumption and improve the environment.

Improving emergency egress is currently the focus of the company's efforts, providing systems that prevent injuries by providing critical illumination along exit pathways. These efforts are timed to coincide with changes to building codes in various markets that address the need for improved emergency egress. The systems Lumonall develops not only meet the standards established in these codes, but offer additional options that further promote safe egress.

Concurrent with these efforts, the Company is engaged in the development of applications of photoluminescent technology for other markets including transportation industries, residential safety and decorative uses.

## RESULTS OF OPERATION

### Comparison of Results of Operations for the Three Months Ended June 30, 2009 and 2008

We generated \$3,970 in revenues from the sale of PLM product in the three-month period ended June 30, 2009, compared to revenues of \$76,208 in the same three month period for 2008. Gross profit on sales during the three month period was \$1,800 in comparison to \$15,788 in the prior year. Year over year for the three months ended June 30, 2009 revenues declined \$72,238. 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.

We incurred management fees of \$53,117 in the three-month period ended June 30, 2009, compared to \$95,288 in the same period ended June 30, 2008. Management fees, during the three month period ended June 30, 2009 accrued and/or paid consisted of \$15,750 to John Simmonds, CEO, \$11,025 to Carrie Weiler, Corporate Secretary, and \$11,025 to Gary Hokkanen, CFO. In addition, \$15,317 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. Year over year management fees decreased \$42,171 primarily a result in a change in management. Management fees during the three-month period ended June 30, 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 \$41,364 in the three-month period ended June 30, 2009, compared to \$67,233 in the same period ended June 30, 2008, a decrease of \$25,869. During the three month period ended June 30, 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 three month period ended June 30, 2009 the Company has focused on strict cost control measures to address the global financial crisis. Office and general expenses include travel, communications and other similar costs associated with operating the business in its current state of evolution. During the three month period ended June 30, 2009, wages and consulting costs accounted for \$30,889, and general office and miscellaneous expenses \$10,475. The costs are primarily related to management's 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 \$11,449 in the three-month period ended June 30, 2009, compared to \$99,797 in the same period ended June 30, 2008 a decrease of \$88,348. Higher costs during fiscal 2009 are a result of the Company's initial development of the Company's business and strategy.

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We incurred interest expense of \$8,165 during the period ended June 30, 2009, compared to \$12,804 during the three month period ended June 30, 2008 arising from related party liabilities.

We recorded a foreign currency loss of \$57,795 for the three month period ended June 30, 2009 in comparison to a loss of \$1,086 for the comparative period ended June 30, 2008. A substantial portion of the Company's liabilities and expenses are recorded in Canadian Dollars. For the three month period ended June 30, 2009, the Canadian Dollar appreciated significantly in value to the U.S. Dollar which led to the foreign exchange loss.

As a result, we incurred a net loss of (\$170,090) during the three month period ended June 30, 2009, (approximately \$0.001 per share) compared to a net loss of (\$260,420) in the same period ended June 30, 2008 (approximately \$0.002 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 decreased from \$129,448 at March 31, 2009 to \$127,754 at June 30, 2009.

Our total liabilities increased from \$1,308,409 at March 31, 2009 to \$1,476,805 at June 30, 2009, an increase of \$168,396. Accounts payable increased to \$386,414 from \$377,863, an increase of \$8,551, amounts of which are primarily due to costs incurred for professional and consulting services. At June 30, 2009, due to related parties balance increased from \$809,171 at March 31, 2009 to \$965,811 at June 30, 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. At June 30, 2009 bank indebtedness was \$3,213 compared to \$Nil at March 31, 2009.

The stockholders' deficiency increased from (\$1,178,961) at March 31, 2009 to (\$1,349,051) at June 30, 2009. The increase is attributable to our loss of \$170,090 for the three months ended June 30, 2009.

At June 30, 2009, we had a working capital deficit of \$ 1,349,051. We had cash balances of \$Nil at June 30, 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 \$386,414 we also owe related parties \$965,811 without specific repayment terms and \$121,367 in distributor deposits. Our only source for capital could be loans or private placements of common stock.

During the three months ended June 30, 2009 we; 1) used \$160,046 in cash in operating activities arising primarily from operating losses, 2) generated \$159,845 in cash from financing activities. Financing activities included \$156,632 funded from related parties.

For the three month period ended June 30, 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 heavily relies upon loans from related parties, specifically Newlook, to further provide capital contributions. As at June 30, 2009 the Company was indebted to Newlook in the amount of \$644,741. During the three month period ended June 30, 2009, amounts owed to Newlook increased \$79,238, a result of \$22,652 of cash advances, \$8,165 of accrued interest and \$48,421 relating to a foreign exchange loss. Amounts received from Newlook are recorded in Canadian Dollars and for the three month period ended June 30, 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.



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. 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. In light of general economic conditions and the Company's current financial performance and financial position we are performing a complete analysis of the business including reviewing and reconsidering our channel to market; sharing of gross margin with distributors and various other business processes. 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.

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 June 30, 2009, and such losses are expected to continue. In addition, we have a working capital deficit of \$1,349,051 and an accumulated deficit of \$4,728,130. 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.

### 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 first quarter ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

This Quarterly Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the

Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Quarterly Report.

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 June 30, 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

| Date          | Issued To:                  | # of Shares |
|---------------|-----------------------------|-------------|
| April 8, 2009 | Katemy Holdings Inc.        | 1,500,000   |
| April 8, 2009 | Carrie Weiler               | 1,000,000   |
| April 8, 2009 | Adam Sykes                  | 500,000     |
| April 8, 2009 | John Simmonds               | 1,500,000   |
| April 8, 2009 | Bram Potechin Holdings Ltd. | 1,500,000   |
| April 8, 2009 | Chuckfam Holdings Ltd.      | 1,500,000   |
| April 8, 2009 | Linda Hoffer                | 1,500,000   |
| April 8, 2009 | Gary Hokkanen               | 1,000,000   |

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

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

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- 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.

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: August 12, 2009

By: /s/ John Simmonds  
Name: John Simmonds  
Title: Chief Executive Officer and  
Chairman

By: /s/ Gary N Hokkanen  
Name: Gary N. Hokkanen  
Title: Chief Financial Officer